26TH ANNUAL REPORT 2011-12

पी एफ सी
PFC

Expanding Horizons Beyond Native Shores

Vision

To be the leading institution in financing for sustainbale development of the Indian Power Sector & its linkages, with an eye on global operations.

Mission

PFC shall strive to become the most preferred Financial Institution in power and financial sectors, providing best products and services; to promote efficient investments in the Power Sector to enable availability of power of the required quality at minimum cost to consumers, to reach out to the global financial system for financing power development; to act as a catalyst for reforming India's Power Sector, and to build human assets and systems for the Power Sector of tomorrow.

CONTENTS

REFERENCE INFORMATION

Registered Office
'Urjanidhi',
1, Barakhamba Lane,
Connaught Place,
New Delhi-110001
Tel. No. : (91)(11) 23456000
Website: http://www.pfcindia.com

Subsidiaries
PFC Consulting Limited
PFC Green Energy Limited
PFC Capital Advisory Services Limited
Power Equity Capital Advisors Private Limited
Chhattisgarh Surguja Power Ltd.
(*previously known as Akaltara Power Ltd.*)
Coastal Karnataka Power Limited
Coastal Maharashtra Mega Power Limited
Coastal Tamil Nadu Power Limited
Orissa Integerated Power Limited
Sakhigopal Integrated Power Company Limited
Ghogarpalli Integrated Power Company Limited
Tatiya Andhra Mega Power Limited
Deoghar Mega Power Limited (*incorporated on 26th April, 2012*)
DGEN & Uttrakhand Transmission Company Limited
(a wholly owned subsidiary of PFC Consulting Ltd.)

Registrar & Share Transfer Agent
Karvy Computershare Private Limited
"Karvy House",
46, Avenue 4,
Street No. 1, Banjara Hills,
Hyderabad 500034, India
Tel: 91 40 23312454
Toll Free: 1800 4258282
Fax: 91 40 23311968
Email: einward.ris@karvy.com / mailmanager@kavry.com
Website: www.karvycomputershare.com

Shares Listed at
National Stock Exchange of India Limited
Bombay Stock Exchange Limited

Depositories
National Securities Depository Limited
Central Depository Services (India) Limited

Company Secretary
Shri J. S. Amitabh

Auditors
M/s N. K. Bhargava & Co.,
Chartered Accountants
M/s Raj Har Gopal & Co.,
Chartered Accountants

Bankers
Reserve Bank of India
State Bank of India
Bank of India
ICICI Bank
HDFC Bank
IDBI Bank
Andhra Bank

PERFORMANCE AT A GLANCE

	PARTICULARS	2007-08	2008-09	2009-10	2010-11	2011-12
I	**RESOURCES** (At the end of the Year) (₹ in Crore)					
	Equity Capital	1148	1148	1148	1148	1320
	Interest Subsidy Fund from GoI	1067	909	663	452	376
	Reserves and Surplus	8182	10360	12113	14035	19388
	Borrowings:					
	(i) Foreign Currency Loans (incl. Foreign Currency Notes)	2234	2590	2759	4963	5590
	(ii) Bonds	23543	35479	45801	56137	83920
	(iii) Long Term Rupee Loans	12391	12691	16223	18208	16545
	(iv) Short Term Rupee Loans	2480	1400	2325	6291	4071
II	**FINANCING OPERATIONS** (During the Year) (₹ in Crore)					
	Loans and Grants Sanctioned	69498	57030	65465#	75197#	69024#
	Loans and Grants Disbursed	16211	21054	25808#	34122#	41418#
	Repayment by Borrowers to PFC	8484	8017	8977	12119	9257
	Repayment by PFC to Lenders	9519	10549	7858	10394	14296
III	**WORKING RESULTS** (For the Year) (₹ in Crore)					
	Administrative Expenses	81	87	106	93	124
	Profit Before Tax	1788	1990	3013	3544	4104
	Provision for Tax(including Deferred Tax Liability)	581	20*	656	924	1072
	Profit After Tax	1207	1970	2357	2620	3032
IV	**NO. OF EMPLOYEES**	309	316	324	365	379

Includes Sanctions & Disbursements under R-APDRP (Part A&B)

* This represents net amount after reversal of DTL of ₹ 483.24 crore on special reserve created and maintained under Income Tax Act, 1961 pertaining to previous years.

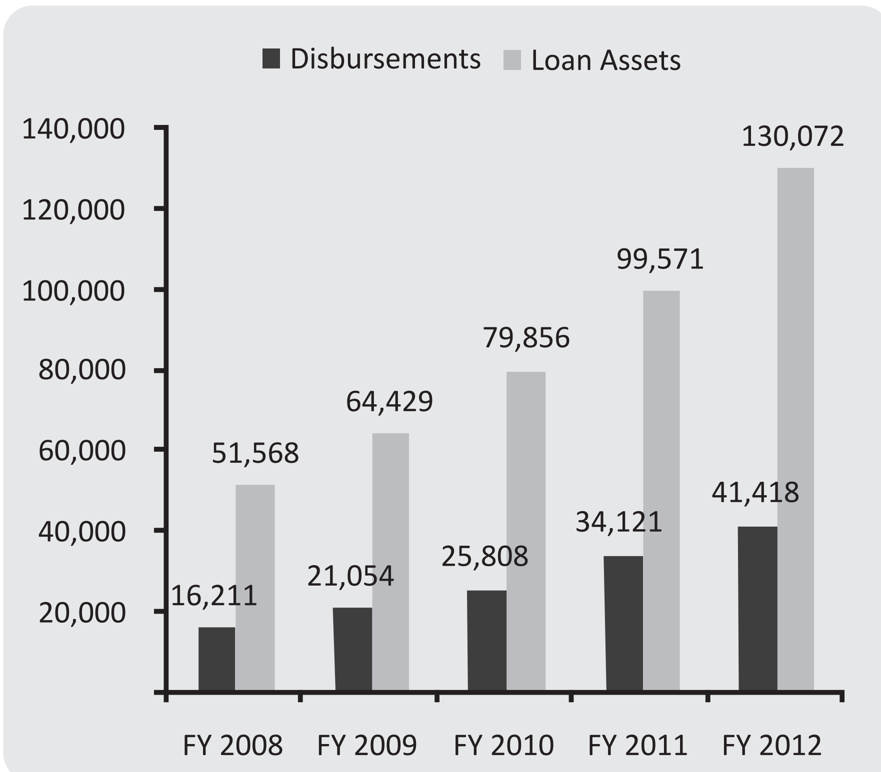
FINANCIAL HIGHLIGHTS

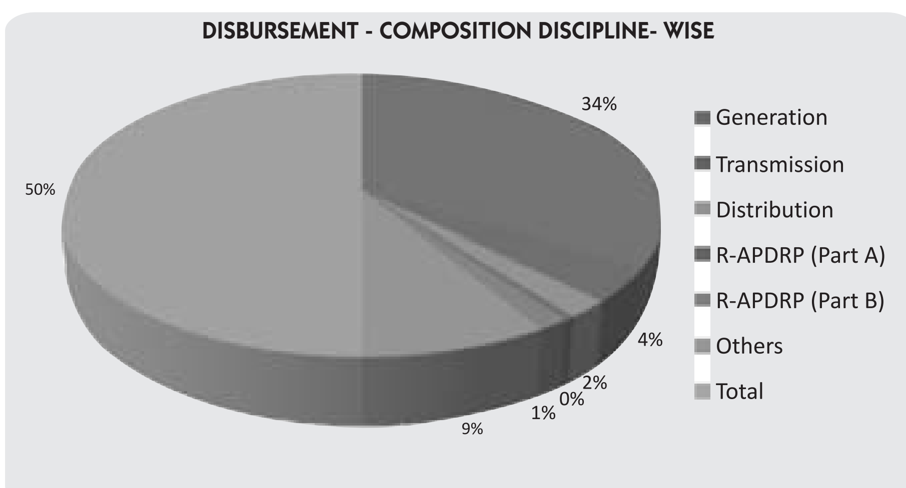
As on 31.03.2012

₹ IN CRORE

21% ₹ 41,418 Cr.
DISBURSEMENT

31% ₹ 1,30,072 Cr.
LOAN ASSETS

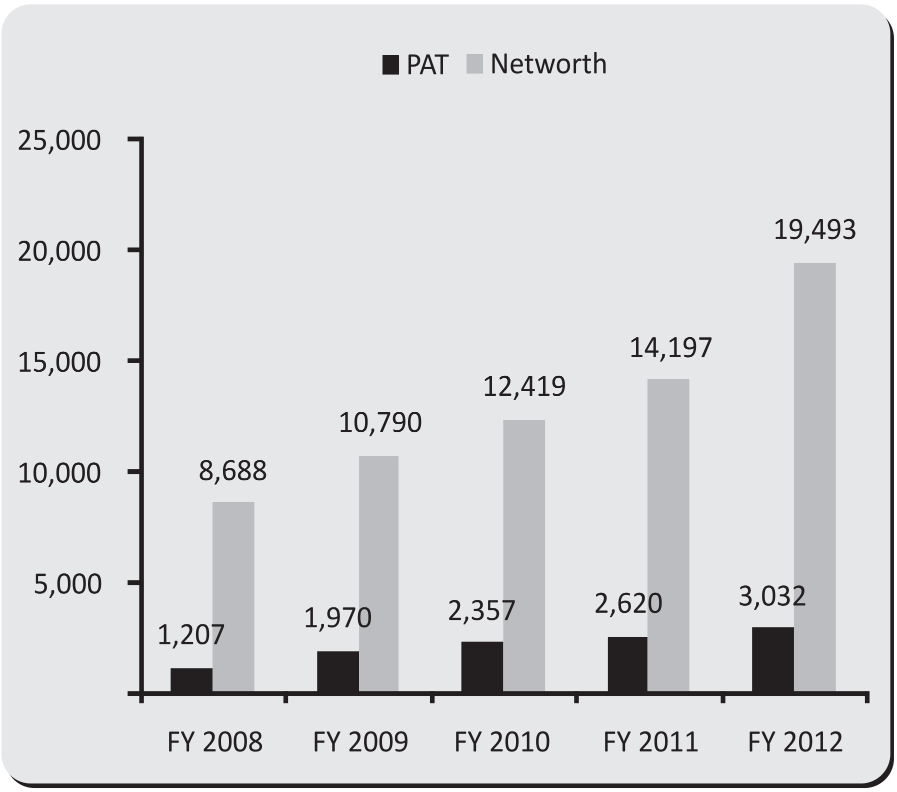




2011-12

₹ IN CRORE

As on 31.03.2012

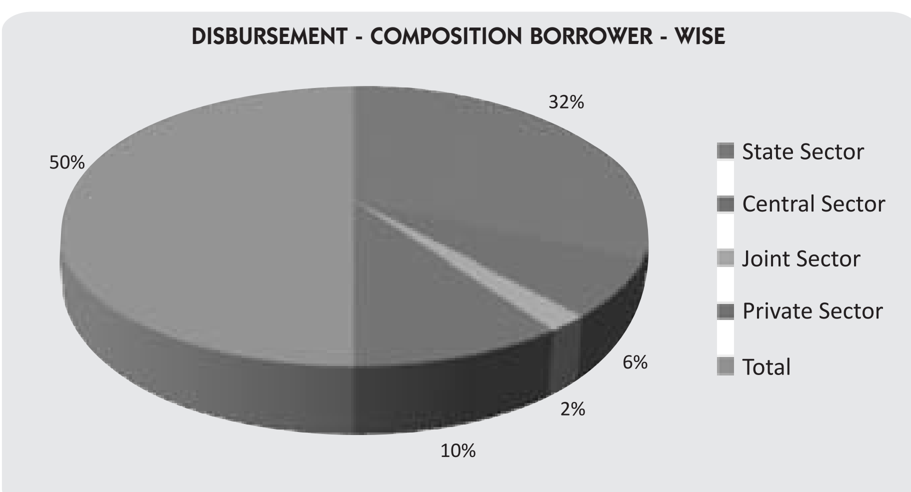


16% ₹ 3,032 Cr.
NET PROFIT

28% ₹ 13,037 Cr.
TOTAL INCOME

25% ₹ 4,395 Cr.
NET INTEREST INCOME

37% ₹ 19,493 Cr.
NET WORTH



LETTER TO SHAREHOLDERS

Ladies and Gentlemen,

It gives me great pleasure to welcome you all to the 26th Annual General Meeting of Your Company. This has been a banner year for PFC, a year in which we have not only shown great successes, but also restated our claim of being one of the most dynamic companies in the country.

At the outset, I will share some good news with you : Your Company is now the largest NBFC in India. A mere 14 years after the Reserve Bank of India granted us the status of an NBFC, PFC has overtaken HDFC to reach the top of the NBFC industry.

Your Company remains the youngest among the top 10 profit making PSUs in the country. Our profit per employee figure remains the highest in the land, having improved even further. It now stands at more than Rs. 8.0 Crore per employee.

Your Company is not only a growing entity, it is, in fact, hungry for more. PFC believes in the Spirit of Ceaseless Improvement, and this is reflected in every aspect of our work. Your Company does not believe in having ever done enough. We do not believe in benchmarking our performance with anyone else's, because the day a company sets targets in comparison with others, it loses that spark of motivation that keeps it on its toes. Your Company will never let that happen.

The Economy

The World has become a much more interconnected place over the course of the past few years. Among other things, the Internet, and the presence of truly global media, has meant that more and more isolated parts of the world are coming together. This has led to a truly integrated world economy, with more and more parts of the globe coming together in mutually beneficial arrangements.

Unfortunately, this also means that a slowdown in one part of the world has an impact on any economy associated with it. This is what has happened to the Indian Economy as well. Besides the troubled Eurozone, the economies of all major G8 nations have taken a hit. Even industrial production in China has slowed down, something that hasn't happened in the last decade at least.

It is not all doom and gloom, however. The essentials of the economy are still sound, with projected growth being 6.5%. This is still higher than most countries of the world, and let us not forget that the base upon which this growth rate is calculated keeps on increasing as well. While this growth rate is below what was anticipated, it merely demonstrates how far the country has come, where a 6.5% growth rate on a Trillion Dollar economy is considered poor. Several countries the world over would give up quite a lot to have such numbers!

However, we at PFC firmly believe in the idea of converting a breakdown into a breakthrough, and the country seems to agree! There are plenty of indications that we can turn this setback around. The fundamental principles upon which our economic planners base their work are still sound. The Goods and Services Tax, although delayed, has the potential to increase GDP growth by as much as 1.7%, according to the National Council of Applied Economic Research (NCAER). 61 Indian companies, which includes Your Company, feature in the Forbes list of top 2,000 global companies. Almost 175 companies could potentially feature in the list by 2020. India also has 45 million Small and Medium Businesses (SMBs), making India the second-largest country in terms of SMB potential, next only to China. And let's not forget that our greatest asset for the future remains the youth of the nation, a factor that continues to grow for India, even as it slows down for the rest of the world. I'd like to share a rather amazing fact - India's top 5 most populous states can hold the combined population of Brazil, Mexico, Philippines, Vietnam and Egypt! Note that some of these countries are our direct competitors at the world stage. Quality Human Capital is something that India can boast of for quite some time.

So, while many predict the end of "The India Story", we remain confident that India's Story has only just begun. The points highlighted above only give us plenty of cause for optimism.

Outlook on Power Sector

A country's Power Consumption is considered to be the de-facto indicator for how developed it is. The Per Capita Consumption of Electricity in the country (in kWh) between 2005-06 and 2009-10 rose 23.5%, from 631 kWh to 779 kWh. India's meteoric rise in recent years has been fuelled by the equally impressive power generation capacity addition. The capacity added in the 11th plan, 55,000 MW, may only be 68% of what was planned, but this amount was, as a matter of fact, more than the capacity added in the past three plans combined. In fact, the 20,180 MW added during FY2011-12 was the highest capacity added in a single year, and was comparable with the 21,180 MW added in the entire 10th plan. This incredible growth has helped and supported the rise of the Indian economy.

I'm sure you're all aware that the Power Sector has faced a few setbacks over the course of the past year. The most glaring one is, of course, the lack of fuel availability. While the generation capacity of the country has risen steadily over the last decade, we have reached a point where the old practices of coal mining are no longer enough to provide the requisite amount of fuel. Similarly, with several fuel import problems, and the depreciation of the Indian Rupee, importing fuel to tide over the shortage has also become prohibitively expensive. Also, let us not forget that State Utilities continue to suffer heavy losses, either through high subsidies and low tariffs, or very high AT&C losses.

The good news is that all of these problems can be rectified quickly. The Government of India has been proactive in dealing with these issues in a prompt way. For instance, the Government has stepped in to address the Low Penalty clauses in FSAs signed by Coal India with smaller, Independent Power Projects. The penalties for the same will now be much higher, should supply fall below 65% of that which was agreed to initially. Governments of different states of the country have also agreed to significant tariff hikes, to redress the continuing losses suffered by State Utilities. Also on the block is the revision of the mechanism for passing on fuel costs on a regular basis, rather than the ad-hoc basis in place currently, with the introduction of fuel and power purchase cost adjustment on a monthly or quarterly basis in some states. Debt Restructuring initiatives for these beleaguered utilities are also being undertaken.

For our part, Your Company has done really well as the nodal agency for both the Ultra Mega Power Project (UMPP) scheme and the Restructured Accelerated Power Development and Reform Programme (R-APDRP) scheme. Your Company has also set up Special Purpose Vehicles for the Independent Transmission Project (ITP) scheme. Besides this, Your Company is looking at several other avenues to support the Power Sector further, including funding Fuel Provisioning from abroad.

Performance Highlights

Your Company has had yet another stellar year of achievements. From a humble beginning in the year of its inception, Your Company has now become a force to be reckoned with in the Financial Sector of India. You would be delighted to know that PFC is now the largest Non Banking Financial Company in the country, having overtaken HDFC over the course of the last fiscal.

In terms of pure numbers, Your Company sanctioned loans worth Rs. 59,429 Crore and disbursed an amount of Rs. 39,818 Crore. These impressive numbers take PFC's Cumulative Sanctions to Rs. 3,70,940 Crore and Cumulative Disbursement to Rs. 2,08,965 Crore (up to March 31st, 2012). These staggering sums have been accumulated while maintaining a very low percentage of Non-Performing Assets (NPAs). This year, the NPA figure stands at a low 0.93% of our loan assets.

Other indicators of our growth are equally impressive. Your Company's Net Profit stands at Rs. 3,032 Crore, an increase of 16% over last year's figure. Total Income has risen to Rs. 13,037 Crore, a 28% increase. Your Company's Networth now stands at an impressive Rs. 19,493 Crore, up 37% from last year. Also, Your Company carries the distinction of having the highest Profit per Employee figure of more than Rs. 8.0 Crore.

Long Term Infrastructure Bonds and Tax Free Bonds

After the success of the issue of Long Term Infrastructure Bonds in the last fiscal, PFC ventured back into the market twice, in the form of a public issue and a private placement of the bonds, over the course of the year. While the public issue managed to raise Rs. 95.64 Crore, the private placement managed to raise Rs. 30.56 Crore. The funds were utilized for Infrastructure Lending.

In a similar vein, Your Company also issued two sets of Tax Free Bonds, in the form of a public issue and a private placement of the bonds over the course of the last fiscal. While the public issue was oversubscribed 2.62 times the issue size, the private placement managed to raise Rs. 966.87 Crore.

Ratings

During FY 2011-12, the international credit rating agencies Moody's, Fitch and Standard and Poor's have given long term currency issuer ratings of Baa3, BBB- and BBB- respectively to your company, which are at par with the sovereign rating for India. In terms of domestic ratings, Your Company's long term domestic borrowing programme (including bank loans) was awarded the highest rating of AAA by CRISIL and ICRA respectively, while the short term domestic borrowing programme (including bank loans) was awarded the highest rating of A1+ by CRISIL & ICRA respectively.

Further Public Offer (FPO)

PFC's FPO was a great success, despite the tough market conditions prevalent in the first quarter of FY 2012. The issue was oversubscribed 4.31 times, a testament to the faith the public places in Your Company. The offering comprised of a fresh issue of 17,21,65,005 equity shares at Rs. 203 per share (with a 5% discount for eligible employees and Retail Investors). There was a further offer for the sale (divestment) of 5,73,88,335 equity shares by the Government of India.

Following the FPO, the Government of India now holds a 73.72% stake in the company, with the balance being held by the public. Your Company, through the FPO, raised an amount of Rs. 3,433 Crore.

Restructured Accelerated Power Development & Reforms Programme (R-APDRP)

As the Nodal Agency for the Government's R-APDRP scheme, Your Company takes its responsibility very seriously. The company, cumulatively upto FY 2011-12, sanctioned Part A (IT) schemes of all eligible 1402 towns, Part-A (SCADA) schemes for 63 towns out of 67 envisaged towns and Part-B schemes for 1086 towns out of envisaged 1100 towns. During the year, Your Company sanctioned Rs. 9,595 crore of projects against the MoU target of Rs. 5,697 crore set for it. The cumulative sanction under R-APDRP is Rs. 31,416 crore as on March 31, 2012.

Your Company has also disbursed the entire amount of Rs. 1,600 crore released by Ministry of Power (MoP) during the FY 2011-12 upto March 31, 2012 to the state utilities. The cumulative disbursement under R-APDRP is Rs. 5,503 crore as on March 31, 2012.

Cumulatively, as on March 31, 2012, over 1200 towns were ring fenced by installation of boundary meters to enable utilities to account for the import and export of energy in these towns and to establish baseline AT&C losses. For capacity building and to recognize the need to keep pace with technology, contemporary knowledge and skill, Your Company imparted training on various themes to 11,495 personnel of Power Utilities, against MoU target of 8000.

Ultra Mega Power Projects (UMPPs)

Another responsibility placed on Your Company is to be the Nodal Agency for the Government's ambitious Ultra Mega Power Project programme, which envisions several power plants, each with a generating capacity of 4,000 MW or more. The scale of this endeavour means that it is difficult for any power company to enact this on its own. To this end, Your Company established thirteen Special Purpose Vehicles (SPVs) in order to facilitate the establishment of these ventures. Of the 13 SPVs, four have been successfully transferred to the winners of the bidding process held for these projects.

Of the nine remaining SPVs, namely, Chhattisgarh Surguja Power Limited (Previously known as Akaltara Power Ltd.), Coastal Karnataka Power Limited, Coastal Maharashtra Mega Power Limited, Coastal Tamil Nadu Power Limited, Orissa Integrated Power Limited, Sakhigopal Integrated Power Company Limited, Ghogarpalli Integrated Power Company Limited, Tatiya Andhra Mega Power Limited and Deoghar Mega Power Limited, Request for Qualification (RfQ) for Chhattisgarh UMPP was issued in March, 2010 and RfQ for Odisha UMPP was issued in June, 2010. Responses for RfQ for Odisha UMPP were received on August 1, 2011.

Independent Transmission Projects (ITPs)

The Government of India recognized the need to spruce up the Power Transmission sector of the country. For any prospective player in this field, there exist several obstacles to be overcome in order to set up a competent transmission network. To make this process simpler, PFC, along with its wholly owned subsidiary - PFC Consulting Ltd. - has established a total of six Special Purpose Vehicles (SPVs) in Power Transmission. PFCCL is the 'Bid Process Coordinator' for these Independent Transmission Projects (ITPs)

The objective of this initiative is to develop transmission capacities in India and to bring in the potential investors after developing such projects to a stage of having completed preliminary survey work, identification of route, preparation of survey report, initiation of the process of land acquisition for sub-stations (if any), initiation of process of seeking forest clearance (if required) and to conduct the bidding process.

During the Financial Year 2011-12, PFCCL successfully completed the bid process for the development of Independent Transmission System associated with IPPs of Nagapattinam/Cuddalore Area-Package A and the SPV, namely, Nagapattinam-Madhugiri Transmission Company Limited, incorporated by the Company for the above projects, was transferred to successful bidder, M/s Power Grid Corporation of India Limited on 29th March, 2012.

The Ministry of Power also appointed PFCCL the 'Bid Process Coordinator' for new Independent Transmission Projects (ITPs) viz., Transmission Project associated with DGEN TPS (1200MW) of Torrent Power Ltd and Interconnection Between Srinagar and Tehri. The activities for the above project have been initiated and the Company has incorporated an SPV namely DGEN & Uttrakhand Transmission Company Limited on 15th November, 2011.

Corporate Social Responsibility

Your Company takes its responsibility to the Society and Environment very seriously. PFC realizes that the Corporation needs to go hand in hand with civil society, in order to contribute to the overall development of the nation. Also, any responsible company would ensure that its environmental impact is kept to the bare minimum, in order to secure a healthy future for the upcoming generation of people. To this end, Your Company has set up a dedicated CSR department, which enables the company to have a focused approach to this aspect of operations.

Your Company has entered into a MoU with the Government of India for spending 0.5% of its PAT towards CSR activities as part of its Corporate Social Responsibility. Consequently, Your Company had allocated Rs. 13.24 crore for CSR initiatives in the FY 2011-12.

During the year, the company sanctioned projects worth Rs. 20.33 crore and disbursed Rs. 19.37 crore. Out of this Rs. 13.27 crore was disbursed for projects sanctioned in 2011-12 and Rs. 6.10 crore for projects sanctioned in 2010-11. Though Your Company was required to undertake three out of the five activities listed out in the MoU for FY 2011-12 for achieving the 'Excellent' level, PFC sanctioned the amount required for all five projects.

Business Ventures

1. **PFC Consulting Limited (PFCCL)**

   PFC Consulting Limited (PFCCL) was incorporated in the form of a wholly owned subsidiary of Power Finance Corporation Ltd., on March 25, 2008, in order to give it requisite autonomy in functions and flexibility in operations. PFCCL is mandated to promote, organize and carry out consultancy services to the Power Sector and is also undertaking the work related to the development of UMPPs and ITPs. PFCCL has been nominated as the 'Bid Process Coordinator' for selection of developer for the Independent Transmission Projects (ITPs) by Ministry of Power, Government of India.

   During the FY2011-12, the total income of PFCCL has increased to Rs. 56.04crore as compared to Rs. 52.60 Crorein the previous financial year and net profit has increased to Rs. 27.66 Crore as compared to Rs. 26.96 Crore in the previous year.

   In a strong indication of the company blazing its own trail, PFCCL released its own website on 25th July, 2012, in a ceremony held in the office premises. This was done to allow the Company to be even closer to prospective clients.

2. **PFC Green Energy Limited (PFCGEL)**

While the development of the country depends heavily on a resurgent Power Sector, Your Company is aware of the environmental impact of the power projects it finances. Given the global movement to reduce greenhouse gas emissions, and an increasing dependence on renewable sources of energy, Green Energy has been given a central place in the Government of India's National Action Plan on Climate Change. To give a further fillip to financing of projects that utilize these sources of energy, PFC Green Energy Limited was incorporated on 30th March 2011, as a wholly owned subsidiary of the Company, to extend finance and financial services to promote green (renewable and non-conventional) sources of energy with authorised capital of Rs.1,200 Crore.

The Company will commence its business operations after its registration as a Non Banking Financial Company (NBFC) with RBI. The application for grant of Certificate of Registration from RBI has been filed and the same is under process. It took yet another step towards forging its own destiny with the release of its own Corporate Logo in a special ceremony held on 25th July, 2012.

3. **PFC Capital Advisory Services (PFC CAS)**

Seeking to cater to sectoral requirements for financial advisory services, PFC Capital Advisory Services Ltd., a wholly owned subsidiary of PFC was incorporated on 18th July, 2011. The Company received the Certificate of Commencement of Business on 2nd September 2011.

The Company's objective is to provide financial advisory services - primarily, syndication services - and to create holistic growth opportunities in the Power Sector in partnership with other lending institutions. PFC Capital Advisory Services Ltd. shall create opportunities in raising the fee based income of PFC, along with additional business through new clients and product mixes.The authorised share capital of the Company is Rs. 1 Crore.

PFC CAS released its logo in a special ceremony on 25th July, 2012, signalling its intention to create a new brand identity for itself, with a vision for the future.

4. **Facilitation Group**

In order to harness the business potential in allied sector space, PFC has set up the Facilitation Group. This Group is the single window to finance equipment manufacturing, fuel sources development and distribution for the power sector. The Group has already financed about Rs. 1,000 Crore towards power equipment manufacturing such as for wind turbines, etc.

In 2011, the Group obtained a business proposal to fund more than USD 750 Million for coal and gas mining and development overseas. The Group is spearheading PFC's foray into global operations, thereby enabling the Company to expand its footprint in new markets.

5. **Power Trading through Power Exchanges**

Power production in India is very unevenly distributed, with some areas having excess generation and others experiencing a shortfall. In order to overcome this and balance distribution evenly across the country, the idea of power exchanges was mooted, whereby, a surplus producer could, for a short period of time, sell excess power to a region that was experiencing a shortfall.

To promote this concept, Your Company promoted the National Power Exchange Ltd. (NPEX) jointly with NTPC, NHPC and TCS during FY2009. PFC has also contributed Rs. 2.19 crore (16.66% of the paid up equity up to 31st March, 2012), towards equity contribution in Power Exchange India Ltd., a venture promoted by NSE and NCDEX.

6. **Equity Financing**

Equity Investment Business is generally considered as a logical extension of Debt Business.Your Company has obtained approval from the RBI to invest in equity of individual power projects ranging from 0.5% to 5% of our Net Worth. PFC will soon begin the process of picking up equity stakes in power projects, in order to capitalize on our domain experience attained over 25 years of operations in power sector debt financing. Ultimately, Your Company aims to build an equity portfolio of power assets in order to ensure consistent gains for our shareholders, in the form of dividend and/or capital appreciation.

7. **Nuclear Funding**

Your Company recognizes the untapped potential of the Nuclear Power Sector in India. Nuclear Power Corporation of India Limited, a wholly owned CPSU of Govt. of India has requested the Company for financial assistance, in the form of debt, for upcoming nuclear power projects, including Kakrapar Units 3&4 (2x700MW) with a project cost of Rs. 11,459 crore, having a Debt/Equity Ratio of 70:30. This translates into debt of Rs. 8,021 crore. PFC stands ready to meet the financing demands of any new and upcoming Nuclear Power projects, which have the potential for sustaining India's growth in the decades to come.

8. **Banking operations**

Your Company is currently in the preliminary stages of evaluating the possibility of establishing or acquiring a bank. For this purpose, the Company conducted an internal study to explore the feasibility of acquiring a bank, or establishing a new bank altogether. The report on the study is under examination.

9. **Acquisition Advisory Services**

Your Company believes that institutional and regulatory reforms as well as increased investor interest will lead to consolidation in the Indian Power Sector. This will ensure synergy and economies of scale. In addition, PFC believes that the increasing supply-demand gap in the power sector has driven the procurement of power from the private sector through competitive bidding. Further, high demand for efficiency and economies in generation are expected to lower power tariff. Open access and power trading are likely to increase competition in the sector in the future.

Your Company has, therefore, set up an Acquisition Advisory Services unit for power sector projects. This unit shall develop and maintain the required database to explore business opportunities for various promoters in the power sector who want to acquire projects which are either completed or under the process of implementation. This unit would also provide any professional due diligence to enable such acquisition.

Awards and Accolades

Your Company has always been a paragon of good practices and consistently excellent performance. In this capacity, it has managed to win several awards and accolades over the course of its history. In FY2011-12, Your Company received the 'SCOPE Commendation Certificate' in the category of 'Best Managed Bank, Financial Institution or Insurance Company' for the year 2009-10 from Her Excellency, The Former President of India, Smt. Pratibha Devisingh Patil; the 'MoU Excellence Award 2009-10' in the category of 'Financial Services' from the Hon'ble Prime Minster of India, Shri Manmohan Singh; the '4th KPMG Infrastructure Today Award, 2011' in the category of 'Special Recognition for Contribution to the Power Sector over 25 Years' from Dr. Montek Singh Ahluwalia, Deputy Chairman, Planning Commission, Government of India; the 'India Power Award, 2011;, in the category of 'Best Financial Support in the Power Industry' from Dr. C. Rangarajan, Chairman, Economic Advisory Council to the Hon'ble Prime Minister and Former Governor of Andhra Pradesh; as well as the 'Dainik Bhaskar India Pride PSU Award, 2011' from Dr. Montek Singh Ahluwalia, Deputy Chairman, Planning Commission, Government of India.

Future Strategy

With strong financial and experienced human capital, Your Company has the potential to grow even faster than it already has. As part of its future strategy, PFC shall further strengthen its core sector financing and shall move towards new and allied areas like Coal Mine Development, Development of Ports for Coal Transportation, Power Equipment and Energy Efficiency.

Your Company is planning to enhance its presence in Non-Conventional Energy financing, such as Solar and Wind Power, which will ultimately help in the sustainable development of the Indian Power Sector. PFC is also planning to expand its footprint in Equipment Financing & other similar backward and forward linkages.

Your Company has identified other potential business areas, such as a Foray into International Markets, Private Equity, Syndication Services, an Infrastructure Development Fund, Commercial and Investment Banking and Asset Management as ideas to pursue.

PFC has already spread its wings to niche areas through the three subsidiaries that are in place and is planning to create more such entities, adopting a blue ocean strategy to tap potential business opportunities.

In an effort to build capacity and enhance its Human Capital, Your Company plans to identify and fill any gap in its employees' skill sets by recruiting experienced personnel for new business. Besides this, PFC also plans to train its existing employees in the art of managing new businesses.

Your Company is committed to accelerated growth and shall continue to maintain the best standards of corporate governance structure and an excellent risk management system, thereby balancing the interests of its shareholders with those of its own. PFC's ultimate aim is to enhance the long term economic value of all our stakeholders, and of society at large.

Ackowledgements

Success in any field is rarely an individual effort. Even in the most private successes, every person is supported, even in a small way, by a veritable army of well-wishers and other stakeholders. Your Company is truly grateful for the support it has received from its Board of Directors, Shareholders, investors and valued clients for keeping faith in us, year after year.

I would also like to express my sincere and heartfelt thanks to the inimitable leadership and support of the Hon'ble Union Minister of Power, the Hon'ble Union Minister of State for Power, Secretary (Power), officials of the Ministry of Power, Ministry of Finance, Reserve Bank of India, Department of Public Enterprises, Securities and Exchange Board of India, National Stock Exchange of India Limited, Bombay Stock Exchange Ltd., Planning Commission, CEA, C&AG, Statutory Auditors and other concerned Government Departments/ Agencies at the Central and State level, The World Bank, The Asian Development Bank, USAID, KfW of Germany, EDC of Canada and various international financial institutions/banks, Commercial Banks, Financial Institutions, Registrars and other agencies for their continuous support. I would also like to mention my gratitude to the Electronic and Print Media, for helping us share our growth story with the world.

To end, I'd like to share a thought with you : Michael Jordan, perhaps the greatest basketball player to have ever played the game, once said, "You must expect great things from yourself before you can do them". Your Company has never doubted its potential, or its ability to sustain its growth story. We constantly demand the best from ourselves, and it is this desire to achieve that motivates us day in and day out. Every employee starts off their day, content in the knowledge that he/she works for a company that won't settle for anything but the very best.

We look forward to an enduring and mutually beneficial relationship with our investors.

Satnam Singh

(SATNAM SINGH)

CHAIRMAN & MANAGING DIRECTOR

NOTICE

Notice is hereby given that the Twenty Sixth Annual General Meeting of the Power Finance Corporation Ltd. will be held **on Friday the September 21, 2012 at 10:00 AM** at Manekshaw Centre, Parade Road, Delhi Cantt., New Delhi-110010 to transact the following business:-

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as at March 31, 2012 and Profit and Loss Account for the financial year ended on that date along with Report of the Board of Directors and Auditors thereon.
2. To confirm interim dividend and declare final dividend for the year 2011-12.
3. To appoint a Director in place of Shri S. C. Gupta, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri R. Nagarajan, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Shri Ajit Prasad, who retires by rotation and being eligible, offers himself for re-appointment.
6. To fix the remuneration of the Auditors.

By order of the Board of Directors

J.S. AMITABH
Company Secretary

Registered office:
Urjanidhi, 1, Barakhamba Lane,
Connaught Place,
New Delhi- 110001
Date: 14th August, 2012

NOTES:-

1. **A Member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and such proxy need not be a Member of the Company. Proxy form duly completed must be deposited at the registered office of the Company, not less than forty-eight hours before the commencement of the Annual General Meeting. Blank proxy form is enclosed**. Proxy so appointed shall not have any right to speak at the meeting.
2. As required, a brief profile of Shri S. C. Gupta, Shri R. Nagarajan & Shri Ajit Prasad, Director(s) retiring by rotation and seeking re-appointment under item nos. 3, 4 & 5 aforesaid in accordance with applicable provisions of the Companies Act, 1956 as well as those Directors who have been appointed since last Annual General Meeting are annexed.
3. None of the Directors of the Company is in any way related to each other.
4. The Register of Members and Share Transfer Books of the Company will remain closed from September 7, 2012 to September 21, 2012 (both days inclusive). The final dividend on equity shares, as recommended by the Board of Directors, subject to the provisions of Section 206A of the Companies Act, 1956, if approved by the members at the Annual General Meeting, will be paid on or after October 3, 2012 to the Members or their mandates whose names appear on the Company's Register of Members on September 21, 2012 in respect of physical shares. In respect of dematerialized shares, the dividend will be payable to the "beneficial owners" of the shares whose names appear in the Statement of Beneficial Ownership furnished by National Securities Depository Limited and Central Depository Services (India) Limited at the close of business hours on September 6, 2012.
5. Corporate Members are requested to send a duly certified copy of the Board Resolution/Power of Attorney authorizing their representative to attend and vote on their behalf at the Annual General Meeting.
6. Members are requested to:-
   a. note that copies of Annual Report will not be distributed at the Annual General Meeting.
   b. deliver duly completed and signed Attendance Slip at the entrance of the meeting venue as entry to the Auditorium will be strictly on the basis of the Entry Slip available at the counters at the venue to be exchanged with the Attendance Slip.
   c. quote their Folio/Client ID & DP ID Nos. in all correspondence.
   d. note that due to strict security reasons brief cases, eatables and other belongings are not allowed inside the auditorium.
   e. note that no gifts/coupons will be distributed at the Annual General Meeting.
7. The Ministry of Corporate Affairs (MCA) has taken a "Green initiative in Corporate Governance" by allowing paperless compliances by the Companies and has issued circulars stating that service of notice/documents including annual report can be sent by e-mail to the members. To support this green initiative of the Government in full measure, members who have not registered their e-mail addresses, so far, are requested to register their email id, in respect of electronic holdings with the Depository through their

concerned Depository Participants. Members who hold the shares in physical form are requested to get their e-mail ID registered with Karvy Computershare Private Limited, Registrar & Share Transfer Agent (RTA) of the Company.

8. Members are advised to submit their Electronic Clearing System (ECS) mandates, to enable the Company to make remittance by means of ECS. Those holding shares in physical form may obtain and send the ECS Mandate Form to Karvy Computershare Private Limited, Registrar & Share Transfer Agent (RTA) of the Company. Those holding shares in electronic form may obtain and send their ECS Mandate Form directly to their Depository Participant (DP). Those who have already furnished the ECS Mandate Form to the Company/ Registrar & Share Transfer Agent /DP with complete details need not send it again.

   The shareholders who do not wish to opt for ECS facility may please mail their bankers' name, branch address and account number to Karvy Computershare Private Limited, Registrar & Share Transfer Agent of the Company to enable them to print these details on the dividend warrants.

9. SEBI has made it mandatory for the transferee(s) to furnish a copy of PAN card to the Company/RTAs for registration of transfers and for securities market transactions and off-market/ private transactions involving transfer of shares in physical form of listed companies. Accordingly, members holding shares in physical mode should attach a copy of their PAN card for every transfer request sent to Company/ RTA.

10. Members holding shares in multiple folios in physical mode are requested to apply for consolidation to the Company or its Registrar & Share Transfer Agent alongwith relevant Share Certificates.

11. Members are requested to send all correspondence concerning registration of transfers, transmissions, subdivision, consolidation of shares or any other shares related matter and/or change in address and bank account, to Company's Registrars.

12. The Board of Directors in its meeting held on February 3, 2012 had declared an interim dividend @ 50% on the paid-up equity share capital of the company which was paid on February 17, 2012. Members who have not received or not encashed their dividend warrants may approach Karvy Computershare Private Limited, Registrar & Share Transfer Agent of the Company, for revalidating the warrants or for obtaining duplicate warrants.

13. Pursuant to Section 205A read with Section 205C of the Companies Act, 1956, the dividend amounts which remain unpaid/unclaimed for a period of seven years, are required to be transferred to the Investors Education & Protection Fund of the Central Government. After such transfer, there remains no claim of the members whatsoever on the said amount. Therefore, Members are advised to encash their Dividend warrants immediately on receipt.

14. Pursuant to Section 619(2) of Companies Act, 1956, the Auditors of a Government Company are to be appointed or re-appointed by the Comptroller and Auditor General of India (C&AG) and in terms of Section 224(8)(aa) of the Companies Act, 1956, their remuneration has to be fixed by the Company in Annual General Meeting. The Members of the Company in the 25th Annual General Meeting held on September 28, 2011 authorized the Board of Directors to fix the remuneration of Statutory Auditors for the financial year 2011-12. Accordingly, the Board of Directors fixed audit fee of ₹ 15,00,000/- for the Statutory Auditors for the financial year 2011-12 in addition to applicable service tax and reimbursement of actual traveling and out-of-pocket expenses. Further, the Statutory Auditors of the Company for the year 2012-13 will be appointed by C&AG of India, the members may authorize the Board of Directors to fix an appropriate remuneration of Auditors for the year 2012-13 as may be deemed fit by the Board.

15. Members desirous of making a nomination in respect of their shareholding in the Company, as permitted under Section 109A of the Companies Act, 1956, are requested to write to Karvy Computershare Private Limited, Registrar & Share Transfer Agent of the Company in the prescribed form. In case of shares held in dematerialized form, the nomination has to be lodged with the respective Depository Participant.

16. Member who hold shares in physical form are requested to notify immediately any change in their addresses to the Registrar and Share Transfer Agent of the Company and to their respective depository participants, in case shares are held in electronic mode.

17. Members desirous of getting any information on any items of business of this Meeting are requested to address their queries to Company Secretary of the Company at the registered office of the Company at least ten days prior to the date of the meeting, so that the information required can be made readily available at the meeting.

18. All documents referred to in the accompanying notice and Statutory Registers are open for inspection at the registered office of the Company on all working days (barring Saturday and Sunday) between 11.00 a.m. to 1.00 p.m. prior to the Annual General Meeting.

19. The entire Annual Report is also available on the Company's website www.pfcindia.com.

BRIEF RESUME OF THE DIRECTORS SEEKING RE-APPOINTMENT AND ALSO OF DIRECTORS APPOINTED SINCE LAST ANNUAL GENERAL MEETING.

Directors seeking re-appointment at 26th Annual General Meeting

Name	**Shri S.C. Gupta**	**Shri R. Nagarajan**	**Shri Ajit Prasad**
Date of Birth and Age	08-02-1954/58 years	18-05-1957/55 years	25.11.1957/54 yrs
Date of Appointment	25-02-2010	31-07-2009	08-10-2010
Qualification	Bachelor's degree in Commerce, Bachelor's in Law, Chartered Accountant	Bachelor's degree in Commerce, Chartered Accountant, Cost Accountant and Certified Associate of Indian Institute of Bankers.	PH.D, M.Sc, M.A.(Eco)
Expertise in Functional Areas	He is the promoter and senior partner in a Chartered Accountant firm and has discharged duties as the statutory auditor of several Public Sector Undertakings, Banks, Insurance Companies, Airlines, Limited companies etc. He has held directorship in various banks and companies like Canara Bank, BOB Capital Markets Ltd., PNB Asset Management Company etc.	He has more than 30 years of experience having worked in Andhra Bank and in PFC at different positions. He joined PFC in the year 1995 and had been holding the post of Executive Director (Finance) since January, 2008. During his tenure as Executive Director (Finance) in PFC, he had overseen various business activities relating to IPO, Resource Mobilization, Banking, Treasury, Disbursement, Recovery, Internal Audit, Power Exchange, Asset Liability & Risk Management.	He is at presently the Dean and Professor of Strategy, Indian Institute of Management, Raipur. He has rich experience in the Government, Industry and Academia. His publications and research interests are in the areas of corporate planning, strategic thinking and governance inclusive of issues on ethics.
Directorship in other companies	• Union KBC Asset Management Company Private Limited· • Transstroy (India) Limited	• Coastal Karnataka Power Limited· • Coastal Maharashtra Mega Power Limited· • Coastal Tamil Nadu Power Limited· • Deoghar Mega Power Limited • National Power Exchange Limited· • PFC Capital Advisory Services Limited· • PFC Consulting limited· • PFC Green Energy Limited	NIL
Chairman/ Membership of Committee across all public companies	**Union KBC Asset Management Company Private Limited** - Chairman, Audit Committee	**Power Finance Corporation Ltd.** - Member, Shareholders'/ Investors' Grievance Committee **National Power Exchange Limited** - Chairman, Audit Committee	**Power Finance Corporation Ltd.** - Member, Audit Committee
Number of shares held in the Company	NIL	26869	NIL

Directors appointed since last Annual General Meeting held on 28th September, 2011

Name	**Shri A. K. Agarwal**
Date of Birth and Age	08-12-1956/55 years
Date of Appointment	13-07-2012
Date of cessation	31-12-2016
Qualification	B.E. (Elect.) with Hons.
Expertise in Functional Areas	He has over 32 years experience in the power industry. As Director (Projects), he is responsible for appraisal, sanction and disbursement of financing proposals in the state and private sectors, which include generation, transmission, distribution and renewable energy projects of the state and private sector utilities, increasing focus on consortium lending from Consortium Lending Group (CLG) & possibilities for backward & forward linkage i.e. coal, gas, oil & equipment manufacturing.
Directorship in other companies	• Energy Efficiency Services Limited
Chairman/ Membership of Committee across all public companies	**Power Finance Corporation Ltd.** - Member, Audit Committee
Number of shares held in the Company	25859

AWARDS

Shri Satnam Singh, CMD, PFC receiving "MoU Excellence Award" in the category of "Financial Services Sector" for the year 2009-10 from Hon'ble Prime Minister of India, Dr.Manmohan Singh.

Shri Satnam Singh, CMD, PFC receiving the "SCOPE Gold Trophy for Best Managed Bank, Financial Institution or Insurance Company" for the year 2010-11 on 13th April, 2012 from Hon'ble former President of India Smt. Pratibha Devisingh Patil.

DIRECTORS' PROFILE

Shri Satnam Singh
Chairman and Managing Director

Shri Satnam Singh, 54 years, is the Chairman and Managing Director (CMD) of PFC since August, 2008. As CMD, he heads the company and provides strategic direction and guidance to all the activities of the company.

Shri Satnam Singh holds a Bachelor's degree in Commerce from Guru Nanak Dev University, Amritsar and a Master's degree in Business Administration from University Business School, Chandigarh. Shri Satnam Singh has varied experience of over three decades in power and financial sector. He joined PFC in 1996 and became a member of the board as Director (Finance & Financial Operations) in February 2005.

Under his leadership, PFC has shown consistent business growth and profitability, as a result, PFC has become the largest NBFC in India based on the size of networth. He was not only instrumental in the success of Initial Public Offer (IPO) of PFC but also spear headed the subsequent Further Public Offer (FPO), which saw success despite toughest market conditions. He has redefined PFC's strategy as a company seeking accelerated growth year after year. This approach is manifested in PFC's exclusive focus and diversification into areas like consortium lending, financing renewables, equity financing, acquisition advisory services and funding backward linkages to power sector like fuel supply, gas, coal etc and promoting forward linkages to power sector like power exchanges.

Additionally, he is playing a critical role in the development of power sector through implementation of Ultra Mega Power Projects (UMPPs) and Restructured APDRP programme, which are the key GoI programmes of significant national importance. He is also a member of High Level Committees, approved at the level of Prime Minister of India, on (1) "Financial Position of Distribution Utilities" to look into the financial problems of SEBs and to identify corrective steps and (2) "Financing Infrastructure" to assess XII plan infrastructure investment required and suggest measures to facilitate investment flows.

Considering his contribution to development of power sector and financial industry and also his unique leadership abilities, he was conferred with various prestigious awards namely "Outstanding Entrepreneurship Award, 2011", "Power Today Person of the Year, 2010", "Distinguished Fellowship Award", "Bharat Siromani Award 2009" and "Achiever Excellence Award". Some of the recipients of such awards were A P J Abdul Kalam, Mother Teresa, Montek Singh Ahuluwalia, Justice P.N. Bhagwati etc.

Shri Satnam Singh was holding 25155 equity shares in the Company as on March 31, 2012.

Shri M.K. Goel
Director (Commercial)

Shri Mukesh Kumar Goel, 55 years, holds a Bachelor's degree in Technology specializing in Electrical Engineering from Kanpur University. Shri Goel has power sector experience of over three decades. He was working with NHPC Limited, prior to joining PFC on November 22, 1988. He joined the Board on July 27, 2007. As Director (Commercial), he is in-charge of Commercial Division of the Company. He has been instrumental in inducing reforms in State Power Utilities and is steering the implementation of Restructured Accelerated Power Development & Reform Programme, a flagship reform programme of Government of India, besides heading our Human Resource functioning, Rajbhasha, Information Technology and legal activities.

Shri M.K. Goel was holding 10283 equity shares in the Company as on March 31, 2012.

Shri R. Nagarajan
Director (Finance)

Shri Radhakrishnan Nagarajan, 55 years, holds a Bachelor's degree in Commerce and is a qualified Chartered Accountant, Cost Accountant and a certified associate of Indian Institute of Bankers. Shri Nagarajan has more than three decades of experience having worked in Andhra Bank and in PFC at different positions. He joined PFC in the year 1995 and had been holding the post of Executive Director (Finance) since January 2008.

During his tenure as Executive Director (Finance) in PFC, Shri Nagarajan had overseen various business activities relating to Initial Public Offer, Resource Mobilization, Banking Treasury, Disbursement, Recovery, Internal Audit, Power Exchange, Asset Liability and Risk Management etc. As Director (Finance), he is responsible for all functions of the finance division of the Company.

He is also President of the Project Monitoring Society and Treasurer of the World Energy Council, India.

Shri R. Nagarajan was holding 25200 equity shares in the Company as on March 31, 2012.

Shri A. K. Agarwal
Director (Projects)

Shri Anil Kumar Agarwal, 55 years, is B.E. (Elect.) with Hons. from MNREC, Allahabad. As Director (Projects), he is responsible for appraisal, sanction and disbursement of financing proposals in the state and private sectors, which include generation, transmission, distribution and renewable energy projects of the state and private sector utilities and increasing focus on consortium lending from Consortium Lending Group (CLG) & possibilities for backward & forward linkage i.e. coal, gas, oil & equipment manufacturing.

Prior to taking over as Director (Projects), Shri Agarwal spent more than 32 years in power sector in various capacities in BHEL and PFC. In BHEL he was responsible for commissioning of Thermal plants upto 210 MW at various project sites in Northern India. Mr. Agarwal has been serving PFC for more than 21 years in various capacities and has been actively involved in procurement of goods under ADB/WB financing, thermal appraisal, entity appraisal of private. sector projects, in-charge of RE & CDM Unit, fixing of sanction and disbursement targets and their achievement, coordinating activities of Projects Division in order to achieve targets and was also looking after Tadri and Krishnapattnam UMPP. He was also holding the charge of CEO, PFC GEL a 100% subsidiary of PFC.

His major areas of interest are power sector reform and renewable energy projects. He has been on a number of important assignments including the one he currently holds as Chairman & CEO of EESL.

Shri Anil Kumar Agarwal, was holding 25135 equity shares in the Company as on March 31, 2012.

Shri Devender Singh
Govt. Nominee Director

Shri Devender Singh, 50 years, is presently Joint Secretary to the Ministry of Power, Government of India and is an IAS officer of the 1987 batch of the Haryana cadre. He holds a Bachelor's Degree in Electronics and Communication from the Delhi College of Engineering, Delhi and a Master's Degree in Business Administration from the Indian Institute of Management (IIM), Ahmedabad. Shri Singh has an experience of working in various government departments such as in the capacity of managing director of Haryana Dairy Development Cooperative Federation Limited and Haryana State Cooperative Supply and Marketing Federation Limited, Chandigarh and also as director of the Department of Industries and Mines, deputy commissioner of Gurgaon and deputy commissioner of Karnal.

Shri Devender Singh was holding nil equity shares in the Company as on March 31, 2012.

Shri Ravindra H. Dholakia
Independent Director

Shri Ravindra Harshadrai Dholakia, 59 years, was a Post-Doctoral Fellow in the University of Toronto and holds a PhD degree from the Maharaja Sayajirao University of Baroda. He is a Professor of Economics and Public Systems at IIM Ahmedabad and has been on the Faculty of IIM-A since 1985. He has experience in teaching economics to different groups such as students, executives, policymakers and senior government officers. He was a member of the 6th Central Pay Commission in India and has written several monographs, books, research papers published in journals of national and international repute.

Shri Ravindra H. Dholakia was holding nil equity shares in the Company as on March 31, 2012.

Shri P. Murali Mohana Rao
Independent Director

Shri P. Murali Mohana Rao, 54 years, holds a bachelor's degree in Commerce from Andhra University and is a qualified chartered accountant and has been in practice for over 25 years.

Shri P.Murali Mohana Rao was holding nil equity shares in the Company as on March 31, 2012.

Shri S.C. Gupta
Independent Director

Shri Suresh Chand Gupta, 58 years, is a qualified Chartered Accountant and holds a Bachelor's degree in Commerce from Punjab University, Chandigarh as well as a Bachelor's degree in Law from Delhi University. In the past, he has held directorships in various banks and companies. He is also a senior partner in a chartered accountancy firm.

Shri S.C. Gupta was holding nil equity shares in the Company as on March 31, 2012.

Shri Ajit Prasad
Independent Director

Shri Ajit Prasad, 54 years, holds a Master's degree in Economics from University of Delhi and a Post Graduate Diploma in Management from the International Management Institute. He also holds a Ph.D. from Patna University. Presently, he is Dean & Professor of Strategy of the Indian Institute of Management, Raipur. His publications and research interests are in the areas of corporate planning, strategic thinking and governance inclusive of issues on ethics and Corporate Social Responsibility.

Shri Ajit Prasad was holding nil equity shares in the Company as on March 31, 2012.

Shri Krishna Mohan Sahni
Independent Director

Shri Krishna Mohan Sahni, 65 years, holds a Bachelor's degree in English literature and a Master's degree in History from University of Delhi. He is a 1969 batch IAS officer of the Union Territory cadre. He held various positions such as Secretary, Ministry of Labour and Employment, GoI, Additional Secretary, Ministry of Agriculture, GoI, Principal Secretary, General Administration Department and Tourism, Government of NCT of Delhi, Principal Secretary (Power), GoI, Chairman and Managing Director of Delhi Transco Limited and Delhi Financial Corporation, Managing Director of Delhi Tourism Development Corporation Limited (now known as Delhi Tourism and Transportation Development Corporation Limited) and Delhi State Industrial Development Corporation Limited (now known as Delhi State Industrial and Infrastructure Development Corporation Limited).

Shri Krishna Mohan Sahni was holding nil equity shares in the Company as on March 31, 2012.

To

The Members,

Your Directors have great pleasure in presenting the 26th Annual Report on the performance of your Company for the financial year ended March 31, 2012 along with Audited Statements of Accounts.

1.0 FINANCIAL HIGHLIGHTS

(a) PROFITABILITY

(₹ in crore)

Particulars	2011-12	2010-11
Profit Before Tax	4104.25	3544.14
Provision for Income Tax (current year)	(-) 1070.87	(-) 898.99
Provision for Income Tax (earlier years)	2.82	10.45
Deferred Tax Liability (+)/Assets (-)	(-) 4.46	(-) 36.02
Profit After Tax	3031.74	2619.58
Transfer towards Provision for Bad & Doubtful Debts u/s 36(1) (viia)(c) of Income Tax Act, 1961	173.73	142.47
Transfer to Special Reserve created and maintained u/s 36(1) (viii) of Income Tax Act, 1961	776.20	634.32
Debenture Redemption Reserve	55.73	0.06
Interim Dividend	659.97	401.72
Proposed Final Dividend	132.00	197.99
Corporate Dividend Tax paid on Interim Dividend	107.06	66.72
Proposed Corporate Dividend Tax	21.41	32.12
Transfer to General Reserve	304.00	262.00
Balance carried to Balance Sheet	801.64	882.18

(b) LENDING OPERATIONS

(₹ in crore)

Particulars	2011-12	2010-11
Sanction	59429	61532
Disbursement	39818	31865

(c) R-APDRP OPERATIONS

(₹ in crore)

Particulars	2011-12	2010-11
Sanctioned project cost	9595	13665
Disbursement	1600	2257

2.0 FINANCIAL PERFORMANCE

2.1 REVENUE

The total income achieved during the FY 2011-12 was ₹ 13,037.11 crore registering an increase of 28.31% as compared to ₹ 10,160.56 crore in FY 2010-11. Operating income for the year increased from ₹ 10,128.49 crore to ₹ 13,014.85 crore showing an increase of 28.50%. Interest income including lease income for the FY 2011-12 was higher at ₹ 12,621.06 crore against ₹ 9,776.32 crore in 2010-11.

2.2 EXPENSES

Interest, finance and other charges including bond issue expenses amounted to ₹ 8,661.55 crore in FY 2011-12 as compared to ₹ 6,486.95 crore in FY 2010-11. This constituted 96.96% of total expenses in FY 2011-12 as compared to 98.04% in FY 2010-11.Employee Benefit expenses and other expenses were 1.39% and 1.43% of financial expenses and total expenses respectively and constitute 0.095% of the Loan Assets in FY 2011-12.

2.3 PROFIT

During the FY 2011-12, your Company earned a net profit of ₹ 3,031.74 crore as compared to ₹ 2,619.58 crore for the FY 2010-11 registering an increase of 15.73%.

2.4 FURTHER PUBLIC OFFER (FPO)

During the first quarter of FY 2011-12, your Company made a Further Public Offer (FPO) of 22,95,53,340 equity shares of ₹ 10/- each for cash through 100% book-building process with a price band of ₹ 193-203 per equity share. The issue included a fresh issue of 17,21,65,005 equity shares by the Company and an offer for sale of 5,73,88,335 equity shares by the President of India acting through Ministry of Power, Government of India.

The issue was priced at ₹ 203/- per share. A discount of 5% to the issue price being ₹ 10.15 per equity share determined pursuant to completion of the Book Building Process was offered to Eligible Employees and to Retail Bidders. The issue proceeds amounted to ₹ 4,578.20 crore of which ₹ 1,144.55 crore pertains to offer for sale. Thus, the total fresh capital including share premium raised through FPO was ₹ 3,433.65 crore.

The issue got a good response and was subscribed 4.31 times. The Qualified Institutional Bidders (QIB) portion got subscribed 6.92 times, Non-Institutional portion 1.08 times, Retail portion 1.97 times and Employees category 0.87 times. The total number of applications received were 2,58,497. The equity shares under FPO got listed on NSE and BSE on May 27, 2011. Post-issue, the holding of the Government of India stands at 73.72% and the balance is held by various investors.

The issued and paid-up share capital increased from ₹ 1,147.77 crore to ₹ 1,319.93 crore and an amount of ₹ 3,241.57 crore (net of issue expenses of ₹ 19.91 crore) was credited to Securities Premium Reserve.

The issue proceeds have been fully utilized for the purpose as mentioned under the objects of the issue enumerated in the Offer Document.

2.5 SHARE CAPITAL

At the beginning of the FY 2011-12, the paid-up share capital of the Company was ₹ 1,147.77 crore consisting of

1,14,77,66,700 equity shares of ₹ 10 each, of which the Government of India held 89.78%. The Company through Further Public Offer (FPO) issued 17,21,65,005 equity shares in May, 2011 resulting in an increase of ₹ 172.16 crore in paid up equity share capital. The post-issue paid-up equity share capital as on March 31, 2012 is ₹ 1,319.93 crore. The shareholding of Government of India in the Company now stands at 73.72% of the paid up capital.

Further, on August 8, 2012, 75,178 equity shares of ₹ 10/- each of the Company were alloted to the Employees under the Company's Employee Stock Option Scheme i.e. PFC ESOP 2010. Consequent to this allotment, the paid-up equity share capital of the Company stands increased to ₹ 1,320.01 crore consisting of 1,32,00,06,883 equity shares of ₹ 10 each.

2.6 DIVIDEND

Your Directors have recommended a final dividend of ₹ 1 per equity share in addition to an interim dividend of ₹ 5 per equity share on paid up equity share capital of ₹ 1,319.93 crore.

The total dividend for the FY 2011-12 thus aggregates to ₹ 6 per equity share as against ₹ 5 per equity share paid for the previous year. The final dividend will be paid after your approval at the Annual General Meeting. The total dividend pay-out for the year amounts to ₹ 791.97 crore representing 60% of the paid-up capital of the company and 26.12% of the profit after tax as against a dividend pay-out of ₹ 599.71 crore representing 50% of the paid-up capital and 22.89% of the profit after tax in the previous year.

2.7 ISSUE OF LONG TERM INFRASTRUCTURE BONDS

Your Company came out with the public issue of Long Term Infrastructure Bonds from September 29, 2011 till November 4, 2011 in four kinds of series i.e. Series 1 & 3 non cumulative and Series 2 & 4 cumulative. The interest rate of Series 1 & 2 was 8.50% and of Series 3 & 4 was 8.75%. The Company collected a total of ₹ 95.64 crore in all the series from the market. The date of allotment of public issue of Long Term Infrastructure Bonds was November 21, 2011. These bonds are listed on Bombay Stock Exchange (BSE).

The company also came out with private placement of Long Term Infrastructure Bonds from February 29, 2012 till March 26, 2012 in four kinds of series i.e. Series 1 & 3 non cumulative and Series 2 & 4 cumulative. The interest rate of Series 1 & 2 was 8.43% and of Series 3 & 4 was 8.72%. The Company collected a total of ₹ 30.56 crore in all the series from the market. The date of allotment of private placement of Long Term Infrastructure Bonds was March 30, 2012. These bonds are listed on National Stock Exchange (NSE). The funds raised from the above said issues were utilized towards 'Infrastructure Lending'.

2.8 ISSUE OF TAX FREE BONDS

The Company came out with the Private placement of Tax free Bonds from October 15, 2011 till November 25, 2011 in two series i.e. Series 79 (A&B) & Series 80 (A&B). The interest rate of Series 79(A&B), for 10 years and 15 years was 7.51% p.a. and 7.75% p.a. and of Series 80 (A&B), for 10 years and 15 years were 8.09% p.a. and 8.16% p.a respectively. The Company collected a total of ₹ 966.87 crore in both the series from the market. The date of allotment of Private placement of Tax Free Bonds series 79 (A&B) was October 15, 2011 and November 25, 2011. These bonds are listed on National Stock Exchange (NSE).

The company also came out with the public issue of Tax Free Bonds of ₹ 4,033.13 crore from December 30, 2011 till January 12, 2012 in two kinds of series i.e. Series 1 & 2 non cumulative. The interest rate of Series 1 was 8.20% and of Series 2 was 8.30%. The issue got a good response and was oversubscribed 2.62 times of the Issue size. The date of allotment of public issue of Tax Free Bonds was February 1, 2012. These bonds are listed on Bombay Stock Exchange (BSE). The funds raised from the above said issues were utilized towards lending purposes, debt servicing and working capital requirements.

3.0 LENDING OPERATIONS

Your Company issued sanctions of ₹ 59,429 crore during the FY 2011-12 to State, Central, Private and Joint Sector entities. An amount of ₹ 39,818 crore was disbursed during the same period. With this, cumulative sanction of ₹ 3,70,940 crore and disbursement of ₹ 2,08,965 crore have been made by the Company as on March 31, 2012.

In addition to above, an amount of ₹ 9,595 crore was sanctioned and ₹ 1,600 crore was disbursed during 2011-12 under R-APDRP scheme. With this, cumulative sanction under R-APDRP stands at ₹ 31,416 crore and disbursement at ₹ 5,503 crore.

3.1 Financial Assistance

3.1.1 Sector-wise

(₹ in crore)

	2011-12		Cumulative upto March, 2012	
Category	**Sanctions**	**Disbursements**	**Sanctions**	**Disbursements**
State Sector	**42663**	**24601**	258224	150168
Central Sector	**811**	**5393**	35691	29154
Private Sector	**14894**	**8205**	59796	19080
Joint Sector	**1061**	**1619**	17229	10563
Total	**59429**	**39818**	**370940**	**208965**

3.1.2 Discipline-wise

(₹ in crore)

Category	2011-12		Cumulative upto March, 2012	
	Sanctions	Disbursements	Sanctions	Disbursements
Thermal Generation	39396	25816	229590	109419
Hydro Generation	1243	1277	32583	23044
Wind, Solar and Bagasse	245	279	1945	1172
Renovation and Modernization of Thermal Power Stations	401	344	7766	5897
Renovation & Uprating of Hydro Power Projects	162	33	1549	1073
Transmission	2678	3270	36295	19106
Distribution	2664	1667	15923	10966
Short Term Loans	7100	6950	34945	33970
Counterpart funding for R-APDRP Part B	4273	-	4273	-
Others*	1267	182	6071	4318
Total	59429	39818	**370940**	**208965**

* Others include Decentralized Management, Project Settlement, Pre Investment Fund, Technical Assistance Project, Medium Term Loan, Buyers Line of Credit, Equipment Manufacturing Loan, Loan for Asset Acquisition, Bill Discounting, Studies, Loan for Redemption of bonds, Purchase of power through PXI, Loan for Promoter's Equity and Computerization etc.

3.1.3 Product-wise

(₹ in crore)

Category	2011-12		Cumulative upto March, 2012	
	Sanctions	Disbursements	Sanctions	Disbursements
Term Loans	51262	32687	328228	169351
Short Term Loans	7100	6950	34945	33970
Leasing	-	11	1043	795
Grants	1	3	74	54
Others **	1066	167	6650	4795
Total	59429	39818	**370940**	**208965**

** Others include Debt Refinancing, Bridge Loan, Associated Infrastructure, Loan to Equipment Manufacturers, Buyers Line of Credit, Loan for Assets Acquisition, Bill Discounting, Purchase of power through PXI and Loan for Promoter's Equity etc.

3.2 Financial Assistance under R-APDRP

(₹ in crore)

Category	2011-12		Cumulative upto March, 2012	
	Sanctioned project cost	Disbursements	Sanctioned project cost	Disbursements
Part A (IT)	20	249	5196	1761
Part A (SCADA)	774	146	1444	301
Part B	8801	1205	24776	3441
Total	9595	1600	**31416**	**5503**

3.3 GENERATION PROJECTS

3.3.1 THERMAL PROJECTS

Thermal Power generation comprises a major proportion of India's total installed capacity. During the year 2011-12, the Company has sanctioned loans amounting to ₹ 39,396 crore and disbursed an amount of ₹ 25,816 crore. The cumulative financial support provided by the Company for thermal generation schemes is ₹ 2,29,590 crore out of which ₹ 1,09,419 crore has been disbursed till March 31, 2012.

The major thermal generation projects sanctioned by your Company during the year are: Shree Singaji TPS Stage-II (2x660 MW), Adilabad TPS (2x600 MW), Harduaganj TPS Extn-II (1x660 MW), Bhusawal Replacement Project (1x660 MW), Barauni TPS Extn (2x250 MW).

3.3.2 HYDRO PROJECTS

Hydro generation capacity in the country needs significant augmentation for overall systems to have optimal energy mix. During the year 2011-12, loans amounting to ₹ 1,243 crore were sanctioned and an amount of ₹ 1,277 crore was disbursed by your company. The cumulative financial support provided by the Company for hydro generation scheme is ₹ 32,583 crore out of which ₹ 23,044 crore has been disbursed till March 31, 2012.

3.4 RENOVATION, MODERNISATION AND LIFE EXTENSION

3.4.1 THERMAL PROJECTS

During the year 2011-12, loans worth ₹ 401 crore were sanctioned for R&M and life extension of thermal power plants and an amount of ₹ 344 crore was disbursed. Cumulatively, an amount of ₹ 7,766 crore has been sanctioned and ₹ 5,897 crore stands disbursed till March 31, 2012.

3.4.2 HYDRO PROJECTS

During the year 2011-12, loans worth ₹ 162 crore were sanctioned for R&M of Hydro power projects and an amount of ₹ 33 crore was disbursed. Cumulatively, an amount of ₹ 1,549 crore has been sanctioned and ₹ 1,073 crore stands disbursed till March 31, 2012.

4.0 REALISATION

Your Company gives highest priority to the realisation of its dues towards principal, interest etc. Out of ₹ 21,265.81 crore to be recovered towards principal, interest etc. under rupee term loans, bill discounting, working capital, lease financing, foreign currency loan, loans for equipment financing and guarantee fee, an amount of ₹ 21,033.91 crore was actually realised. This works out to an overall recovery rate of 98.91% (previous year 99.66%). The overall recovery rate has been consistently maintained at 96-99% for the last ten years. The company has achieved recovery rate of 99.19% in respect of principal amount due during the year.

In terms of Prudential Norms applicable, the Company has made an additional provision amounting to ₹ 109.26 crore on non-performing loan assets during the year. The Company has made a total provision amounting to ₹ 143.87 crore for Non-Performing Assets (NPA) against Loan Assets in its Annual Accounts upto the year 2011-12. After making provision on NPA, the level of net Non-Performing Assets (NPA) has been recorded at ₹ 1,214.59 crore forming 0.93% to the Total Loan Assets as on March 31, 2012.

5.0 RESTRUCTERED LOANS

The details of loans restructured during the FY 2011-12 are as follows:

Particular		**FY 2011-12**	**FY 2010-11**
Standard Loans Restructured	No. of Borrowers	4	3
	Amount Outstanding	2868.46	998.48
Sub-Standard Loans Restructured	No. of Borrowers	1	-
	Amount Outstanding	227.61	-
Doubtful Loans Restructured	No. of Borrowers	-	-
	Amount Outstanding-	-	
Total	**No. of Borrowers**	5	3
	Amount Outstanding	**3096.07**	**998.48**

6.0 BORROWINGS

6.1 BORROWINGS FROM DOMESTIC MARKET

Your Company mobilized funds amounting to ₹ 36,318.57 crore from the domestic market during FY 2011-12 as against ₹ 26,057.39 crore during FY 2010-11. Out of the above, ₹ 33,140.59 crore was raised through issue of unsecured/ secured taxable/Tax free bonds in the nature of debentures, ₹ 2,200 crore by way of long/medium term loans from Banks/ FIs, and ₹ 977.98 crore by way of issue of Commercial Paper and Short Term Loans.

6.2 EXTERNAL BORROWINGS

During the FY 2011-12, your Company could not raise foreign currency loan as the global economic slowdown was prevalent and the availability of funds at a competitive rate was not there.

6.3 CASH CREDIT/ OVERDRAFT FACILITIES

For day to day operations, your company has sanction limit of CC/OD/WCDL/Line of Credit of ₹ 5,709.23 crore tied up with various scheduled commercial banks. As per PFC's Board approval, a limit upto ₹ 5,000 crore outstanding at any point of time may be utilized.

7.0 CREDIT RATINGS

Domestic:

During the FY 2011-12, your Company's long term domestic borrowing programme (including bank loans) was awarded the highest rating of CRISIL AAA and ICRA AAA by CRISIL and ICRA respectively. The Company's short term domestic borrowing programme (including bank loans) was awarded the highest rating of CRISIL A1+ and ICRA A1+ by CRISIL & ICRA respectively.

International:

During the FY 2011-12, the international credit rating agencies Moody's, Fitch and Standard and Poor's have given to the company, long term currency issuer ratings of Baa3, BBB- and BBB- respectively, which are at par with sovereign rating for India.

8.0 RISK MANAGEMENT

8.1 ASSET LIABILITY MANAGEMENT

Your Company has put in place an effective Asset Liability Management System and has constituted an Asset Liability Management Committee (ALCO) headed by Director (Finance). ALCO monitors risks related to liquidity and interest rate and also monitors implementation of decisions taken in the ALCO meetings. The liquidity risk is being monitored with the help of liquidity gap analysis. The Asset Liability Management framework includes periodic analysis of long term liquidity profile of asset receipts and debt service obligations. Such analysis is made every month in yearly buckets for the next 10 years and is being used for critical decisions regarding the time, volume and maturity profile of the borrowings, creation of new assets and mix of assets and liabilities in terms of time period (short, medium and long-term). The interest rate risk is managed by analysis of interest rate sensitivity gap statements, evaluation of Earning at Risk (EaR) on change of interest rate and creation of assets and liabilities with the mix of fixed and floating interest rates.

The maturity profile of certain items of assets and liabilities as at March 31, 2012 is set out below:

8.2 FOREIGN CURRENCY RISK MANAGEMENT

Your Company has put in place Currency Risk Management (CRM) policy to manage risks associated with foreign currency borrowings. The Company enters into hedging transactions to cover exchange rate and interest rate risk through various instruments like currency forward, option, principal swap, interest rate swap and forward rate agreements.

As on March 31, 2012, the total foreign currency liabilities are USD 541.15 million, JPY 41,643.20 million and Euro 24.73 million. On an overall basis, the currency exchange rate risk is covered to the extent of 14% through hedging instruments and lending in foreign currency.

8.3 INTEGRATED ENTERPRISE WIDE RISK MANAGEMENT

Your Company has put in place a mechanism to ensure that the risks are monitored carefully and managed efficiently. In this regard, your company had constituted the Risk Management Committee of Directors to monitor various risks, examine risk management policies & practices and initiate action for mitigation of risks arising in the operations. To facilitate this, the Company had put in place an Integrated Enterprise – Wide Risk Management Policy (IRM Policy).

The Company has identified 26 risks (11 quantifiable risks and 15 non quantifiable risks) which may have an impact on profitability/business of the Company. In order to implement IRM policy, the Risk Management Committee of Directors constituted Risk Management Compliance Committee and a separate unit namely Corporate Risk Assurance unit (CRA) for monitoring of the identified risks. The CRA unit continuously monitors the identified risks from time to time. The status report on quarterly basis is being submitted to Risk Management Compliance Committee & Risk Management Committee of Board. The minutes of the Risk Management Committee of Board is being submitted to the Audit Committee of Directors and the Board of Directors on quarterly basis for information.

9.0 ULTRA MEGA POWER PROJECTS (UMPPs) AND INDEPENDENT TRANSMISSION PROJECTS (ITPs)

9.1 UMPPs

Your Company has been designated as the 'Nodal Agency' by Ministry of Power (MoP), Government of India, for development of Ultra Mega Power Projects (UMPPs), with a

(₹ in crore)

Maturity pattern of certain items of Assets and Liabilities based on Audited Balance Sheet as on March 31, 2012							
Particulars	**2012-13**	**2013-14**	**2014-15**	**2015-16**	**2016-17**	**Beyond 2016-17**	**Total**
Rupee Loan Assets	14932	11203	11611	11437	11381	69130	**129694**
Foreign Currency Assets	37	37	37	32	181	54	**378**
Investments	0	0	0	0	0	59	**59**
Foreign Currency Liabilities	216	21	2668	449	1119	1117	**5590**
Rupee Liabilities (Bonds + RTL + STL)	13825	10452	7509	10934	11049	50766	**104535**

capacity of about 4,000 MW each. Sixteen such UMPPs were identified to be located at Madhya Pradesh (Sasan), Gujarat (Mundra), Chhattisgarh (Surguja), Karnataka, Maharashtra (Munge), Andhra Pradesh (Krishnapatnam), Jharkhand (Tilaiya), Tamil Nadu (Cheyyur), Odhisa (Sundargarh), 2 Additional UMPPs in Odisha and 2nd UMPPs in Andhra Pradesh, Tamil Nadu, Gujarat and Jharkhand and 3rd UMPP in Andhra Pradesh. Out of these projects, 3rd UMPP in Andhra Pradesh was shelved due to want of clarity on the site for the project.

UMPP is the initiative of Government of India with Ministry of Power as the 'facilitator' for the development of these UMPPs while Central Electricity Authority (CEA) is the 'Technical Partner'. So far, 13 Special Purpose Vehicles (SPVs) have been established by the Company for these UMPPs to undertake preliminary site investigation activities necessary for conducting the bidding process for these projects. These SPVs shall be transferred to successful bidder(s) selected through Tariff Based International Competitive Bidding Process for implementation and operation.

Four (4) SPVs have been transferred to the successful bidders as indicated below:

S. No.	Name of SPV	Successful Bidder	Date of Transfer
1	Coastal Gujarat Power Ltd.	The Tata Power Company Ltd.	April 22, 2007
2	Sasan Power Ltd.	Reliance Power Ltd.	August 7, 2007
3	Coastal Andhra Power Ltd.	Reliance Power Ltd.	January 29, 2008
4	Jharkhand Integrated Power Ltd.	Reliance Power Ltd.	August 7, 2009

Out of the remaining nine SPVs namely Chhattisgarh Surguja Power Limited (Previously known as Akaltara Power Ltd.), Coastal Karnataka Power Limited, Coastal Maharashtra Mega Power Limited, Coastal Tamil Nadu Power Limited, Orissa Integrated Power Limited, Sakhigopal Integrated Power Company Limited, Ghogarpalli Integrated Power Company Limited, Tatiya Andhra Mega Power Limited and Deoghar Mega Power Limited, Request for Qualification (RfQ) for Chhattisgarh UMPP was issued in March, 2010 and RfQ for Odisha UMPP was issued in June, 2010. Responses for RfQ for Odisha UMPP were received on August 1, 2011. RfP for this project would be issued once SBDs to be followed are indicated by Ministry of Power.

9.2 ITPs

Ministry of Power has also initiated Tariff Based Competitive Bidding Process for development and strengthening of Transmission system through private sector participation.

The objective of this initiative is to develop transmission capacities in India and to bring in the potential investors after developing such projects to a stage having preliminary survey work, identification of route, preparation of survey report, initiation of process of land acquisition for sub-stations, if any, initiation of process of seeking forest clearance, if required and to conduct bidding process etc.

So far 6 Special Purpose Vehicles (SPVs), 2 by PFC and other 4 by PFC Consulting Limited, a wholly owned subsidiary of PFC, have been incorporated.

East North Interconnections Company Limited (ENICL), an SPV established for 'Transmission Scheme for enabling import of NER/NR(north eastern region/northern region) surplus power by NR', has been transferred to the successful developer i.e. M/s Sterlite Technologies Limited on March 31, 2010. Bokaro-Kodarma Maithon Transmission Company Limited (BKMTCL) was established for evacuation system for Maithon RB, Kodarma and Bokaro Extension Thermal Power Plants. Ministry of Power, Government of India, has directed Power Grid Corporation of India Limited (PGCIL) for taking up the work for above evacuation system. Accordingly, the name of the company was struck off from the records of Registrar of Companies in December 2010.

PFC Consulting Limited (PFCCL), a wholly owned subsidiary of PFC, was nominated as 'Bid Process Coordinator' for independent transmission projects by Ministry of Power, Govt. of India. PFCCL has incorporated 4 SPVs namely Jabalpur Transmission Company Limited (JTCL) for 'System Strengthening Common for Western Region (WR) and Northern Region (NR)', Bhopal Dhule Transmission Company Limited (BDTCL) for 'System Strengthening for Western Region (WR)', Nagapattinam-Madhugiri Transmission Company Limited (NMTCL) for 'Transmission System Associated with IPPs of Nagapattinam/Cuddalore Area-Package A' and DGEN & Uttrakhand Transmission Co. Ltd. for 'Transmission Project Associated with DGEN TPS (1200MW) of Torrent Power Ltd. and Interconnection between Srinagar and Tehri' as wholly owned subsidiaries for the development of Independent Transmission Projects.

Out of the above, 2 SPVs namely Jabalpur Transmission Company Limited (JTCL) and Bhopal Dhule Transmission Company Limited (BDTCL), have been transferred to successful developer i.e. M/s Sterlite Transmission Project Private Limited on March 31, 2011 and one SPV namely Nagapattinam-Madhugiri Transmission Company Limited (NMTCL) has been transferred to PGCIL on March 29, 2012.

10.0 RESTRUCTURED ACCELERATED POWER DEVELOPMENT AND REFORM PROGRAMME (R-APDRP)

As part of R-APDRP, for the first time Information Technology (IT) is being deployed in identified 1402 towns of the country for establishment of accurate, reliable & sustainable baseline data, business process automation, carrying out energy audit for identifying AT&C losses and better consumer services etc. in the power distribution sector.

Also under Part A, Projects for Supervisory Control and Data Acquisition (SCADA) System/Distribution Management System (DMS) is being established in big towns in the country (67 towns envisaged) for real time operation and control of Distribution Network for improvement of efficiency, quality and reliability of power supply.

Further, under Part B, projects for Distribution Strengthening and Improvement are being implemented in over 1100 towns in the country. The main focus of the scheme is reduction of AT&C losses to 15% or below.

Your Company, as nodal agency, has contributed significantly during the FY 2011-12 in implementation of R-APDRP programme. The company cumulatively upto FY 2011-12 sanctioned, Part A(IT) schemes of all eligible 1402 towns, Part-A(SCADA) schemes for 63 towns out of 67 envisaged towns and Part-B schemes for 1086 towns out of envisaged 1100 towns. During the year, your company sanctioned ₹ 9,595 crore of projects against the MoU target of ₹ 5,697 crore set for it. The cumulative sanction under R-APDRP is ₹ 31,416 crore as on March 31, 2012.

Your Company has also disbursed the entire amount of ₹ 1,600 crore released by Ministry of Power (MoP) during the FY 2011-12 upto March 31, 2012 to the state utilities. The cumulative disbursement under RAPDRP is ₹ 5,503 crore as on March 31, 2012.

With the measures taken so far, as on March 31, 2012, Data Centers in cumulatively 9 States (8 States during the current year) have been commissioned. Further, 156 towns have been integrated with the Data Center in these 9 states namely West Bengal (43) Gujarat (52), Uttarakhand (3) Karnataka (1), AP (22), MP (1), Maharashtra (30), UP (1) and Punjab (3) and all the business process software modules and data capturing from towns demonstrated.

During the year, for implementation of Part-B projects of R-APDRP, utilities have tied up counterpart funding amounting to ₹ 8,653 crore, which include ₹ 4,273 crore from PFC, and have commenced implementation work in projects of 423 towns, to strengthen & improve distribution system and reduce AT&C losses to 15% or below.

During the year utilities have also appointed SCADA Implementing Agencies in 3 states for implementation of projects in 20 towns. Further, your company appointed the Third Party Independent Evaluation Agencies–Information Technology (TPIEA-IT) for verification of completion of Part A, IT and SCADA projects during the year.

For capacity building and to recognize the need and to keep pace with technology, contemporary knowledge and skill, your company imparted training on various themes to 11,495 personnel of Power Utilities, against MoU target of 8000.

Cumulatively, as on March 31, 2012, over 1200 towns were ring fenced by installation of boundary meters to enable utilities to account for the import and export of energy in these towns and to establish baseline AT&C losses. The TPIEA-EA, appointed by PFC/MoP, have also verified and established baseline AT&C losses cumulatively in 403 towns.

States where establishment of Distribution Transformer, Feeders and town-wise AT&C losses have been achieved, have started taking administrative and other measures to bring down the AT&C losses. These states are AP, MP, Gujarat and Karnataka. Further, reduction of AT&C losses is likely to be visible in R-APDRP towns in the utilities in next 1 to 5 years with establishment of IT system and Part-B system in towns coupled with administrative and other measures. Thus, your company shall be contributing largely in improvement of financial health of Distribution Utilities, which shall consequently improve health of Transmission and Generation Power Utilities, resulting in improvement of quality of assets of your company for such borrowers in the State Power Sector.

11.0 EXTERNALLY AIDED PROJECTS

Your Company has a Line of Credit of Euro 100.56 million from KfW to finance RM&U of Hydro Electric Projects. Funds from the facility would be used to finance RM&U schemes of six HEPs of Uttrakhand Jal Vidyut Nigam Ltd. (UJVNL). Out of six projects, Notice for Inviting Tenders (NIT) has already been issued for the Kulhal, Dhakrani and Dhalipur projects. For the remaining three projects, NIT is under process and is expected to be issued soon.

12.0 INITIATIVE TOWARDS REFORMS AND RESTRUCTURING

Your Company has been assisting the State Power Utilities (SPUs) in their sustainable reform and restructuring program. During the year, your company sanctioned an amount of ₹ 1 crore to Bihar State Electricity Board and disbursed an amount of ₹ 0.16 crore towards grant for reform related studies to Kerala State Electricity Board and Government of Jharkhand.

Your company has also been encouraging our clients to take IT initiatives for their overall operational and managerial improvement. During the year, an amount of ₹ 21crore has been sanctioned and ₹ 14.37crore disbursed for computerization schemes of State Power Utilities (other than computerization schemes covered under R-APDRP).

Categorization of Utilities

Your Company classifies State Power Utilities, its principal borrowers, into A+, A, B and C categories. The categorization is based on the pre-determined parameters including operational & financial performance of the utilities. The categorization enables the company to determine credit exposure limits and pricing of loans to the state power utilities. As on March 31, 2012, 99 utilities were categorized, 33 as "A+", 28 as "A", 26 as "B" and 12 as "C".

Category	No. of Utilities
A+	33
A	28
B	26
C	12

The Company is also stipulating appropriate conditions relating to implementation of reforms and improvement of performance while sanctioning financial assistance to its borrowers based on their appraisal.

Quarterly and Annual Report of State Power Utilities

Your Company is bringing out one page research report on the performance of each of the state power utilities (SPUs) on a quarterly basis. The report contains key operational and financial performance parameters, reforms status, the status of implementation of Electricity Act 2003, areas of concern and conditions for improvement of performance etc. The report is sent to the stakeholders in the Power Sector. The report is acknowledged as a useful effort in flagging the key issues/areas of concern to be reviewed by the SPUs for taking mid term corrective measures for the overall improvement of the sector.

During the FY 2011-12, your company issued performance reports for the quarters January-March 2011 covering 41 utilities and for April-June 2011, July-September 2011 and October-December 2011 covering 42 utilities each.

In addition, your Company brought out the 8th edition of the report on the performance of SPUs covering 89 utilities during the year 2011. The report is a part of our effort to provide a reliable database which can help to determine the results associated with the reforms in the sector. The report is also recognized by various stakeholders as a useful source of information regarding the state power sector. The report analyses the financial and operational performance e.g. profitability, gap between average cost of supply and average realization (₹ /kwh), net worth, capital employed, receivables, payables, capacity (MW), generation (Mkwh), AT&C losses (%) etc. and consumption pattern of the sector at utility, state, regional and national level. The Report for the years 2008-09 to 2010-11 covering 77 utilities has been prepared and submitted to Ministry of Power as per the targets set in MoU. The final report (9th) on the performance of all SPUs for the period 2008-09 to 2010-11 is under finalization.

13.0 POLICY INITIATIVES

Your Company constantly reviews and revises its lending & operational policies/ procedures to suitably align these with market conditions as also with its corporate objectives and introduces new policies/products to meet the business requirements. During the year, your company introduced various new policies/schemes/guidelines like policy for financing of grid connected Solar PV power generation projects, short term loan scheme for private sector borrowers etc. Further, with the objective of having in place a system to anticipate and identify problems related to recovery of dues from borrowers as well as ensuing that appropriate remedial actions are taken in time, guidelines for management of non-performing assets and one time settlement was also introduced during the year.

The scheme for extending credit facility for purchase of power through power exchange was also modified in line with change in regulations and as per market requirements.

During the year, the company also reviewed its policy guidelines for debt refinancing, categorization policy for state sector entities, policy guidelines for premature repayment of loans and financing of private sector generation projects with Debt Equity (D/E) ratio more than 70:30 with a view to make them more borrower friendly. Further, considering the financial health of discoms, the rupee short term loan (STL) scheme was also modified to impose some reform related conditionality and steadier eligibility criteria.

The interest rate in respect of corporate loan, rupee term loan, short term loan, foreign currency loan and R-APDRP schemes were reviewed and revised periodically during the financial year. Further, financial charges/fees were also reviewed and modified.

In spite of growing competition in the market as well as pressure on interest rates on account of factors like increase in RBI policy rates, inflation prevailing in this financial year etc., PFC could balance its objectives of business growth & profitability.

14.0 ADDITIONAL INITIATIVES

14.1 PRIVATE EQUITY FUND

In order to sustain growth and to enter new areas of business so as to keep pace with market developments, your company has decided to enter Private Equity business. PFC would launch a private equity fund along with a selected partner which would facilitate flow of institutional funds in equity of power project leading to faster financial closure of power projects and thus enabling swifter capacity addition in the sector. The fund would enable PFC to take an indirect exposure to equity assets in addition to earning other income (through fee based earnings of the Asset Management Company). The process of selection of partner is underway.

15.0 CONSORTIUM LENDING SERVICES

Consortium Lending Group (CLG) of your company is primarily responsible for administering loans for the private (Power) projects where PFC is the lead FI. The unit is also coordinating with developers of IPPs, corporate bodies, prospective lenders for identifying loan syndication proposals and coordinating with members of Power Lenders Club for providing single window facility to power project developers.

During the FY 2011-2012, various documents were successfully executed for 8 projects which included 5 MW solar PV project of Yantraesolarindia Pvt. Ltd., 2 MW solar PV project of Clover solar Ltd, 3X360 MW RKM Ph-II, 220 MW Captive project of Vadinar Power Co. Ltd, 1x300 MW Lanco Amarkantak Ltd- Unit-2 COR, Udupi Power Corpn. Ltd, additional Rupee Term Loan Agreement for Udupi Power Corpn Ltd. and additional Rupee Term Loan Agreement for Lanco Amarkantak Power Ltd Unit-3&4.

Further, regular disbursements started for 2X660 MW TPP of M/s Lanco Amarkantak Power Ltd., 6X600 MW KSK Mahanadi Power Co. Ltd, Parbati Koldam Transmission Co. Ltd., 96 MW HEP of M/s Madhya Bharat Power Co. Ltd., Cost overrun funding for Udupi Power Corpn. Ltd., 2MW Solar PV Project of M/s Clover Solar Ltd. after financial closure has been achieved for these projects. Total disbursement of ₹ 5,032 crore has been made during the year. A lead fee income of ₹ 10.20 crore was earned during the year.

In order to syndicate and make financial arrangements for the Projects/enterprises in the areas of power, energy, infrastructure and other industries, a separate subsidiary company namely PFC Capital Advisory Services Ltd has been incorporated on July 18, 2011.

16.0 FACILITATION SERVICES

With a view to harness the business potential in the allied sector, your company has set up Facilitation Group. The Group is a single window to finance equipment manufacturing, fuel sources development and distribution for the power sector. During the period, the Group obtained business proposal for funding more than USD 750 Million for coal/ gas mining/development overseas. The group is spear heading PFC's foray into global operations/footprint.

Further, to harness the business potential in Nuclear Power, your company has initiated financing of Nuclear Power. Nuclear Power Corporation of India Limited, a wholly owned CPSU of Govt. of India has requested PFC for financial assistance by way of debt for upcoming nuclear power projects, including Kakrapar U#3&4 (2x700MW) of project cost of ₹ 11,459 crore and Debt Equity Ratio of 70:30 translating into debt of ₹ 8,021 crore.

17.0 ACQUISITION ADVISORY SERVICES

Your company believes that institutional and regulatory reforms in the Indian power sector and increased investor interest will lead to consolidation in the power sector in order to ensure synergies and economies of scale. In addition, the company believes that the increasing demand-supply gap in the power sector has driven the procurement of power from the private sector through competitive bidding. Further, high demand for efficiency and economies in generation are expected to lower the cost of tariff. Open access and power trading are likely to increase competition in the sector in the future.

Your company has therefore set up an Acquisition Advisory Services unit to focus on acquisition advisory services for power sector projects. The unit shall develop and maintain the required database to explore business opportunities for various promoters in the power sector who want to acquire projects which are either completed or under the process of implementation. The unit would also provide any professional due diligence to enable such acquisition.

18.0 COMMERCIAL BANKING OPERATIONS

Your Company is currently in the preliminary stages of evaluating the possibility of establishing or acquiring a bank and for this purpose the company conducted an internal study for exploring the possibility of acquisition of a bank or establishing a bank. The report is under examination.

19.0 RENEWABLE ENERGY AND CLEAN DEVELOPMENT MECHANISM (RE&CDM)

The potential of Renewable Energy to provide clean and sustainable energy is universally accepted. Government of India is giving high focus for promotion of Renewable Energy through Electricity Act 2003 and National Electricity Policy. By launching Jawaharlal Nehru National Solar Mission, Renewable Energy has been given a central place in Government of India's National Action Plan on Climate Change.

The SERCs in various states are making it mandatory for distribution utilities to procure minimum percentage of energy from Renewable Energy generation sources and notifying special tariffs for solar, wind, biomass and small hydro generation projects for purchase of power by State Power Utilities. To promote the Renewable Energy business in state and private sector, your company is giving interest rebates for financing of Renewable Energy Projects.

Till March 2012, your company has sanctioned around 83 projects in solar, wind, biomass and small hydro sectors with a total cumulative capacity of 1079 MW. For the FY 2011-12, the Company has sanctioned 8 projects with a capacity of 55 MW and loan amount of ₹ 268 crore and disbursed an amount of ₹ 299 crore. Further, your Company has been approached with proposals of capacity of around 1400 MW with expected debt component of around ₹ 4800 crore.

In order to promote green (renewable and non-conventional) sources of energy, a separate subsidiary company namely PFC Green Energy Limited has been incorporated under the Companies Act, 1956 as a wholly owned subsidiary of Power Finance Corporation Limited on March 30, 2011 and obtained Commencement of Business Certificate on July 30, 2011 for providing financial assistance to projects for generating green energy through renewable and non-conventional sources. The Company has an authorised capital of ₹ 1,200 crore and paid-up capital of ₹ 4.99 crore.

The Company will commence its business operations on registration as a Non Banking Financial Company (NBFC) with RBI. The application for grant of Certificate of Registration (CoR) from RBI has been filed and the same is under process.

20.0 PROMOTION OF POWER TRADING THROUGH POWER EXCHANGE

In the FY 2008-09, the Central Electricity Regulatory Commission had granted its permission to set up power exchanges in the country. As on date two power exchanges, namely, Power Exchange India Ltd. (PXIL) and Indian Energy Exchange Ltd. (IEX) are in operation. These power exchanges have a nationwide presence in the form of electronic exchange for trading in power. The trading through power exchanges have certainly lent an impetus for power sector development since it acts as an open and transparent mechanism for buyers and sellers and provides investment signal to the prospective investors. Further with the presence of these exchanges, the available resources shall be used optimally.

In order to promote short term trading through power exchange, your company had promoted National Power Exchange Ltd (NPEX), jointly with NTPC, NHPC and TCS during 2008-09. Your company has contributed ₹ 2.19 crore (being 16.66% of paid up equity upto March 31, 2012) towards equity contribution. This exchange is yet to start its operation.

Your company has also contributed ₹ 2.80 crore (being 6.82% of paid up equity upto March 31, 2012) towards equity contribution in Power Exchange India Ltd., promoted by NSE and NCDEX.

21.0 EQUITY FINANCING

Equity investment business is generally considered as a logical extension of debt business. Your Company is endeavoring to make a mark in the area of equity investment so as to capitalize on its vast domain experience, attained during it's over 25 years of operations in power sector debt financing. PFC aims to leverage its financial strength, large debt providing capability and power sector expertise to invest in equity of attractive power projects. Over a period of time, your company proposes to build an equity portfolio of power assets which could provide consistent gains in the form of dividend and/or capital appreciation. Recently, your company has obtained consent of RBI to invest in equity of power projects ranging from 0.5% to 5% of its own net worth in a single company.

22.0 SUBSIDIARIES

To focus on additional business in the areas of consultancy, renewable energy, consortium lending, equity financing, etc. following wholly owned subsidiaries have been incorporated by your Company, as on date:

(i) PFC Consulting Limited
(ii) PFC Green Energy Limited
(iii) PFC Capital Advisory Services Limited
(iv) Power Equity Capital Advisors Private Limited

Further, your Company is designated by Ministry of Power, Government of India as the nodal agency for facilitating development of Ultra Mega Power Projects and its wholly owned subsidiary i.e. PFC Consulting Limited is the 'Bid Process Coordinator' for Independent Transmission projects. As on date, the following Special Purpose Vehicles (SPVs) have been incorporated as subsidiaries/deemed subsidiary of the Company:

(v) Chhattisgarh Surguja Power Limited (*Previously known as Akaltara Power Ltd.*)
(vi) Coastal Karnataka Power Limited
(vii) Coastal Maharashtra Mega Power Limited
(viii) Coastal Tamil Nadu Power Limited
(ix) Orissa Integrated Power Limited
(x) Sakhigopal Integrated Power Company Limited
(xi) Ghogarpalli Integrated Power Company Limited
(xii) Tatiya Andhra Mega Power Limited
(xiii) Deoghar Mega Power Limited (*incorporated on 26th April, 2012*)
(xiv) DGEN & Uttrakhand Transmission Company Limited (*a wholly owned subsidiary of PFC Consulting Limited*)

22.1 PFC CONSULTING LIMITED

Background

As you are aware, your Company had been offering consultancy support to the Power Sector through its Consultancy Services Group (CSG) since October 1999. Leveraging the experience of the CSG Unit and appreciating the growth in the services offered by the Group and recognizing the potential of such services in the reforming Power Sector, your Company decided to organize the services as a distinct dedicated business entity. Accordingly, PFC Consulting Limited (PFCCL) was incorporated in the form of a wholly owned subsidiary on March 25, 2008, in order to give it requisite autonomy in functions and flexibility in operations. PFCCL is mandated to promote, organize and carry out consultancy services to the Power Sector and is also undertaking the work related to the development of UMPPs and ITPs. PFCCL has been nominated as the 'Bid Process Coordinator' for selection of developer for the Independent Transmission Projects (ITPs) by Ministry of Power, GoI.

Range of Services Offered

The Services being offered by PFCCL are broadly classified as under:

- Procurement of Power by Distribution Licensees through Tariff based competitive bidding.
- Govt. of India initiatives like UMPPs, ITPs etc.
- Assignments from State Power Utilities, Licensees/IPPs, State Govt., PSUs & SERCs.
- Renewable and Non-Conventional Energy Schemes.
- Coal Block JVs and selection of developers for Coal Blocks and linked Power Projects.
- Project Advisory including Selection of EPC Contractor.
- Reform, Restructuring and Regulatory Aspects.
- Capacity Building and Human Resource Development.

Client Base

Till date, consultancy services have been rendered to 39 clients spread across 21 States/UTs namely Andhra Pradesh, Assam, Bihar, Chhattisgarh, Delhi, Haryana, Himachal Pradesh, Jammu & Kashmir, Jharkhand, Karnataka, Kerala, Madhya

Pradesh, Maharashtra, Meghalaya, Odisha, Puducherry, Punjab, Rajasthan, Tripura, Uttar Pradesh and West Bengal. The profile of clients is as below:

Clients	**Nos.**
State Utilities	18
Licensees / IPPs	7
Public Sector Undertakings	6
State Governments	4
Regulatory Commissions	3
Central Govt. departments/Ministries	1
Total	**39**

During the FY 2011-12, the total income of PFCCL has increased to ₹ 56.04 crore as compared to ₹ 52.60 crore in the previous FY 2010-11 and net profit has increased to ₹ 27.66 crore as compared to ₹ 26.96 crore in the previous year.

22.2 PFC GREEN ENERGY LIMITED

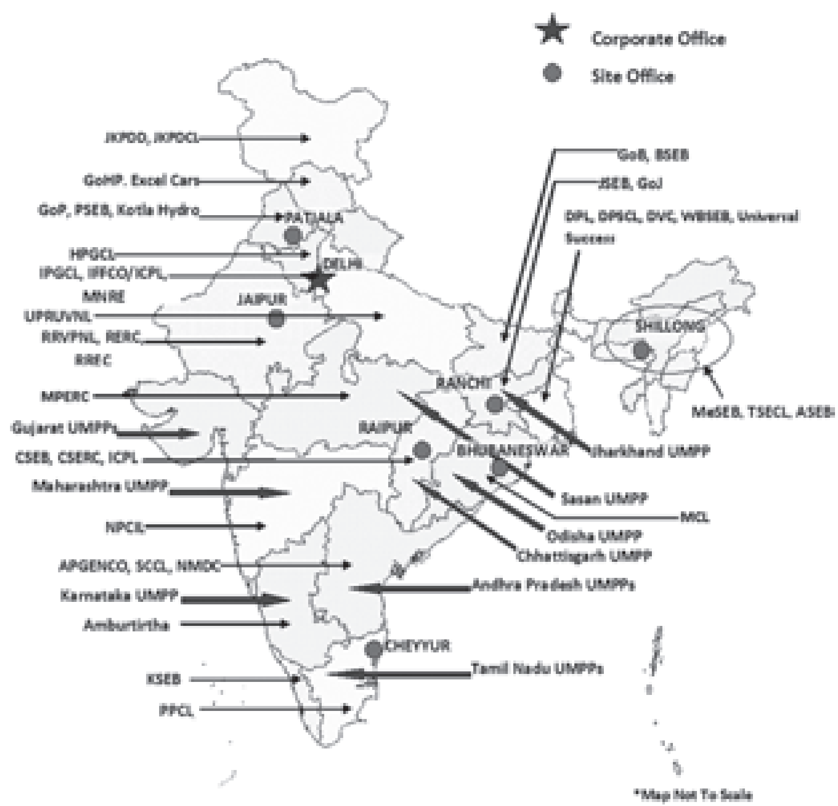
PFC Green Energy Limited has been incorporated on March 30, 2011 as a wholly owned subsidiary of the Company to extend finance and financial services to promote green (renewable and non-conventional) sources of energy with authorised capital of ₹ 1,200 crore. The company received its certificate of commencement of business on July 30, 2011. During the FY 2011-12, the paid-up capital of the Company increased from ₹ 0.05 crore to ₹ 4.99 crore.

The Company will commence its business operations on registration as a Non Banking Financial Company (NBFC) with RBI. The application for grant of Certificate of Registration from RBI has been filed and the same is under process.

22.3 PFC CAPITAL ADVISORY SERVICES LIMITED

PFC Capital Advisory Services Ltd, a wholly owned subsidiary of the Company has been incorporated on July 18, 2011 interalia to provide debt syndication services in the areas of power, energy, infrastructure and other industries in the long run. The service offering of this venture shall cover all activities in assisting a Project Developer in raising the required funds. The Certificate for Commencement of Business was obtained by the Company on September 2, 2011. The authorised share capital of the company is ₹ 1 crore.

PFCCL Footprints



Total No. of Assignments undertaken: 73

22.4 POWER EQUITY CAPITAL ADVISORS PRIVATE LIMITED

An advisory company namely Power Equity Capital Advisors Private Limited (PECAP) was incorporated to provide advisory services related to equity investments in Indian power sector, where your Company held 30% stake and the remaining being held by individuals. However, being largely owned by individuals, the company was not able to transact any business as it was unable to provide the requisite comfort to its clients. Therefore, in order to provide the requisite comfort to the clients and to substantially improve the possibility of PECAP to do meaningful business, the Board of Directors of PFC in February, 2011 approved a proposal for acquiring 100% stake in PECAP and accordingly on October 11, 2011 the balance 70% stake held by individuals was transferred to PFC, making PECAP a wholly owned subsidiary of PFC.

23.0 JOINT VENTURES AND ASSOCIATE COMPANIES

23.1 PTC INDIA LIMITED

PTC India Limited (PTC) was jointly promoted by Power Grid, NTPC, NHPC and PFC. Your Company has invested ₹ 12 crore which is 4.07% of total equity of PTC. PTC is the leading provider of power trading solutions in India. Government of India initiated public-private partnership, whose primarily focus is to develop a commercially vibrant power market in the country.

23.2 NATIONAL POWER EXCHANGE LIMITED

In order to promote short term trading through power exchange, your company had promoted National Power Exchange Ltd (NPEX), jointly with NTPC, NHPC and TCS during 2008-09. Your company has contributed ₹ 2.19 crore (being 16.66% of paid up equity upto March 31, 2012) towards equity contribution. This exchange is yet to start its operation.

23.3 ENERGY EFFICIENCY SERVICES LIMITED

Energy Efficiency Services Limited (EESL) was incorporated on December 10, 2009. EESL was jointly promoted by Power Grid, NTPC, REC and PFC with equal equity participation of ₹ 25 crore each for implementation of Energy Efficiency projects in India and abroad. EESL would be one of the main implementation arms of the National Mission on Enhanced Energy Efficiency (NMEEE), which is one of the eight National Missions announced by the Hon'ble Prime Minister as a part of "National Action Plan on Climate Change".

24.0 MEMORANDUM OF UNDERSTANDING WITH GOVT. OF INDIA

Your Company has been consistently accorded 'Excellent' Rating by Government of India since FY 1993-94 except for FY 2004-05. For the FY 2011-12, your Company is likely to be accorded 'Excellent' rating.

25.0 PRESIDENTIAL DIRECTIVES

Your Company has implemented wage-revision w.e.f. 01.01.2007 for the employees in the Executive Cadre in September 2009 and for employees in non-unionised Supervisory Cadre in August 2010 as per Presidential Directives issued on 26.11.2008 and 02.04.2009. The Company has not received any Presidential directives during the year 2011-12.

26.0 CORPORATE SOCIAL RESPONSIBILITY

Your Company has implemented its Corporate Social Responsibility (CSR) Policy with an aim to ensure that the Company becomes a socially responsible corporate entity contributing towards quality of life of the society at large. In order to have a focused approach, the company has created a separate CSR unit to undertake the CSR programmes of the Company. Further, to oversee the activities of CSR, a CSR Committee of Directors has also been constituted.

Your Company has entered into a MoU with Government of India for spending 0.5% of PAT towards CSR activities as part of its Corporate Social Responsibility. The Company has undertaken major initiatives in several critical areas which impact the lives of the common man in a positive way. Your Company had allocated ₹ 13.24 crore for CSR initiatives in the FY 2011-12. However, during the year, the company sanctioned projects worth ₹ 20.33 crore and disbursed ₹ 19.37 crore. Out of this ₹ 13.27 crore was disbursed for projects sanctioned in 2011-12 and ₹ 6.10 crore for projects sanctioned in 2010-11. Though, your company was required to undertake three out of the five activities listed out in the MoU for FY 2011-12 for achieving excellent level, the company has sanctioned amount for all the five projects.

Your company sanctioned ₹ 3 crore to The Energy and Resources Institute (TERI) for providing easy access of electricity to the people by distributing solar lanterns to 150 villages, specially for SC/ST/OBC & EWS of the society in the state of Andhra Pradesh, Jharkhand, Madhya Pradesh, Maharashtra, Meghalaya, Odisha, Uttar Pradesh and Uttarakhand. Upto March 31, 2012, TERI had distributed 2500 solar lanterns and installed solar charging stations in 50 villages. It has also completed installation of solar charging stations in all 169 identified villages particularly those located in Left wing affected/border area villages in Assam, Bihar, J&K, Jharkhand, Meghalaya, Odisha, U.P. and West Bengal under CSR Project sanctioned earlier during 2010-11.

The company sanctioned ₹ 1.21 crore for converting conventional street lighting to LED lighting at Mussoorie, Uttarakhand. Further, ₹ 1.26 crore were provided to Hardicon Ltd for implementing Skill Development Programme for SC/ST/OBC/Women & EWS of society (1000 in no.) in 33 locations in various trades in J&K. The programmes were concluded from March 23 to March 30, 2012 at all the locations.

PFC sanctioned ₹ 0.45 crore for setting up of 15 temporary night shelters through Delhi Urban Shelter Improvement Board. All 15 such night shelters had been set up for homeless from SC/ST/OBC & EWS of the society in different locations of Delhi in January 2012. Financial assistance was also provided to Forest Department, Government of Gujarat for installation of 150 improved crematoria bed in villages where schedule caste population is at least 250 or more. Under the project, 20 crematoria beds have been installed in Surendranagar district of Gujarat upto March 2012.

In addition to the above five projects which were to be implemented as per MOU, your company also sanctioned ₹ 6.6 crore for upgradation of 264 Adult Education Centres (AECs) to Model AECs in Andhra Pradesh, Karnataka, Gujarat, Himachal Pradesh, Punjab, Rajasthan, Tamilnadu and Dadra and Nagar Haveli under Saakshar Bharat Programme of Ministry of HRD. AS per GoI criteria, preference may be given to Gram Panchayat having more concentration of SCs, STs and Minorities. The entire amount was disbursed to the respective SLMAS for implementation in the FY 2011-12. Restoration of damaged Transmission & Distribution System of Sikkim due to the earthquake was also covered under CSR and financial assistance of ₹ 7.1 crore was provided to Energy & Power Department of Sikkim. Out of which ₹ 3.30 crore was disbursed upto March 2012.

The company also contributed ₹ 26 lakh towards National CSR Hub at Mumbai. All the initiatives under CSR activities are being reported to National CSR Hub. The impact evaluation study for the completed projects will be done in FY 2012-13.

27.0 EMPLOYEES STOCK OPTIONS PLAN (ESOP)

Stock Options have been recognized world over as an effective instrument to attract and retain the talent in the organization and to align the interest of employees with those of the organization. Stock Options provide an opportunity to employees to share the growth of the Company and create long term wealth. They also promote the culture of employee ownership in the company.

The Department of Public Enterprises (DPE), Ministry of Heavy Industries & Public Enterprises, Govt. of India, through its directions on pay revision had also made it mandatory for all the Central Public Sector Enterprises (CPSEs) to formulate an Employee Stock Option Plan (ESOP) and pay 10% to 25% of the Performance Related Pay (PRP) of the employees in the form of ESOPs. In accordance with these directions of the DPE, the Board of Directors had formulated an Employee Stock Option Plan titled as 'PFC-ESOP 2010'. Shareholders had also approved this Employee Stock Option Plan in their 24th Annual General Meeting held on September 21, 2010. Subsequently, the Board of Directors had decided that 25% of the PRP of the employees should be given in the form of ESOPs.

Accordingly, during the financial year 2011-12, the Company had granted 87,888 options, convertible into equal number of equity shares to the eligible employees under the said ESOP Scheme. These options have vested with the employees on July 29, 2012 and shall be exercisable by them within two years from the date of vesting by paying ₹ 10/-(face value per equity share) as exercise price.

Further, 75,178 options have been exercised by the employees so far and consequently equal number of equity shares have been alloted to them.

The disclosures in respect of the ESOP scheme pursuant to Clause 12 of SEBI (Employees' Stock Option Scheme and Employees' Stock Purchase Scheme) Guidelines, 1999 is enclosed at **Annexure A.**

28.0 HRD INITIATIVES

TRAINING & DEVELOPMENT

In the field of Human Resource Development, your company stresses on the need to continuously upgrade the competencies of its employees and equip them to keep abreast of latest developments in the sector. The Company operates in a knowledge intensive business and is committed to enhancing these skills of its employees. In order to achieve this, the Company has an annual training plan to assess the various training needs. Necessary professional skills are also imparted across all levels of employees through customized training interventions.

Employee Training

During the year 2011-12, your company organized 16 in-house programs. A total of 1,768 mandays were achieved during the period under review of which 1,086 were through in-house programs and 682 were through nominations to open programmes organized by other training institutes.

29.0 HUMAN RESOURCE MANAGEMENT

Your Company lays great emphasis on upgrading the skills of its Human Resource. It benchmarks its practices with the best practices being followed in the corporate world. This, apart from other strategic interventions, leads to effective management of Human Resource thereby ensuring high level of productivity. Your Company enjoys a very cordial and harmonious relationship with its employees. There were no man-days lost during the year under review.

30.0 WELFARE MEASURES

Your Company follows good management practices to ensure welfare of its employees through a process of inclusive growth & development. The Company follows an open door policy whereby the employees can access the top management thereby contributing in the management and growth of the company. Commitment of the workforce is ensured through an effective package of welfare measures which include comprehensive insurance, medical facilities and other amenities which in turn lead to a healthy workforce.

31.0 RESERVATION OF POSTS FOR SC/ST/OBC/EX-SERVICEMEN AND PHYSICALLY HANDICAPPED PERSONS IN THE SERVICES OF COMPANY

Your Company as a part of its social responsibility makes all-out efforts to ensure compliance of the Directives and

Guidelines issued by the Government for the reservation to be allowed for SC/ST/OBC/Persons with disabilities. The steps taken include due reservations and relaxation as applicable under the various directives.

In the year 2011-12, total 21 new employees were recruited, out of which 14.29% are SC (3), 4.76% are ST (1) and 19.05% are OBC (4).

32.0 REPRESENTATION OF WOMEN EMPLOYEES

Your Company provides equal growth opportunities for its women employees and today the Company can boast of women heading critical functional areas. There is no discrimination of employees on the basis of gender. The women employees represent 19.53% of the total work force.

33.0 DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 217(2AA) of the Companies Act, 1956, your Directors confirm that:

- In the preparation of the annual accounts for the FY 2011-12, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the FY 2011-12 and of the profit of the Company for that period;
- The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provision of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- The Directors had prepared the Annual Accounts on going concern basis.

34.0 AUDITORS

M/s. Raj Har Gopal & Co., Chartered Accountants and M/s. N. K. Bhargava & Co., Chartered Accountants were appointed as Joint Statutory Auditors of the Company for the FY 2011-2012 by the Comptroller & Auditor General of India.

The Joint Statutory Auditors have audited the accounts of the Company for the FY 2011-12 and have given their report without any qualification.

35.0 COMMENTS OF COMPTROLLER & AUDITOR GENERAL OF INDIA

The Comptroller and Auditor General of India has mentioned that on the basis of audit, nothing significant has come to their knowledge which would give rise to any comment upon or supplement to Statutory Auditors' Report under Section 619(4) of the Companies Act, 1956.

36.0 FOREIGN EXCHANGE EARNINGS AND OUTGO

The Foreign exchange outgo aggregating ₹ 170.78 crore was made on account of debt servicing, financial & other charges, travelling and other miscellaneous expenses.

37.0 PARTICULARS OF EMPLOYEES U/S 217 (2A) OF THE COMPANIES ACT, 1956.

During the year 2011-12, the details of the employees who were in receipt of gross remuneration in excess of ₹ 60 Lakh per annum or ₹ 5 Lakh per month and above, is given in **Annexure B**.

38.0 DEBENTURE TRUSTEES

The Company in line with the requirements of SEBI, appointed following Debenture Trustees for their different series of Bonds:

Sl. No.	Name & Address of Trustee	Bond Series
1.	United Bank of India P-90/8, Connaught Circus New Delhi-110001	9.70% TAXU PFC Bonds(2011)-X Series 9.25% TAXU PFC Bonds(2012)-XI Series
2.	IL&FS Trust Company Limited The IL&FS Financial Centre, Plot C-22, G-Block,Bandra Kurla Complex, Bandra East,Mumbai- 400 051	9.60% TAXU PFC Bonds (2017)-XIII Series 8.21% TAXU PFC Bonds (2017)-XVII Series 7.87% TAXU- PFC Bonds (2017)-XVIII Series Zero Coupon Bonds-(2022) XIX Series
3.	IDBI Trusteeship Services Ltd Asian Building, Ground Floor, 17, R. Kamani Marg, Ballard Estate, Mumbai- 400 001	6.80% TAXU PFC Bonds (2011)-XXI-A Series 7.00% TAXU PFC Bonds (2011)-XXI-B Series 7.00% TAXU PFC Bonds (2011)-XXII Series 6.00% PFC Infrastructure Bonds(u/s 88)-I Series 8.85% TAXU PFC Bonds (2021)-XXVIII Series 8.80% TAXU PFC Bonds (2016)-XXIX-A Series 8.55% TAXU PFC Bonds (2011)-XXIX-B Series 8.49% TAXU PFC Bonds (2011)-XXX Series 8.78% TAXU PFC Bonds (2016)-XXXI-A Series

		9.25% TAXU PFC Bonds (2012)-XXXII Series 9.80% TAXU PFC Bonds (2012)-XXXIII-A Series 9.90% TAXU PFC Bonds (2017)-XXXIII-B Series 9.90% TAXU PFC Bonds (2017)-XXXIV Series MIBOR Linked TAXU PFC Bonds (2011)-XLVI- Series 9.55% TAXU PFC Bonds (2011)-XLVII- A Series 9.60% TAXU PFC Bonds (2013)-XLVII- B Series 9.68% TAXU PFC Bonds (2018)-XLVII- C Series 10.75% TAXU PFC Bonds (2011)-XLVIII- A Series 10.70% TAXU PFC Bonds (2013)-XLVIII- B Series 10.55% TAXU PFC Bonds (2018)-XLVIII- C Series 10.90% TAXU PFC Bonds (2013)-XLIX- A Series 10.85% TAXU PFC Bonds (2018)-XLIX- B Series 10.85% TAXU PFC Bonds (2011)-50- A Series 10.75% TAXU PFC Bonds (2013)-50- B Series 10.70% TAXU PFC Bonds (2015)-50- C Series 11.15% TAXU PFC Bonds (2011)-51- A Series 11.10% TAXU PFC Bonds (2013)-51- B Series 11.00% TAXU PFC Bonds (2018)-51- C Series 11.40% TAXU PFC Bonds (2013)-52- A Series 11.30% TAXU PFC Bonds (2015)-52- B Series 11.25% TAXU PFC Bonds (2018)-52- C Series 8.90% TAXU PFC Bonds (2014)-54-A Series 6.90% TAXU PFC Bond (2012)-55-A-Series 7.50% TAXU PFC Bonds(2014)-55-B-Series 7.20% TAXU PFC Bonds(2012)-56 Series 8.60% TAXU PFC Bonds(2014)-57-B Series 8.60%TAXUPFC Bonds(2019)-57-B-Series 8.60%TAXU PFC Bonds(2024)-57-B-Series 7.75% TAXU PFC Bonds(2012)-58-A-Series 8.45% TAXUPFC Bonds(2014)-58-B-Series 8.45%TAXU PFC Bonds(2014)-Series-59A 8.80%TAXU PFC Bonds(2019)-59B-Series INCMTBMK linked TAXU PFC Bonds(2012)-60-A-Series INCMTBMK linked TAXU PFC Bonds(2019)-60-B-Series 8.50% TAXU PFC Bonds(2014)-61- Series 8.50%TAXU PFC Bonds (2019)-61- Series 8.50%TAXU PFC Bonds(2024)-61-Series 8.70% TAXU PFC Bonds (2020)-62-A-Series 8.80%TAX U PFC Bonds(2025)-62-B-Series 8.90% TAXU PFC Bonds(2015)-63-Series 8.90% TAXU PFC Bonds (2020)-63-Series 8.90% TAXU PFC Bonds (2025)-63-Series 8.95% TAXU PFC Bonds(2015)-64-Series 8.95% TAXU PFC Bonds(2020)-64-Series 8.95% TAXU PFC Bonds(2025)-64-Series
4.	**The Western India Trustee & Executor Co. Ltd.** c/o IDBI Trusteeship Services Limited, Asian Building, Ground Floor, 17, R.Kamani Marg,Ballard Estate, Mumbai-400 001	7.00% TAXU PFC Bonds (2012)-XXIII Series 7.60% TAXU PFC Bonds (2015)-XXV Series 7.95% TAXU PFC Bonds (2016)-XXVI Series 8.20% TAXU PFC Bonds (2016)-XXVII-A Series 8.09% TAXU PFC Bonds (2013)-XXVII-B Series 9.96% TAXU PFC Bonds (2017)-XXXV Series 10.00% TAXU PFC Bonds (2012)-XXXVI-B Series 9.80% TAXU PFC Bonds (2012)-XXXVIII Series 9.22% TAXU PFC Bonds (2012) – XL –B Series 9.28% TAXU PFC Bonds (2017) – XL –C Series 8.94% TAXU PFC Bonds (2013) – XLI –B Series 9.03% TAXU PFC Bonds (2013) - XLII –B Series 9.30% TAXU PFC Bonds (2013) – XLIII-B Series 9.40% TAXU PFC Bonds (2013) – XXXIV Series

5.	**PNB Investment Services Ltd.** 10, Rakesh Deep Building, Yusuf Sarai Commercial Complex, Gulmohar Enclave, New Delhi-110049	8.70% TAXU PFC Bonds-65-Series 8.65% TAXU PFC Bonds-66 A-Series 8.75% TAXU PFC Bonds-66 B-Series 8.85% TAXU PFC Bonds-66 C-Series 7.10% TAXU PFC Bonds-67-Series 8.25% TAXU PFC Bonds-68 A-Series 8.70% TAXU PFC Bonds-68 B-Series 7.89% TAXU PFC Bonds-69 –Series 8.78% TAXU PFC Bonds-70-Series 9.05% TAXU PFC Bonds-71 Series 8.97% TAXU PFC Bonds-72-A Series 8.99% TAXU PFC Bonds-72 B-Series Long Term Infrastructure Bonds 2011-12 -Series-I Long Term Infrastructure Bonds 2011-12 -Series-II Long Term Infrastructure Bonds 2011-12 -Series-III Long Term Infrastructure Bonds 2011-12 -Series-IV Long Term Infrastructure Bonds 2011-12 -Series-86A Long Term Infrastructure Bonds 2011-12 -Series-86B Long Term Infrastructure Bonds 2011-12 -Series-86C Long Term Infrastructure Bonds 2011-12 -Series86D 8.70%TAXU PFC Bonds – Series 73 9.70% TAXU PFC Bonds – Series 74 9.64% TAXU PFC Bonds – Series 75-A 9.62% TAXU PFC Bonds – Series 75-B 9.61% TAXU PFC Bonds – Series 75-C 9.36% TAXU PFC Bonds – Series 76-A 9.46% TAXU PFC Bonds – Series 76-B 9.41% TAXU PFC Bonds – Series 77-A 9.45% TAXU PFC Bonds – Series 77-B 9.43% TAXU PFC Bonds – Series 78-A 9.44% TAXU PFC Bonds – Series 78-B 7.51% SEC TAX FREE PFC Bonds – Series 79-A 7.75% SEC TAX FREE PFC Bonds – Series 79-B 8.09% SEC TAX FREE PFC Bonds – Series 80-A 8.16% SEC TAX FREE PFC Bonds – Series 80-B 9.49% TAXU PFC Bonds – Series 81 9.63% TAXU PFC Bonds – Series 82-A 9.64% TAXU PFC Bonds – Series 82-B 9.70% TAXU PFC Bonds – Series 82-C 9.55% TAXU PFC Bonds – Series 83 9.33% TAXU PFC Bonds – Series 84 9.51% TAXU PFC Bonds – Series 85-A 9.30% TAXU PFC Bonds – Series 85-C 9.26% TAXU PFC Bonds – Series 85-D 9.62% TAXU PFC Bonds – Series 87-A 9.72% TAXU PFC Bonds – Series 87-B 9.59% TAXU PFC Bonds – Series 87-C 9.42% TAXU PFC Bonds – Series 87-D 9.61% TAXU PFC Bonds – Series 88-A 9.66% TAXU PFC Bonds – Series 88-B 9.48% TAXU PFC Bonds– Series 88-C
6.	**GDA Trusteeship Ltd.** "GDA HOUSE", Plot No.85, Survey No. 94/95 Paud Road, Pune-411038	Long Term Infrastructure Bonds 2011-Series-I Long Term Infrastructure Bonds 2011-Series-II Long Term Infrastructure Bonds 2011-Series-III Long Term Infrastructure Bonds 2011-Series-IV Tax Free Bonds 2011-12 Series I Tax Free Bonds 2011-12 Series II

39.0 REDEMPTION AND STATUS OF UNCLAIMED AMOUNTS REGARDING BONDS

The unclaimed balance amount of bonds as on March 31, 2012 was ₹ 8.82 crore (previous year – ₹ 7.32 crore). This represents the amount remaining unclaimed/unpaid by the bondholders after redemption, as the bondholders had not surrendered their bond certificates. The bondholders have been individually advised to surrender bond certificates.

40.0 VIGILANCE

During the FY 2011-12, the Vigilance unit functioned as an effective tool of management with the thrust being on preventive vigilance. This aspect was emphasized by conducting periodic & surprise inspections of various units and by issuing effective guidelines to streamline systems with the aim of eliminating gaps and ensuring transparency in day to day operations. Information technology was used as an effective tool for providing on-line services to all the stakeholders and to enhance organizational efficiency. Vigilance Unit also undertook the review of operational manuals of various activities of the Company. A number of comprehensive manuals on different areas of company's activities have already been notified after review and some other manuals are in process of finalization. Detailed investigations were carried out in several cases of registered complaints during this period.

In accordance with the directives of CVC, Vigilance Awareness Week was observed from October 31, 2011 to November 5, 2011 in the head office and regional offices of the Company. In order to familiarize officials of the Company with CTE type inspections, one day workshop on "Conducting CTE type inspection" in consultation with CTE unit of Central Vigilance Commission was organized during the vigilance week. In order to educate and increase vigilance awareness among the employees, three workshops were held viz. "Vigilance and the Employees", "Overview of RTI Act" and "Corporate Governance and Ethics" during the year 2011-12.

In compliance to the instructions of CVC, the sensitive posts in the Company were identified afresh and the concerned officers were rotated. Agreed lists were finalized in respect of Corporate office at Delhi and regional Offices at Mumbai and Chennai in consultation with the CBI. Prescribed periodical statistical returns were sent to CVC, CBI, MOP on time.

Thus, the vigilance unit worked for systematic improvements with a view to bring about greater transparency, objectivity and accountability thereby contributing to the overall efficiency and effectiveness of the organization.

41.0 OFFICIAL LANGUAGE

In your Company, Rajbhasha Neeti i.e. official language policy is taken as a vital area of Management Operations. To ensure the effective implementation of official Language Policy, the Official Language Implementation Committee was reconstituted under the chairmanship of CMD, PFC with all the directors, executive directors and Heads of units being the members of the Committee.

A cultural programme was organized in Hindi on Foundation day of the Company. To enhance the environment of Rajbhasha Hindi, Hindi Month was observed from September 14, 2011 to October13, 2011. A 'Kavi Sammelan' was organized wherein renowned and distinguished poets and poetesses like Dr. Hari Om Panwar, Shri Mahendra Ajanabi, Shri Arun Gemini, Shri Dinesh Raghuvanshi, Dr. Sunil Jogi, Smt. Seta Sagar and Ms. Mumtaz Naseem recited their poems.

Hindi workshops and computer training programmes were organized with a view to improve the efficiency of employees in doing their day to day official work in Hindi. An inter PSU (Delhi) 'Ashu Bhashan Pratiyogita' was organized on November 24, 2011 under the aegis of TOLIC.

As per the decision taken in the Hindi Advisory committee of Ministry of Power, a one day 'Rajbhasha Sammelan' was organized for the officials of all the PSUs under the control of MoP, CEA, BEE and MoP. The eminent Hindi writer and former MP (Rajya Sabha) Dr. Ratnakar Pandey as Chief Guest and Shri Kamal Kishor, MP (Lok Sabha) and Member, Hindi Advisory committee as Guest of Honour graced the occasion.

The Hon'ble Parliamentary Committee on Official Language conducted inspection of head office and regional offices and commended the efforts made by the Company in implementing Hindi.

42.0 RIGHT TO INFORMATION ACT

Your company has implemented Right to Information Act, 2005 (RTI Act, 2005) in order to provide information to citizens and to maintain accountability and transparency. The Company has designated Public Information Officer (PIO), an Appellate Authority and also one Transparency Officer at its registered office for effective implementation of the RTI Act, 2005. During the FY 2011-2012, all 99 applications received under the RTI Act, were duly processed and replied to. In compliance with Section 4 of the RTI Act, 2005, all relevant disclosures were also placed on the website (i.e. www.pfcindia.com) of the Company. Your company has also complied with the directions of Central Information Commission (CIC) regarding filing of online Quarterly / Annual Return for the FY 2011-2012.

43.0 GLOBAL COMPACT

Your Company is a socially conscious organization and fully endorses the nine principles of Global Compact enunciated by the United Nations Organisation (UNO) which encompass areas of human rights, environmental protection and labour rights. These principles of Global Compact are embedded in various organizational policies of the Company thereby facilitating their implementation in a natural way. Your Company has been an active participant in various endeavors of the Global Compact and also provides sponsorship aid and support to other endeavors which are in line with the principles of Global Compact.

Your Company lays special emphasis on medical facilities and health care for its employees and their families whereby they can avail best health care facilities. In pursuit of making the Company a learning organization it also supports integrated learning of its employees through a variety of measures. Other aspects like promotion of sports, cultural heritage, community development etc. are also given due importance in our working by organizing various events etc. and also by providing sponsorship support on relevant occasions.

44.0 GRIEVANCE REDRESSAL

Your Company has Grievance Redressal Systems for dealing with the grievances of the employees, its customers and the public at large. The systems are duly notified and are easily accessible. A designated Nodal Officer is responsible to ensure quick redressal of grievances within the permissible time frame. The company also has a notified Citizen's Charter to ensure transparency in its work activities. This Charter is available on the website of the Company to facilitate easy access.

45.0 STATUTORY AND OTHER INFORMATION ANNEXED

Information annexed with the Directors' Report is as follows:

Particulars	Annexure
Report on Corporate Governance	I
Management Discussion and Analysis Report	II
Certificate on Corporate Governance	III
Non-Banking Financial Companies Auditors' certificate	IV
Statement pursuant to Section 212 of the Companies Act, 1956	V

46.0 ACKNOWLEDGEMENT

The Board of Directors acknowledge and place on record their appreciation for the guidance, co-operation and encouragement extended to the Company by the Government of India, Ministry of Power, Ministry of Finance, Ministry of Corporate Affairs, Reserve Bank of India, Department of Public Enterprises, Securities and Exchange Board of India, National Stock Exchange of India Limited, Bombay Stock Exchange Limited and other concerned Government departments/agencies at the Central and State level as well as from World Bank, the Asian Development Bank, USAID, KfW of Germany, EDC of Canada and various domestic and international financial institutions/banks, agencies etc.

The Board also conveys its gratitude to the shareholders, various International and Indian Banks/Multilateral agencies/ financial Institutions/ credit rating agencies for the continued trust and for the confidence reposed by them in PFC. Your Directors would also like to convey their gratitude to the clients and customers for their unwavering trust and support.

The Company is also thankful to the Comptroller & Auditor General of India and the Statutory Auditors for their constructive suggestions and co-operation.

We would also like to place on record our appreciation for the untiring efforts and contributions made by the employees to ensure excellent all round performance of the Company.

For and on behalf of the Board of Directors

Satnam Singh

(Satnam Singh)
Chairman & Managing Director

Place : New Delhi
Dated :14th August, 2012

Annexure A

Disclosures pursuant to the provisions of Clause 12 of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme), Guidelines, 1999, as on March 31, 2012

S.No.	Particulars	PFC-ESOP 2010
(a)	Options Granted	87,888
(b)	The Pricing Formula	Face Value ₹ 10
(c)	Options Vested	Nil
(d)	Options Exercised	Nil
(e)	Total number of shares arising as a result of exercise of options	Nil
(f)	Options Lapsed	Nil
(g)	Variation in terms of ESOP	Nil
(h)	Money realised by exercise of options	(₹) 0
(i)	Total Number of Options in force	87,888
(j)	Employee-wise details of options granted during the financial year 2011-12 to:	
	(i) **Senior managerial personnel :**	
	Name	**No. of options granted**
1	Satnam Singh	2849
2	M.K. Goel	2106
3	R. Nagarajan	1669
4	A K Agarwal	724
5	Arunava Chakravarti	708
6	Ashok Gupta	570
7	C. Gangopadhyay	695
8	D. Ravi	903
9	Dinesh Vij	696
10	Nalini Vanjani	906
11	Naveen Kumar	753
12	N D Tyagi	763
13	P.K. Bhargava	760
14	R.R. Khan	696
15	V.K. Shah	696
	(ii) **Employees who were granted, during the year, options amounting to 5% or more of the options granted during the year**	
	Name	**No. of options granted**
	NIL	NA
	(iii) **Identified employees who were granted options, during the year equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant.**	
	Name	**No. of options granted**
	NIL	NA
(k)	Diluted Earnings Per Share pursuant to issue of shares on exercise of options calculated in accordance with Accounting Standard (AS) 20	NA

(l)	where the company has calculated the employee compensation cost using the intrinsic value of the stock options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options, shall be disclosed. The impact of this difference on profits and on EPS of the company shall also be disclosed.	Pro Forma Adjusted Net Income and Earning Per Share

Pro Forma Adjusted Net Income and Earning Per Share

Particulars	₹
Net Income as reported	3,031.74
Add: Intrinsic Value Compensation Cost	-
Less: Fair Value Compensation Cost	-
Adjusted Pro Forma Net Income	-
Earning Per Share: Basic	
As Reported Adjusted Pro Forma	23.41
Earning Per Share: Diluted As Reported Adjusted Pro Forma	23.41

(m)	**I**	**Weighted average exercise price of Options granted during the year whose**	
	(i)	Exercise price equals market price	Nil
	(ii)	Exercise price is greater than market price	Nil
	(iii)	Exercise price is less than market price	10.00
	II	**Weighted average fair value of options granted during the year whose**	
	(i)	Exercise price equals market price	Nil
	(ii)	Exercise price is greater than market price	Nil
	(iii)	Exercise price is less than market price	165.96

(n) Method and Assumptions used to estimate the fair value of options granted during the year :

The fair value has been calculated using the Black Scholes Option Pricing model.

The Assumptions used in the model are as follows:

	Date of grant	29-Jul-11
1.	Risk Free Interest Rate	8.46%
2.	Expected Life	2.00
3.	Expected Volatility	33.21%
4.	Dividend Yield	2.72%
5.	Price of the underlying share in market at the time of the option grant	(₹) 184.15

Annexure B

PARTICULARS OF EMPLOYEES PURSUANT TO SECTION 217 (2A) OF THE COMPANIES ACT, 1956.

Name	Designation and Nature of Duties	Remuneration (In ₹)	Qualification	Date of Commencement of Employment	Exp. (Yrs.)	Age as on March 31, 2012(Yrs.)	Last Employment held	Remarks
Employed for whole of the Year								
NIL								
Employed for part of the Year								
Shri Rajeev Sharma	Director (Projects)	40,09,981	B.Tech (Elec), M.E. (System Engineering), PGD (E&C), MBA (HRM)	11.08.2005	27	51	PGCIL	Joined as CMD in REC Ltd. after relieving from PFC Ltd.
Shri S. K. Urmalia	Executive Director	33,76,664	B. Tech (Mech), M.Tech (Mech), PGDOM, MBA (Finance)	16.01.1990	37	60	Richardson & Cruddas (1972) Ltd.	Superannuated
Shri P. C. Katyal	Senior Manager	23,04,694	B.A.	11.10.1991	42	60	Office of Controller General of Defence Accounts	Superannuated

Note: 1. Persons named above were regular employees of the Company.
2. None of the employees listed above is related to any director of the company.
3. The amount shown above is inclusive of all the payment made to them during the whole of FY 2011-12

Annexure-I

REPORT ON CORPORATE GOVERNANCE

Your Company believes that Corporate Governance essentially is the application of best management practices, compliance of law in true letter and spirit, adherence to ethical standards for effective management, distribution of wealth and discharge of social responsibility for sustainable development of all stakeholders. Your Company has always endeavored to implement and maintain high standards of Corporate Governance norms and has been practicing the principles of good Corporate Governance since its incorporation.

A report in line with the requirements of the Listing Agreement and Guidelines on Corporate Governance for Central Public Sector Enterprises issued by Department of Public Enterprises (DPE) is given below as a part of the Director's Report along with the Certificate issued by a practicing company secretary regarding compliance with the provisions of Corporate Governance.

1. Brief Statement on company's philosophy on the code of governance

Company's Corporate Governance initiative is based on two core principles. These are:

i. Management must have the executive freedom to drive the enterprise forward without undue restraints; and

ii. This freedom of management should be exercised within a framework of effective accountability.

Our corporate structure, conduct of business and disclosure practices have been aligned to our Corporate Governance Philosophy.

2. Board of Directors

The Board of Directors of PFC provide leadership and strategic guidance, objective judgment and exercises control over the Company, while remaining at all times accountable to the stakeholders. The Board draws upon its powers and manages the affairs of the Company within the framework set out in the Companies Act, Articles of Association of the company, Listing agreement with the Stock Exchange and internal codes/procedures of the company etc.

Composition

The Board of Director of the Company is in conformity with the requirements of clause 49 of the Listing Agreement as well as Guidelines on Corporate Governance for Central Public Sector Enterprises. As on March 31, 2012 the Company's Board comprised of nine (9) Directors out of which three (3) were Whole Time Functional Directors including the Chairman and Managing Director, one (1) Government Nominee Director and five (5) Independent Directors.

During the year 2011-12, Shri Rajeev Sharma was appointed as Chairman and Managing Director of Rural Electrification Corporation Limited and consequently he relinquished his charge as Director (Projects) of Power Finance Corporation Limited w.e.f. November 29, 2011.

The composition of Board of Directors as on March 31, 2012 is as follows:

Whole Time Directors	
i) Shri Satnam Singh	Chairman and Managing Director
ii) Shri M.K. Goel	Director (Commercial)
iii) Shri R. Nagarajan	Director (Finance)
Government Nominee Director	
iv) Shri Devender Singh	Director (Government Nominee)
Independent Directors	
v) Shri Ravindra H. Dholakia	Independent Director
vi) Shri P. Murali Mohana Rao	Independent Director
vii) Shri S.C. Gupta	Independent Director
viii) Shri Ajit Prasad	Independent Director
ix) Shri Krishna Mohan Sahni	Independent Director

Subsequently, Shri A. K. Agarwal has been appointed as Director (Projects) of the Company by the President of India through Ministry of Power, Government of India w.e.f. July 13, 2012.

Number of Board Meetings

During the year under review, the Board met 17 times on the following dates:

(i) April19, 2011 (ii) April 24, 2011 (iii) May 5, 2011 (iv) May 14, 2011 (v) May 17, 2011 (vi) May 24, 2011 (vii) June 20, 2011 (viii) July 29, 2011 (ix) August 9, 2011 (x) September 28, 2011 (xi) October 10, 2011 (xii) November 9, 2011 (xiii) December 23, 2011 (xiv) January 17, 2012 (xv) February 3, 2012 (xvi) March 9, 2012 (xvii) March 28, 2012.

The maximum time gap between two board meetings was less than three months.

Annual General Meeting

The Last Annual General Meeting of the Company was held on September 28, 2011.

Directors' attendance at the Board Meetings during the year 2011-12 and also at the last Annual General Meeting, number of directorships in other companies and Membership/Chairmanship in other committees etc. are as follows:

Name and Designation	Board Meetings		No of other Directorships as on March 31, 2012*	Membership in the committees of other companies as on March 31, 2012**		Attendance at the last AGM held on September 28, 2011
	Held during the tenure	Attended		As Member	As Chairman	
Shri Satnam Singh Chairman and Managing Director	17	17	3	0	0	Present
Shri M.K. Goel Director (Commercial)	17	17	10	0	0	Present
Shri Rajeev Sharma Director (Projects) (ceased w.e.f. November 29, 2011)	12	10	N.A.	N.A.	N.A.	Present
Shri R. Nagarajan Director (Finance)	17	17	7	0	1	Present
Shri Devender Singh Director (Government Nominee)	17	13	1	0	1	Absent
Shri Ravindra H. Dholakia Independent Director	17	16	2	1	0	Present
Shri P. Murali Mohana Rao Independent Director	17	17	0	0	0	Present
Shri S.C.Gupta Independent Director	17	15	1	0	0	Absent
Shri Ajit Prasad Independent Director	17	15	0	0	0	Present
Shri Krishna Mohan Sahni Independent Director	17	17	2	0	0	Present

N.A. indicates that concerned person was not a Director on PFC's Board on the relevant date.

* Does not include Directorship in Private Companies, Section 25 Companies and Foreign Companies.

** Does not include Chairmanship/Membership in Board Committees other than Audit Committee and Shareholders' Grievance Committee.

None of the Directors on the Board is a member of more than 10 Committees and Chairman of more than 5 Committees, across all the companies in which he is a Director.

None of the Directors of the Company are in any way related to each other.

Information placed before the Board of Directors

Detailed Agenda Notes with necessary information were circulated in advance to the Board.

During the year, all the relevant information as mentioned in Clause 49 of the Listing Agreement and Guidelines on Corporate Governance for Central Public Sector Enterprises was placed before the Board for its consideration. The following information is generally supplied to the Board, if any:

- Annual operating plans, budgets and any updates therein.
- Capital budgets and any updates therein.
- Quarterly results for the Company and its operating divisions or business segments.
- Minutes of meetings of Audit Committee and other Committees of the board.
- Information on recruitment/remuneration of senior officers just below the Board level.
- Material show cause, demand, prosecution notices and penalty notices, if any.
- Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems, if any.
- Any material default in financial obligations to and by the Company or substantial non-payment for services provided by the Company.
- Any issue, which involves possible public or product liability claims of substantial nature, if any.
- Details of any joint venture or collaboration agreement.
- Transactions involving substantial payment towards goodwill, brand equity or intellectual property.
- Significant labour problems and their proposed solutions, if any. Any significant development in human resources/industrial relations front like signing of wage agreement, implementation of voluntary retirement scheme etc, if any.
- Sale of material nature, of investments, subsidiaries, assets which is not in the normal course of business.
- Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material.
- Non-compliance of any regulatory, statutory nature or listing requirements and shareholders service.
- Other materially important information.

Compliance with applicable laws

The company has a robust system in place for monitoring of various statutory and procedural compliances. The Board periodically reviews the status of Statutory, Policy & Procedural compliances to ensure proper compliance of all laws applicable to the company.

3. a) Code of Conduct

The Board of Directors in its meeting held on January 17, 2012 approved the Revised Code of Business Conduct and Ethics for the Board Members and Senior Management in supersession of the existing Code of Conduct for Board Members and Senior Management Personnel, incorporating the suggested items contained in the Model Code of Business Conduct and Ethics for the Board Members and Senior Management as provided in DPE's Guidelines on Corporate Governance.

The Code of Business Conduct and Ethics for the Board Members and Senior Management is a comprehensive code applicable to all Directors and Members of Senior Management of the Company. It is in alignment with Company's vision and values to achieve the Mission & Objectives and aims at enhancing ethical and transparent process in managing the affairs of the Company. A copy of the Code has been placed on the website of the Company i.e. www.pfcindia.com.

Based on the affirmation received from Board Members and Senior Management Personnel, declaration regarding compliance of Code of Conduct made by the Chairman & Managing Director is given below:

Declaration as required under listing Agreement and DPE's guidelines on Corporate Governance

"All the members of the Board and Senior Management Personnel have affirmed compliance of the Code of Business Conduct and Ethics for Board Members and Senior Management for the financial year ended on March 31,2012."

Sd/-
Satnam Singh
Chairman & Managing Director

b) Code for Prevention of Insider Trading

In pursuance of Securities and Exchange Board of India (Insider Trading) Regulations, 1992 as amended from time to time, the Company has formulated a comprehensive Code for Prevention of Insider Trading to preserve the confidentiality and to prevent misuse of un-published price sensitive information. Every director, officer and designated employees of the Company has a duty to safeguard the confidentiality of all such information obtained in the course of his or her work at the company and not to misuse his or her position or information regarding the Company to gain personal benefit or to provide benefit to any third party. The code lays down guidelines and procedures to be followed and disclosures to be made while dealing with the shares of the Company and the consequences of non-compliance. The Company Secretary has been appointed as Compliance Officer and is responsible for ensuring adherence of the 'Code for Prevention of Insider Trading'.

In line with the requirement of Code for Prevention of Insider Trading, trading window was closed from time to time, whenever some price sensitive information was submitted to the Board. Notice of closure of trading window was issued to all the employees well in advance and proper announcements were also made from PA system, restraining all the employees not to deal in the shares of the Company when the trading window is closed.

c) Anti Fraud Policy

The Company has adopted an "Anti Fraud policy" so as to provide a system of detection and prevention of fraud in the Company. It aims to promote consistent legal and ethical organizational behavior by assigning responsibility for the development of controls and providing guidelines for reporting of fraud/suspected fraud and conduct of investigation of suspected fraudulent behavior. The scope of policy extends to fraud or suspected fraud in the Company involving employees (including contractual employees) as well as shareholders, consultants, vendors, suppliers, service providers, contractors, lenders, borrowers, outside agencies and/or any other parties having business relationship with the Company.

4. Committees of the Board of Directors

The Board functions either as a full Board or through various committees constituted to oversee specific operational areas. The Board of Directors and its committees meet at regular intervals. All decisions pertaining to the constitution of Board Committees, appointment(s) of members and fixation of terms of service for members of Committees is taken by the Board of Directors

As on March 31, 2012 the Board had following committees:

i) Audit Committee
ii) Remuneration Committee
iii) Shareholders'/Investors' Grievance Committee
iv) Loans Committee
v) Committee of Functional Directors
vi) Risk Management Committee
vii) Committee for Investment in IPO of Central Power Sector Undertakings (CPSUs)
viii) Ethics Committee
ix) CSR Committee of Directors

4.1 Audit Committee

The role and terms of reference of Audit Committee is in line with the requirements of Section 292A of the Companies Act, 1956 as well as Clause 49 of the Listing Agreement and Guidelines on Corporate Governance for Central Public Sector Enterprises.

The terms of reference of the Audit Committee includes the following:

- To investigate any activity within its terms of reference.
- To seek information from any employee.
- To obtain legal or other professional advice.
- To secure attendance of outsiders with relevant expertise, if it is considered necessary.
- Oversight of the company's financial reporting process and disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending the appointment and removal of external auditors, fixation of audit fee and also approval for payment for any other services.
- Reviewing with management the annual financial statement before submission to the Board, focusing primarily on :-

➢ Any change in accounting policy and practices.
➢ Major accounting entries based on exercise of judgment by the management.
➢ Qualification in draft audit report.
➢ Significant adjustment arising out of audit.
➢ Compliance with accounting standard.
➢ Compliance with Stock Exchange and Legal requirement concerning financial statement.
➢ Any related party transaction i.e. transaction of the Company of material nature, with promoters or the management, their subsidiary or relatives etc. that may have potential conflict with the interest of the company at large.
➢ Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956

- Reviewing with management, external and internal auditor, the adequacy of internal control system and suggestion for implementation for the same.
- Reviewing the adequacy of internal audit function including the structure of internal audit department, staffing and seniority of the officials heading the departments, reporting structure coverage and frequency of internal audit.
- Discussion with internal auditor and significant finding and follow up thereon.
- Reviewing the findings of any internal investigation by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control system of a material nature and reporting the matters to the Board.

- Discussion with statutory auditor before the audit commences, and nature of scope of audit as well as post audit discussion to ascertain any area of concern.
- Reviewing the companies financial and risk management policy.
- To look into the reasons for substantial default in the payment to the depositors, debentures holders, shareholders and creditors.
- It shall have discussion with auditors periodically about internal control system, the scope of audit including the observation of the auditors & review the quarterly, half yearly & annual financial statement before submission to the Board, it shall ensure compliance of internal control system.
- Approval of payment to statutory auditors for any other services rendered by statutory auditors.
- Reviewing the Management discussion and analysis of financial condition and results of operations.
- Formulation of whistle blower policy and recommending the same to Board for approval and review the functioning of the whistle blower mechanism and also to protect the whistle blowers.
- To review the follow up action on the audit observations of the CAG audit.
- To review the follow up action taken on the recommendations of the Committee on Public Undertakings (COPU) of the Parliament.
- Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.

As on March 31, 2012, the Audit Committee comprised of the following members:

1. Shri P.Murali Mohana Rao — Chairman
2. Prof. Ravindra H. Dholakia — Member
3. Shri Ajit Prasad — Member

During the year 2011-12, Shri Rajeev Sharma was appointed as Chairman and Managing Director of Rural Electrification Corporation Limited and consequently he relinquished his charge as Director (Projects) of Power Finance Corporation Limited and as a result ceased to be a member of Audit Committee w.e.f. November 29, 2011.

During the financial year 2011-12 six (6) meetings of the Audit Committee were held i.e. (i) April 19, 2011 (ii) June 20, 2011 (iii) July 29, 2011 (iv) September 28, 2011 (v) November 8, 2011 (vi) February 2, 2012.

The detail of the meetings attended by members during the year 2011-12 is as follows:

Name of the Members	**Designation**	**No. of Meetings**	
		Held during the tenure	**Attended**
Shri P. Murali Mohana Rao	Chairman/ Independent Director	6	6
Shri Ravindra H. Dholakia	Independent Director	6	5
Shri Ajit Prasad	Independent Director	6	4
Shri Rajeev Sharma (Ceased to be a member of the Audit Committee w.e.f November 29, 2011)	Director (Projects)	5	4

Director (Finance), head of internal audit and a representative of the statutory auditor(s) are invited to the Audit Committee Meetings. Senior functional executives are also invited as and when required to provide necessary inputs to the committee.

The Chairman of the Audit Committee was present at the Annual General Meeting held on September 28, 2011 to answer shareholder queries.

The Company Secretary of the Company acts as the Secretary to the Committee.

The Chairman of the Audit Committee possesses accounting and financial management expertise and all other members of the committee are financially literate.

4.2 Remuneration Committee

Company being a Central Public Sector Undertaking, the appointment of CMD and Directors and fixation of their remuneration are decided by President of India as per the Articles of Association of the Company.

However, as per the provisions of the Department of Public Enterprises (DPE) guidelines on Corporate Governance for CPSEs, the company constituted a Remuneration Committee comprising of three independent directors. The terms of reference of the Remuneration Committee include deciding the quantum of annual bonus/variable pay and policy for its distribution, formulation of ESOP scheme, pension scheme etc. within the prescribed limits across the whole time directors, executives and non unionized supervisors.

As on March 31, 2012, the Remuneration Committee comprised of the following members:

1.	Prof. Ravindra H. Dholakia	Chairman
2.	Shri P. Murali Mohana Rao	Member
3.	Shri S.C. Gupta	Member

Further, Shri M.K. Goel, Director (Commercial) and Shri R. Nagarajan, Director (Finance) are permanent invitees to the Remuneration committee.

During the financial year 2011-12, three (3) meetings of the Remuneration Committee were held i.e. (i) July 29, 2011 (ii) October 10, 2011 (iii) December 23, 2011.

Name of the Members	**Designation**	**No. of Meetings**	
		Held during the tenure	**Attended**
Prof. Ravindra H. Dholakia	Chairman/Independent Director	3	3
Shri P. Murali Mohana Rao	Member/Independent Director	3	3
Shri S. C. Gupta	Member/Independent Director	3	2

Remuneration Policy

The Company is a Central Public Sector Undertaking and the appointment of Directors and payment of their remuneration are decided by President of India as per the Articles of Association of the Company.

4.2A Remuneration of Whole Time Directors

The remuneration paid to whole time directors including the Chairman & Managing Director was as per the terms and conditions of their appointment.

Details of remuneration of Whole Time Directors of the company during the year 2011-12 are given below:

Name of the Director	**Salary (₹)**	**Benefits (₹)**	**Bonus/ Commission ex-gratia (₹)**	**Performance linked incentives (₹)**	**Stock Options (number of options)**	**Total (₹)**
Shri Satnam Singh	20,52,546	15,04,414	00	21,86,854	2849	**57,43,814**
Shri M.K. Goel	17,17,005	20,85,357	00	17,82,532	2106	**55,84,894**
Shri Rajeev Sharma (upto November 29, 2011)	9,51,446	14,31,531	00	16,27,335	-	**40,10,312**
Shri R. Nagarajan	17,40,975	9,11,763	00	15,07,187	1669	**41,59,925**

Notes:

1. The above described options have been granted to the Whole time Directors in accordance with the Employee Stock Option Plan of the Company titled as 'PFC-ESOP 2010' which has been formulated in view of the directions of the Department of Public Enterprises (DPE), Ministry of Heavy Industries, Govt. of India. These options have been granted to them as a part of their Performance Related Pay (PRP) and shall vest with them on July 29, 2012 and shall be exercisable within two years from the date of vesting by paying ₹ 10 (face value per equity share) as exercise price.
2. The performance linked incentives are paid as per the Performance Evaluation System of the Company.
3. The appointment of Directors and payment of their remuneration are decided by President of India as per the Articles of Association of the Company. Therefore, there is no provision for notice period and severance fees for the directors.

4.2B Remuneration of Independent and Government Nominee Directors

The Independent & Government Nominee Directors do not have any material pecuniary relationship or transactions with the Company. However, the Independent Directors were paid the sitting fees at a rate fixed by the Board within the limits as prescribed under the Companies Act, 1956 for attending the meetings of the Board/Committees of Directors. Presently, sitting fee of ₹ 20,000 for attending each meeting of the Board/Committees of Directors is being paid to each Independent Director.

Details of payments towards sitting fees to Independent Directors for the meetings held during the year 2011-12 are given below:

Name of the Independent Director	Sitting Fees		Total (₹)
	Board Meeting (₹)	Committee Meeting (₹)	
Prof. Ravindra H. Dholakia	2,75,000	2,80,000	**5,55,000**
Shri P. Murali Mohana Rao	2,95,000	4,25,000	**7,20,000**
Shri S.C. Gupta	2,55,000	35,000	**2,90,000**
Shri Ajit Prasad	2,60,000	1,75,000	**4,35,000**
Shri Krishna Mohan Sahni	2,95,000	3,25,000	**6,20,000**

Government nominees were not entitled to any remuneration or sitting fee from the Company.

4.3 Shareholders'/Investors' Grievance Committee

The Company has set up a Shareholders'/Investors' Grievance Committee of Directors to look into the redressal of the complaints of investors such as delay in transfer of shares, non-receipt of annual reports/dividend/notices etc. The Committee oversees performance of the Registrar and Transfer Agent of the Company and recommends measures for overall improvement in the quality of investor services.

Shri P. Murali Mohana Rao, Independent Director is the chairman of the committee. Shri J. S. Amitabh, Company Secretary of the Company acts as the secretary to the committee and is also the Compliance Officer of the Company.

As on March 31, 2012 the Shareholders'/Investors' Grievance Committee comprised of the following members:

Shri P. Murali Mohana Rao	Chairman of the Committee
Shri M. K. Goel	Member
Shri R. Nagarajan	Member

During the financial year 2011-12, four meetings of the Shareholders'/Investors' Grievance Committee were held on (i) August 9, 2011 (ii) November 8, 2011 (iii) December 23, 2011 (iv) February 2, 2012.

Information on investor complaints pursuant to Clause 49 of the Listing agreement for the year ended March 31, 2012 is as follows:

	Equity
Pending at the beginning of the year	Nil
Received during the year	217
Disposed off during the year	216
Lying unresolved at the end of the year	1*

** A complaint/case against the Company is pending before District Consumer Disputes Redressal forum for which the Company has already submitted its reply.*

4.4 Loans Committee

The Loans Committee of the Directors has been constituted for sanctioning of financial assistance upto ₹ 500 crore to individual schemes or projects including enhancement of financial and lease assistance and relaxation of eligibility conditions, subject to overall ceiling of ₹ 10,000 crore in a financial year.

As on March 31, 2012 the Committee comprised of the following members:

Shri Satnam Singh	Chairman
Shri Devender Singh	Member
Shri Krishna Mohan Sahni	Member
Shri M.K. Goel	Member
Shri Rajeev Sharma(ceased to be a Member w.e.f. November 29, 2011)	Member
Shri R. Nagarajan	Member

During the financial year 2011-12, four meetings of the Loans Committee were held on (i) July 7, 2011 (ii) November 2, 2011 (iii) March 9, 2012 (iv) March 28, 2012.

4.5 Committee of Functional Directors

The Committee of Functional Directors has been constituted for sanctioning of financial assistance upto ₹ 100 crore to individual schemes or projects including enhancement of financial and lease assistance and relaxation of eligibility conditions, subject to overall ceiling of ₹ 4,000 crore in a financial year.

As on March 31, 2012, the Committee comprised of the following members

Shri Satnam Singh	Chairman
Shri M.K. Goel	Member
Shri Rajeev Sharma (ceased to be a Member w.e.f. November 29, 2011)	Member
Shri R. Nagarajan	Member

During the financial year 2011-12, four meetings of the Committee of Functional Directors were held on (i) June 16, 2011 (ii) July 22, 2011 (iii) August 26, 2011 (iv) January 11, 2012.

4.6 Risk Management Committee

The Risk Management Committee's main function is to monitor various risks likely to arise and to examine the various risk management policies and practices adopted by the Company and to initiate action for mitigation of risk arising in the operation and other related matters of the Company.

As on March 31, 2012, the Committee comprised of the following members:

Shri M.K. Goel	Chairman
Shri Rajeev Sharma (ceased to be a Member w.e.f. November 29, 2011)	Member
Shri R. Nagarajan	Member

During the financial year 2011-12, five meetings of the Risk Management Committee were held on (i) April 13, 2011 (ii) June 14, 2011 (iii) September 15, 2011 (iv) January 13, 2012 (v) March 27, 2012.

4.7 Committee of Directors for Investment in IPO of Central Power Sector Undertakings (CPSUs)

The Committee of Directors for Investment in IPO of Central Power Sector Undertakings (CPSUs) has been formed for approving equity investment in IPOs of CPSUs and also other related matters like exit/sale decisions, the number of shares to be applied through IPO, individual investment limit in each company on case to case basis, etc.

As on March 31, 2012 the Committee comprised of the following members:

Shri Satnam Singh	Chairman
Shri R. Nagarajan	Member
Shri Krishna Mohan Sahni	Member

During the financial year 2011-12, one meeting of the Committee of Directors for Investment in IPO of Central Power Sector Undertakings was held on March 9, 2012.

4.8 Ethics Committee of Directors

The Ethics committee has been constituted to act as a conscience keeper for the company and to ensure that ethical business practices are being followed in managing the affairs of the Company.

As on March 31, 2012 the Committee comprised of the following members:

Shri Satnam Singh	Chairman
Shri Ravindra H. Dholakia	Member
Shri Ajit Prasad	Member

During the financial year 2011-12, two meetings of the Ethics Committee were held on (i) August 9, 2011 (ii) December 23, 2011.

4.9 CSR Committee of Directors*

The Board of Directors in its meeting held on October 10, 2011 constituted a CSR Committee of Directors. Its main function is to oversee the CSR activities of the Company and to make recommendations to the Board of Directors for taking up various CSR projects.

As on March 31, 2012 the Committee comprised of the following members:

Shri Krishna Mohan Sahni	Chairman
Shri P. Murali Mohana Rao	Member
Shri Ajit Prasad	Member
Shri M. K. Goel	Member

During the financial year 2011-12, six meetings of the CSR Committee of Directors were held on (i) October 31, 2011 (ii) November 8, 2011 (iii) December 8, 2011 (iv) January 17, 2012 (v) February 3, 2012 (vi) March 28, 2012.

* The Committee has been renamed as CSR & Sustainable Development Committee of Directors w.e.f. June 22, 2012.

5. General Body Meeting

The details of the last three Annual General Meetings of the company are as under:

AGM	Date	Day	Time	Location	Special Resolution
23rd	September 23, 2009	Wednesday	10:00 A.M.	Air Force Auditorium, Subroto Park, New Delhi-110010	No Special Resolution was passed
24th	September 21, 2010	Tuesday	10:00 A.M.	Air Force Auditorium, Subroto Park, New Delhi-110010 .	• Fresh issue of equity shares along with Offer for Sale, if any, not exceeding 20% of existing paid up share capital. • Introduction of "PFC ESOP Scheme"
25th	September 28, 2011	Wednesday	10:00 A.M.	Manekshaw Centre, Parade Road, Delhi Cantt., New Delhi-110010	No Special Resolution was passed

No Special Resolution was put through Postal Ballot during the financial year 2011-12 and none of the business is proposed to be conducted through Postal Ballot.

6. **Subsidiary Companies**

The Company does not have any subsidiary, incorporated in India, whose turnover or net worth (i.e. paid up capital and free reserves) exceeds 20% of the consolidated turnover or net worth respectively, of the company and its subsidiaries in the immediately preceding accounting year.

The Minutes of the Board Meetings of unlisted subsidiary companies were reviewed by the Board of Directors of the Company.

7. **Disclosures**

(1) The Company has not entered into any transaction of material nature with its promoters, the directors or the management, their relatives or its subsidiaries, that may have any potential conflict with the interest of the Company. Further, the details of related party transactions are presented in note no 7.1 in Part - C "Other Notes on Accounts" of Annual Accounts in the Annual Report.

(2) The Company has complied with all the requirements of the Listing Agreement with the Stock Exchanges as well as regulations and guidelines issued by SEBI. Hence, neither any penalty nor any stricture has been imposed by SEBI, Stock Exchanges or any other Statutory Authority on any matter relating to capital market during the last three year.

(3) The Company has not adopted any separate "Whistle Blower policy". However, under the provisions of "Anti Fraud Policy' adopted by the Company, a whistle blower mechanism is in place for reporting of fraud or suspected fraud in the Company involving employees (including contractual employees) as well as shareholders, consultants, vendors, suppliers, service providers, contractors, lenders, borrowers, outside agencies and/or any other parties with a business relationship with the Company. Further, the Company affirms that no personnel have been denied access to the Audit Committee.

(4) No item of expenditure was debited in books of accounts which was not for the purpose of the business. Further, no expense was incurred which was personal in nature and was incurred for the Board of Directors and Top Management.

(5) The Company has fully complied with all the mandatory requirements prescribed under Clause 49 of the Listing Agreement and Guidelines on Corporate Governance for Central Public Sector Enterprises and has adopted all suggested items to be included in the Report on Corporate Governance.

(6) Adoption/non adoption of the non mandatory requirements of the Clause 49 of the Listing Agreement are given under **Annexure I**.

(7) The Company has laid down the procedures to inform the board about the risk assessment and minimization. The Board of Directors of the company periodically reviews these procedures to ensure risks are managed through a properly defined framework.

(8) In the preparation of financial statements, the Company has followed the Accounting Standards issued by the Institute of Chartered Accountants of India (ICAI) and Companies (Accounting Standards) Rules, 2006 to the extent applicable.

8. **Means of Communication**

The company recognizes communication as a key element of the overall Corporate Governance framework and therefore emphasizes continuous, efficient and relevant communication to all external constituencies. The Company communicates with its shareholders through its annual report, general meeting, newspapers and disclosures through website. The Quarterly/annual financial results are published in national newspapers like The Financial Express, Jansatta (Hindi), The Hindustan Times, Business Standard, Dainik Bhaskar (Hindi), The Hindu, The Indian Express etc. The same are also available on the website of the Company, viz. www.pfcindia.com and have also been submitted to stock exchanges. The Company also communicates with its institutional shareholders through investor conferences.

All important information pertaining to the Company is mentioned in the Annual Report of the Company containing inter-alia audited accounts, consolidated financial statements, directors' report, auditors' report, report on corporate governance which is circulated to the members and others entitled persons for each financial year.

9. **CEO/CFO certification**

As required, a Certificate duly signed by Shri Satnam Singh, Chairman & Managing Director and Shri R. Nagarajan, Director (Finance) was placed before the Board of Directors at the meeting held on May 22, 2012.

10. Shareholders Information

1) Annual General Meeting

Date	Time	Venue
September 21, 2012	10.00 A.M.	Manekshaw Centre, Parade Road, Delhi Cantt., New Delhi-110010

2) Financial calendar for FY 2012-13 (Tentative)

Particulars	Date
Financial year	April 1, 2012 to March 31, 2013
Un-audited financial results for the first three quarters	Will be announced within 45 days from the end of each quarter.
Audited Financial Results	Audited Accounts will be announced on or before May 30, 2012.
AGM (Next year)	September 2013

3) Date of Book Closure

The Register of Members and Share Transfer Books of the Company will remain closed from September 7, 2012 to September 21, 2012 inclusive of both days.

4) Payment of Dividend

The Board of Directors of the Company for the financial year ended March 31, 2012, has recommended payment of final dividend of ₹ 1 per share on the paid up equity share capital of the Company, which will be paid after your approval at the Annual General Meeting. This is in addition to the Interim Dividend of ₹ 5 per share already paid in February 2012 on the paid up equity share capital of the Company. Thus, the Total Dividend for the financial year 2011-12 amounts to ₹ 6 per share.

The record date for the payment of Final Dividend for year 2011-12 is September 6, 2012. The Dividend, if declared at the AGM, would be paid to the shareholders within 30 days from the date of AGM.

5) Dividend History

Year	Total Paid-up Capital (₹ in crore)	Total Amount of Dividend paid (₹ in crore)	Rate of Dividend (%)	Date of Payment (Interim & Final)
2006-07	1147.77	259.78	22.63%	January 9, 2007 (Interim) & September 28, 2007 (Final)
2007-08	1147.77	401.72	35.00%	February 19, 2008 (Interim) & August 5, 2008 (Final)
2008-09	1147.77	459.11	40.00%	March 5, 2009 (Interim) & September 29, 2009 (Final)
2009-10	1147.77	516.50	45.00%	February 12, 2010 (Interim) & September 29, 2010 (Final)
2010-11	1147.77 (Interim)	401.72	35%	January 31, 2011 (Interim)
	1319.93 (Final)	197.99	15%	October 8, 2011 (Final)
	Total	599.71	50.00%	-

6) Listing on Stock Exchanges

PFC shares are listed on the following stock exchanges:

National Stock Exchange of India Limited (NSE)	Bombay Stock Exchange Limited (BSE)
Scrip Code: PFC EQ	Scrip Code: 532810
Stock Code (ISIN) : INE134E01011	

The annual listing fees for the financial year 2012-13 have been paid to NSE and BSE.

7) **Market Price Data**

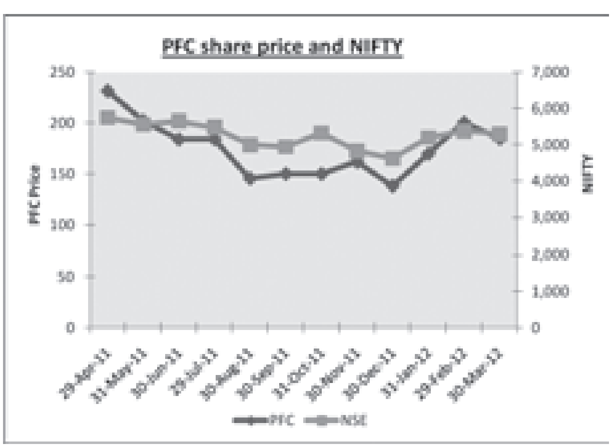
NSE

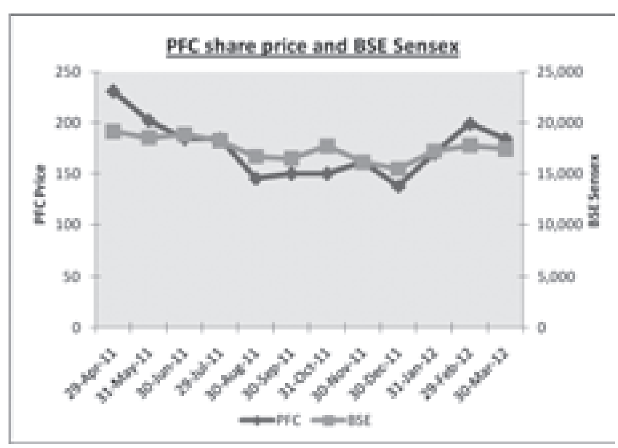
Month	High (₹)	Low (₹)	Closing (₹)
April'11	264.00	220.80	231.60
May'11	236.35	191.50	202.25
June'11	207.35	168.20	183.85
July'11	218.15	180.10	184.15
August'11	191.80	130.40	145.55
September'11	162.75	141.10	150.00
October'11	156.75	132.80	149.95
November'11	173.90	148.30	161.85
December'11	183.65	131.05	138.15
January'12	176.80	133.80	169.90
February'12	224.70	169.20	200.50
March'12	206.25	167.50	184.55

BSE

Month	High (₹)	Low (₹)	Closing (₹)
April'11	262.85	221.10	230.90
May'11	236.45	191.40	202.20
June'11	207.40	168.65	184.05
July'11	217.90	180.20	184.15
August'11	191.80	130.20	145.25
September'11	165.25	141.50	150.10
October'11	156.70	132.85	150.05
November'11	173.70	148.50	161.50
December'11	183.50	131.10	137.55
January'12	176.50	133.95	169.70
February'12	223.80	169.05	198.95
March'12	206.00	167.75	184.00

8) **Performance in comparison to indices**





9) **Registrar and Transfer Agent**

Registered Office

Karvy Computershare Private Limited
"Karvy House",
46, Avenue 4,
Street No. 1, Banjara Hills,
Hyderabad 500034, India
Tel: +91 40 23312454
Toll Free: 1800 4258282
Fax: +91 40 23311968

Communication Address

17-24, Vittal Rao Nagar
Madhapur
Hyderabad-500 081
Andhra Pradesh, India
Tel: +91 40 23420815-28
Fax: +91 40 23420814/59
Email: einward.ris@karvy.com / mailmanger@karvy.com
Website: www.karvycomputershare.com

10) Share Transfer System

The shares under physical segment are transferred through Karvy Computershare Private Limited. It receives the shares to be transferred along with the transfer deed from transferee, verifies it, and prepares the Memorandum of Transfer etc. Pursuant to Clause 49 of the Listing Agreement, a Share Transfer and Investor Services Committee has also been constituted to take note and approve the transfer of shares of the Company.

A qualified practicing Company Secretary carries out reconciliation of share capital audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. The reconciliation of share capital audit report confirms that the total issued / paid-up capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.

11) Details of Demat Suspense Account

The details of shares in the Demat Suspense account as on March 31, 2012 is as follows:

S. No.	Description	No. of Cases	No. of Shares
i)	Aggregate number of shareholders and the outstanding shares in the suspense account lying at the beginning of the year i.e. April 1, 2011	53	5301
ii)	Aggregate number of shareholders and the outstanding shares in the suspense account for the FPO issue in May, 2011	9	2086
iii)	Number of shareholders who approached the Company for transfer of shares from suspense account during the year 2011-2012	10	1769
iv)	Number of shareholders to whom shares were transferred from suspense account during the year 2011-2012	10	1769
v)	Aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the year i.e. March 31, 2012	52	5618

The voting rights in respect of the said shares will be frozen till the time rightful owner claims such shares.

12) Distribution of shareholding

- Distribution of shareholding as on March 31, 2012

Number of shares	Number of shareholders	% of shareholders	Total No. of shares	Amount	% of shares
1 - 5000	225855	96.44%	28261738	282617380	2.14%
5001 - 10000	5385	2.30%	3832685	38326850	0.29%
10001- 20000	1306	0.56%	1910222	19102220	0.14%
20001 - 30000	388	0.17%	971127	9711270	0.07%
30001 - 40000	161	0.07%	576886	5768860	0.04%
40001 - 50000	159	0.07%	741534	7415340	0.06%
50001 - 100000	267	0.11%	1940087	19400870	0.15%
100001 & Above	664	0.28%	1281697426	12816974260	97.10%
Total	**234185**	**100%**	**1319931705**	**13199317050**	**100%**

• Shareholding pattern as on March 31, 2012

Category	Total no. shares	% to Equity
President of India	973061665	73.72
Foreign Institutional Investors	129955490	9.85
Indian Financial Institutions	76043863	5.76
Bodies Corporate	61108257	4.63
Resident Individuals	38065621	2.88
Mutual Funds	33096718	2.51
Clearing Members	2530118	0.19
Banks	2016404	0.15
HUF	1703408	0.13
Non Resident Indians	1074777	0.08
Employees	1072251	0.08
Trusts	202893	0.02
Foreign Nationals	240	0.00
Total	**1319931705**	**100%**

13) Dematerialization of shares

Number of shares held in dematerialized form with NSDL, CDSL and physical mode as on March 31, 2012.

Category	No. of shares	% of total capital issued
NSDL	1308821114	99.16%
CDSL	11100945	0.84%
Physical	9646	0.00%
Total	**1319931705**	**100%**

14) Outstanding GDRs/ADRs/Warrants or any convertible instruments, conversion date and likely impact on equity

- **Employee Stock Options**: 87,888 Options had been granted during the financial year 2011-12 to the eligible employees. Each Option, upon exercise of the same, would give rise to one equity share of ₹ 10/- each fully paid up. These options have vested with the employees on July 29, 2012. The Options can be exercised within a period of two years from the date of vesting by paying ₹ 10/- per option. The Options unexercised during the exercise period would lapse and would be available for re-grant as per the ESOP Scheme of the company. So far, 75,178 options have been exercised by the employes and consequently equal number of shares have been allotted to them. Members may refer to the disclosures set out under Annexure "A" to the Directors' Report with regard to particulars of Employees Stock Option.
- No GDRs/ADRs/Warrants have been issued by the Company.

15) Address for correspondence

Registered Office:
'Urjanidhi',
1, Barakhamba Lane,
Connaught Place,
New Delhi- 110001

Company Secretary
Shri J.S. Amitabh
Tel: +91 11 23456020
Fax: +91 11 23456786
e-mail: fpo@pfcindia.com

Annexure I

Non-Mandatory Requirements

The status of non-mandatory requirements of Clause 49 of the Listing Agreement is as follows:

1. **The Board:** The Company is headed by an executive Chairman. None of the Independent Directors on the Board of the Company has been appointed, in aggregate, for a period exceeding nine (9) years.
2. **Remuneration Committee:** The appointment of Chairman and Managing Director and other Directors and fixation of their remuneration are decided by President of India as per the Articles of Association of the Company. However, in line with the requirement under Department of Public Enterprises (DPE) guidelines on Corporate Governance for CPSEs, the company has constituted a Remuneration Committee comprising of three independent directors. The terms of reference of the Remuneration Committee include deciding the quantum of annual bonus/variable pay and policy for its distribution, formulation of ESOP scheme, pension scheme etc. within the prescribed limits across the whole time directors, executives and non unionized supervisors.
3. **Shareholder Rights:** The quarterly financial results of the Company are published in leading newspapers as mentioned under the heading "Means and Communication" of the Corporate Governance report and also displayed on the website of the Company. Half yearly financial results are not separately circulated to the shareholders.
4. **Audit Qualifications:** There are no audit qualifications for the financial year 2011-12.
5. **Training to Board members:** Various seminars, conferences, training programmes etc. are attended by the Board members from time to time. Further, under the Guidelines on Corporate Governance for CPSEs issued by the Department of Public Enterprises, a policy for training of Board members has been formulated.
6. **Mechanism for evaluating non-executive Board Members:** Not yet adopted by the Company.
7. **Whistle Blower Policy:** The Company has not adopted any separate "Whistle Blower Policy". However, under the provisions of "Anti Fraud Policy' adopted by the Company, a whistle blower mechanism is in place for reporting of fraud or suspected fraud in the Company involving employees (including contractual employees) as well as shareholders, consultants, vendors, suppliers, service providers, contractors, lenders, borrowers, outside agencies and/or any other parties with a business relationship with the Company.

Annexure-II

MANAGEMENT DISCUSSION & ANALYSIS REPORT

The Management of the Company (PFC) is pleased to present its Report on Industry scenario including Company's performance during the year 2011-12.

Industry Structure and Development

The Indian power sector is one of the most diversified in the world. Sources for power generation range from commercial sources like coal, lignite, natural gas, oil, hydro and nuclear power to other viable non-conventional sources like wind, solar and agriculture and domestic waste. The demand for electricity in the country has been growing at a rapid rate and is expected to grow further in the years to come. In order to meet the increasing requirement of electricity, massive addition to the installed generating capacity in the country is required. Since its structured growth post Independence, the Power Sector is endeavouring to meet the challenge of providing adequate power needed to fuel the growing economy of the country and has made substantial progress both in terms of enhancing power generation and in making available power to widely distributed geographical boundaries.

Installed Capacity

As on March 31, 2012, India's total installed capacity was 1,99,877 MW. Thermal sources continue to have a dominant share at 65.8 per cent (1,31,603 MW) followed by hydro 19.5 per cent (38,990 MW), renewable 12.3 per cent (24,504 MW) and nuclear 2.4 per cent (4,780 MW). The states collectively generated 42.99 per cent (85,919 MW), followed by the central utilities 29.86 per cent (59,682 MW) and IPPs 27.15 per cent (54,276 MW).

Capacity addition

The Eleventh Five Year Plan initially envisageda capacity addition of 78,700 MW, of which 19.9 per cent was hydro, 75.8 per cent thermal, and 4.3 per cent nuclear. At the time of the Mid Term Appraisal (MTA) of the Eleventh Plan, the target was revised to 62,374 MW with thermal, hydro, and nuclear segments contributing 81.37 per cent,13.21 per cent and 5.42 per cent respectively.The capacity addition achieved during the Eleventh Plan was 88.12 per cent (54,963.90 MW) of the revised target. A capacity addition of 20,501.7 MW has been achieved during the financial year 2011-12 as follows:

Transmission

During the last five years we have almost fulfilled our dream of having, "One Nation One Grid". Commensurate with the generation capacity addition plans, transmission and distribution network has also been planned to even out supply-demand mismatches and facilitate power reaching the ultimate consumer. The existing inter-regional transmission capacity of 23,800 MW connects the northern, western, eastern, and north-eastern regions in a synchronous mode operating at the same frequency and the southern region asynchronously operating in the same mode. This has enabled inter-regional energy exchanges of about 41,634.9 million units (MUs) during the financial year 2011-12, thus contributing to better utilization of generation capacity and an improved power supply position. As per the recommendations of the Working Group on Power for 12th Plan, an Inter Regional transmission capacity of 38,000 MW is expected to be added during the 12th Plan period. Further, a total of about 1,09,000 circuit kilometres (ckm) of transmission lines, 2,70,000 MVA of AC transformation capacity and 13,000 MW of HVDC systems are estimated to be added.

Distribution

The Government is also emphasising on the need for an efficient and well performing distribution sector and focusing on the improvement of financial health of utilities towards providing reliable and quality power supply and universal access to power. Some of the initiatives taken include accessibility of Power in rural areas, financial viability of DISCOMs, Smart Grid, Demand Side Management (DSM), Private Sector Participation/Private Public Participation (PPP) etc.

Ministry of Power had launched a multi faceted strategy through the Restructured Accelerated Power Development and Reforms Programme (R-APDRP) in the XIth Five Year Plan. The focus of Programme is on actual, demonstrable performance in terms of reduction in Aggregate Technical and Commercial (AT&C) losses, establishment of base line data, fixation of accountability. Under the programme, Distribution companies are being encouraged to use IT for energy audits and accounting as well as carry out system strengthening and technological upgradation of the distribution network to control power pilferage and theft.

Source	Central	State	Private	Total	Share (%)
Hydro	200	123	1100	1423	6.94
Thermal	4570	3638.20	10870.50	19078.70	93.06
Nuclear	0	-	-	-	-
Total	4770	3761.20	11970.50	**20501.7**	
Share (%)	23.26	18.35	58.39		

Under the programme, project area shall cover towns and cities with population of more than 30,000 (10,000 in case of special category states) as per census 2001. Further, rural areas with heavy loads requiring feeder segregation may also be included in the project areas. Projects under the scheme shall be taken up in two parts. Part-A shall include the projects for establishment of baseline data and IT applications for energy accounting/auditing & IT based consumer service centres. Part-B shall include regular distribution strengthening projects and will cover system improvement, strengthening and augmentation etc. Further there will be an enabling component called Part–C for implementation of R-APDRP and for facilitating the process of reform in power sector. The programme size is ₹ 51,577 crore, out of which ₹ 10,000 crore is for part A activities and ₹ 40,000 crore will be for part B activities and the remaining ₹1,177 crore for enabling activities to be implemented by Ministry of Power (Part –C).

Trading of Electricity

Trading in power is enabled through electricity traders and power exchanges. Power trading helps generation resource optimization by facilitating trade and flow of power across the country with varied geography, climatic conditions and natural resource endowments. It has helped in sale of surplus power available with distributing utilities and captive power plants on one hand and purchase of power by deficit utilities to meet sudden surges in demand. Short-term markets also provide generators with an alternative to sell power other than through long-term power purchase agreements(PPAs).

Opportunities /Threats /Risks /Concerns

The Working Group has estimated a capacity addition of about 1,07,000 MW (comprising 75,785 MW conventional, 13,000 MW captive and 18,500 MW renewable) during 12th Plan, corresponding to the demand projection based on the actual energy requirement during the year 2009-10 and 9% GDP growth, with elasticity of 0.9 during 12th Plan . The estimated requirement of funds during 12th Plan works out to about ₹ 6,38,600 crore for the Generation projects (including ₹ 2,72,582 crore for advance action for 13th Plan projects). Further, the total fund requirement during the 12th Plan, considering each aspect of the power sector, is expected to be about ₹ 14 lakh crore including ₹ 1,35,100 crore required for renewable.

PFC provides a comprehensive range of financial products and related advisory and other services from project conceptualization to the post commissioning stage for its clients in the power sector, including for generation (conventional and renewable), transmission and distribution projects as well as for related renovation and modernization projects. PFC provides various fund and non fund based financial assistance, including project finance, short term loans, buyer's line of credit and debt refinancing schemes, as well as non fund based assistance including default payment guarantees and letters of comfort.

As a corporate strategy, PFC is focusing on various specific business opportunities and areas of operations such as consultancy, renewable, equity finance, etc. and is progressively carving out wholly owned subsidiaries in respect of these verticals. PFC is also entering into joint venture collaborations in areas of national interest leading to environmental preservation as well as development of power markets such as 'Energy Efficiency Services Limited', Power Exchanges like 'Power Exchange India Limited' and 'National Power Exchange Limited'.

PFC has also strategically expanded its focus areas to include projects that represent forward and backward linkages to the core power sector projects, including procurement of capital equipment for the power sector, fuel source for power generation projects and related infrastructure development.

PFC is also involved in various GoI programs for the power sector, including acting as the nodal agency for the UMPP and the R-APDRP program and as a bid process coordinator for the ITP schemes.

As the Indian power sector is embarking on increasing the generation and transmission capacities, key challenges lie ahead and are required to be dealt with. Power sector is poised at a crucial juncture where it is expected to meet the growing challenges of the future as well as being faced with some fundamental constraints in its path of evolution. With ambitious capacity addition plans, fuel emerges as the most significant constraint, which project developers have to grapple with and the lenders are hesitant to take the risk. Poor financial condition of State utilities due to high AT&C losses and inadequate tariff also are major constraints in the sector. Other major constraints being faced by the power sector pertain to delays in environment clearances and other key inputs such as land and water. Shortage of talent and trained manpower in the construction sector is a long term problem and is likely to continue to push up project costs and risks.

During the past, the power sector was perceived to be riddled with some fundamental weaknesses, which necessitated initiation of the reform process in the Sector. Even though a number of policy initiatives have been put in place, the task of transforming the power sector is yet to be achieved.

Outlook

Power Sector is at a crucial juncture of its evolution from a controlled environment to a competitive, market driven regime which endeavours to provide affordable, reliable and quality power at reasonable prices to all sectors of the economy. The liberalization and globalization of the economy is leading to an increased tempo in industrial and commercial activities and this, coupled with penetration of technology and I.T. in the day-to-day life of the common man, is expected to result in high growth in power demand. It is accordingly essential that development of the Power Sector should commensurate with the overall economic growth of the nation.

Corporate Social Responsibility (CSR)

PFC has implemented its Corporate Social Responsibility (CSR) Policy with an aim to ensure that the company becomes a socially responsible corporate entity contributing towards quality of life of the society at large. It has entered into a MoU with Government of India for spending 0.5% of PAT towards CSR activities as part of its Corporate Social Responsibility. During the FY 2011-12, although PFC had allocated ₹ 13.24 crore for CSR initiatives, it sanctioned projects worth ₹ 20.33 crore and disbursed ₹ 19.37 crore.

The Company has undertaken major initiatives in several critical areas under CSR like distribution of solar lanterns in villages, conversion of conventional street lighting to LED lighting, setting up of temporary night shelters, installation of crematoria bed in villages, upgradation of Adult Education Centres (AECs) etc.

Internal control system and its adequacy

The Company maintains a robust system of Internal Control including suitable monitoring procedures which ensures accurate and timely financial reporting of various transactions, efficiency of operations and compliance with statutory laws, regulations and company policies. Suitable delegation of power and guidelines for accounting has been issued for uniform compliance. In order to ensure that all checks and balances are in place and all internal control systems are in order, regular and exhaustive internal audits are conducted by experienced firms of Chartered Accountants in close co-ordination with Company's own Internal Audit Department. Besides, Company's Audit Committee periodically reviews the important findings of different Audits keeping a close watch on compliance with Internal Control System.

PFCs internal audit system is strong and independent and works on a continuous basis, covering the entire gamut of operations and services. The internal control system has been designed to ensure that the financial and other records are reliable for preparing financial statements and other data and for maintaining accountability of assets. The internal control systems are supplemented by management reviews and documented policies, guidelines and procedures. There exists a reliable internal check system, which helps in improving the efficiency and effectiveness of internal control system.

PFC is an ISO 9001:2008 certified Company. These stringent internal control processes and credit review mechanisms reduce the number of defaults and ultimately contribute in gaining the faith of all the stakeholders.

Segment–wise or product-wise performance

Company's main business is to provide financial assistance to the power sector and Company does not have any separate reportable segment.

Financial and Operational performance

The company continued to accomplish a healthy growth during the financial year 2011-12. The total revenues grew by 28.31% from ₹ 10,160.56 crore to ₹ 13,037.11 crore in financial year 2011-12. Profit before Tax (PBT) grew by 15.80% from ₹ 3,544.14 crore to ₹ 4,104.25 crore in financial year 2011-12. Profit after Tax (PAT) grew by 15.73% from ₹ 2,619.58 crore to ₹ 3,031.74 crore in financial year 2011-12.

Further, Net Worth of the company grew by 37% in 2011-12 to ₹ 19,493 crore as compared to ₹ 14,197 crore in 2010-11 and the total loan assets (net) as at March 31, 2012 grew by 31% to ₹ 1,30,072 crore from ₹ 99,571 crore as at March 31, 2011. However, the gross Non Performing Assets (NPAs) increased to ₹ 1,358 crores in 2011-12 as compared to ₹ 231 crore in 2010-11.

Human Resources

Your Company recognizes the employees as the real assets of the organization and lays due emphasis on all around development of its human recourses. Since the company is in knowledge intensive business, it has always been an endeavour of the company to update the competencies of the employees and equip them to handle the challenges and intricacies of the power sector. As a step towards this, the company has a systemic training plan where the training needs are assessed and professional skill are imparted at all levels of employees through customized training programmes. The Company has very cordial and harmonious relationship with its employees and is committed to keep them satisfied at all time. There were no man-days lost during the period under review. The Company had 379 employees on its rolls as on March 31, 2012.

Cautionary Note

Certain statements in the "Management Discussion and Analysis" section may be forward looking and are stated as required by applicable laws and regulations. Many factors may affect the actual results, which could be different from what the Management envisages in terms of future performance and outlook.

Annexure-III

CERTIFICATE ON CORPORATE GOVERNANCE

To,
The Members,
Power Finance Corporation Limited,
New Delhi

We have examined the compliances of conditions of Corporate Governance by **POWER FINANCE CORPORATION LIMITED**, for the Financial Year ended March 31, 2012, as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchanges as well as Guidelines on Corporate Governance for Central Public Sector Enterprises issued by Department of Public Enterprises (DPE), Government of India.

The compliance of conditions of Corporate Governance is the responsibility of the management of the Company. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations furnished to us, we certify that the Company has complied with the conditions of the said Clause 49 of the Listing Agreement and Guidelines on Corporate Governance for Central Public Sector Enterprises issued by DPE.

We further state that such certificate is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

For SANJAY GROVER & ASSOCIATES
COMPANY SECRETARIES

Sd/-
SANJAY GROVER
FCS No. 4223
CP No. 3850

Date: 14th August, 2012
Place: New Delhi

POWER FINANCE CORPORATION LIMITED
BALANCE SHEET AS AT 31.03.2012

(₹ in crore)

Description	Note Part A		As at 31.03.2012		As at 31.03.2011
I. EQUITY & LIABILITIES					
(1) Share Holders' Funds					
(a) Share Capital	1	1,319.93		1,147.77	
(b) Reserves & Surplus	2	19,387.59	20,707.52	14,034.72	15,182.49
(2) Non-Current Liabilities					
(a) Borrowing					
Long Term (Secured)	3	5,361.55		235.36	
Long Term (Un-secured)	3	90,505.43	95,866.98	69,748.67	69,984.03
(b) Deferred Tax Liabilities (Net) (Refer Note No. 14 of Part-C - Other Notes on Accounts)			87.43		82.97
(c) Other Liabilities	4		550.64		678.38
(d) Provisions	5		28.95		25.16
(3) Current Liabilities					
(a) Current Maturity of Long Term Borrowing (Unsecured)	3	10,187.73		9,323.50	
(b) Short -Term Borrowing (Unsecured)	3	4,071.20		6,291.04	
(c) Other Liabilities	4	3,799.68		2,783.10	
(d) Provisions	5	274.93	18,333.54	283.57	18,681.21
Total			1,35,575.06		1,04,634.24
II. ASSETS					
(1) Non-Current Assets					
(a) Fixed Assets	6				
(i) Tangible Assets		98.88		94.73	
Less: Accumulated Depreciation		27.13	71.75	22.95	71.78
(ii) Intangible Assets		6.86		4.21	
Less: Accumulated Amortization		2.60	4.26	1.56	2.65
(iii) Capital Works in Progress			0.45		2.28
(b) Non-Current Investments	7		55.34		50.05
(c) Loans	8				
Long Term (Secured)		73,480.17		57,074.51	
Long Term (Un-Secured)		38,536.75	1,12,016.92	30,349.18	87,423.69
(d) Other Assets	9		101.43		157.00
(e) Foreign Currency Monetary Item Translation Difference A/c (Refer Note No. 12 of Part-C - Other Notes on Accounts)			515.41		0.00
(2) Current Assets					
(a) Current Investments	10		3.83		3.83
(b) Cash and Bank Balances	11		1,988.20		2,350.26
(c) Current Maturity of Long Term Loans	8				
Secured		9,411.32		6,290.27	
Un-Secured		2,465.71	11,877.03	3,751.01	10,041.28
(d) Short Term Loans	8				
Secured		2,267.02		500.00	
Un-Secured		3,910.85	6,177.87	1,605.77	2,105.77
(e) Other Assets	9		2,762.57		2,425.65
Total			1,35,575.06		1,04,634.24
ACCOUNTING POLICIES	**Part B**				
OTHER NOTES ON ACCOUNTS	**Part C**				

Notes from part A to part C form integral part of Accounts.

For and on behalf of the Board of Directors

J S AMITABH	**R NAGARAJAN**	**SATNAM SINGH**
Company Secretary	Director (Finance)	Chairman and Managing Director

Signed in terms of our report of even date

	For N K Bhargava & Co.	For RAJ HAR GOPAL & Co.
	Chartered Accountants	Chartered Accountants
	Firm Regd. No - 000429N	Firm Regd. No - 002074N
	(N K BHARGAVA)	**(G K GUPTA)**
Place : New Delhi	PARTNER	PARTNER
Date : 22.05.2012	**Membership No - 080624**	**Membership No - 081085**

POWER FINANCE CORPORATION LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH, 2012

(₹ in crore)

	Description	Note Part A		Year ended 31.03.2012		Year ended 31.03.2011
I.	**Revenue from Operations**					
	(a) Interest	12		**12,975.70**		10,038.87
	(b) Other Financial Services	12		**39.15**		89.62
II.	**Other Income**					
	Other Income	13		**22.26**		32.07
III.	**Total (I+II)**			**13,037.11**		**10,160.56**
IV.	**EXPENSES**					
	Interest, Finance and Other Charges	14		**8,464.66**		6,423.90
	Bond Issue expenses	15		**196.89**		63.05
	Employee benefit expenses	16		**72.08**		67.09
	Provision for contingencies			**142.79**		31.79
	Provision for decline in value of investments			**(0.02)**		(0.06)
	Depreciation and Amortization expenses	6		**5.42**		5.05
	Other Expenses	17		**51.87**		25.53
	Prior Period Items (net)	18		**(0.83)**		0.07
	Total			**8,932.86**		**6,616.42**
V.	**Profit before exceptional and extraordinary items and tax (III-IV)**			**4,104.25**		3,544.14
VI.	Exceptional items			**0.00**		0.00
VII.	**Profit before extraordinary items and tax (V-VI)**			**4,104.25**		3,544.14
VIII.	Extraordinary items			**0.00**		0.00
IX.	**Profit Before Tax (VII-VIII)**			**4,104.25**		3,544.14
X.	**Tax Expenses**					
	(1) Current Tax					
	for current year		**1,070.87**		898.99	
	for earlier years		**(2.82)**	**1,068.05**	(10.45)	888.54
	(2) Deferred Tax liability(+) / Asset(-)			**4.46**		36.02
XI.	**Profit (Loss) for the period from continuing operations (IX-X)**			**3,031.74**		**2,619.58**
XII.	**Earnings per equity share: (Refer Note No. 15 of Part-C - Other Notes on Accounts)**					
	(1) Basic			**23.41**		22.82
	(2) Diluted			**23.41**		22.82

ACCOUNTING POLICIES — **Part B**
OTHER NOTES ON ACCOUNTS — **Part C**
Notes from part A to part C form integral part of Accounts.

For and on behalf of the Board of Directors

J S AMITABH	**R NAGARAJAN**	**SATNAM SINGH**
Company Secretary	Director (Finance)	Chairman and Managing Director

Signed in terms of our report of even date

	For N K Bhargava & Co.	For RAJ HAR GOPAL & Co.
	Chartered Accountants	Chartered Accountants
	Firm Regd. No - 000429N	Firm Regd. No - 002074N
	(N K BHARGAVA)	**(G K GUPTA)**
Place : New Delhi	PARTNER	PARTNER
Date : 22.05.2012	**Membership No - 080624**	**Membership No - 081085**

NOTE - Part A - 1
SHARE CAPITAL

(₹ in crore)

Description	As at 31.03.2012	As at 31.03.2011
Authorised :		
200,00,00,000 Equity shares of ₹ 10/- each (Previous year 200,00,00,000 shares of ₹ 10/- each)	**2,000.00**	2,000.00
Issued, subscribed and paid up :		
114,77,66,700 Equity shares of ₹ 10/- each fully paid-up (Previous year 114,77,66,700 shares of ₹ 10/- each fully paid up)	**1,147.77**	1,147.77
Add: 17,21,65,005 Equity shares of ₹ 10/- each fully paid-up (previous year Nil) (Refer Note No. 19 of Part-C - Other Notes on Accounts)	**172.16**	0.00
TOTAL	**1,319.93**	**1,147.77**

Notes:-

1. Information on Shares in the company held by each shareholder holding more than 5 percent of paid-up equity share capital :

Name of Holders		31.03.2012	31.03.2011
President of India	% of Share Holding	**73.72**	89.78
	No. of Shares Held	**97,30,61,665**	103,04,50,000
	Amount (₹ in crore)	**973.06**	1,030.45
Life Insurance Corporation of India	% of Share Holding	**5.83**	-
	No. of Shares Held	**7,68,90,731**	-
	Amount (₹ in crore)	**76.89**	-

2. Pursuant to Shareholders' approval on 21st September 2010, 2,86,942 Equity Shares (rounded off) being 0.025% of the paid-up equity shares of the Company have been reserved for offer and issue at any time, to eligible employees of the Company under the Company's employees stock option plan titled as 'PFC- ESOP 2010', where each option shall vest after one year from the date of grant and can be exercised within a period of two years from the date of vesting, into one fully paid-up equity share of face value of ₹ 10 each in the Company, at the exercise price being equal to the face value of an equity share in the Company.

   Consequently, the Remuneration Committee of Directors in their meeting held on 23rd December, 2011 have given its approval for grant of 88,040 options effective from 29th July 2011 to regular employees of the Company through PFC Employees Welfare Trust, at a price of ₹ 176.05/- per option, exclusive of the face value of ₹ 10/- per share, convertible into equivalent number of equity shares of ₹ 10/- each on payment of ₹ 10 per share.

   Out of the above 88,040 options, during the year 2011-12, 87,888 options have been granted, effective from 29th July 2011 under the above ESOP Plan to the regular employees of the Company through the PFC Employees Welfare Trust, which shall vest and can be exercised as per the above terms.

NOTE - Part A - 2
RESERVES & SURPLUS

(₹ in crore)

Description		As at 31.03.2012		As at 31.03.2011
(A) Securities Premium Reserve				
Opening balance	**851.10**		851.10	
Add : Addition during the year	**3,261.48**		0.00	
Less: Issue Expenses (FPO)	**19.91**	**4,092.67**	0.00	851.10
(B) Debenture Redemption Reserve				
Opening balance	**0.06**		0.00	
Add : Transfer from Statement of Profit & Loss for the year (Refer Note No. 5 of Part-C - Other Notes on Accounts)	**55.73**	**55.79**	0.06	0.06
(C) Others				
(i) Reserve for Bad & doubtful debts u/s 36 (1) (viia) (c) of Income-Tax Act,1961				
Opening balance	**984.88**		842.07	
Add : Transfer from Statement of Profit & Loss for the year	**173.73**		142.47	
Add : Transfer from Statement of Profit & Loss (Balance Sheet head)	**0.00**	**1,158.61**	0.34	984.88
(ii) Special Reserve created u/s 36(1)(viii) of Income Tax Act, 1961 upto Financial Year 1996-97		**599.85**		599.85
(iii) Special Reserve created and maintained u/s 36 (1) (viii) of Income Tax Act, 1961 from Financial Year 1997-98				
Opening balance	**5,204.32**		4,574.64	
Add : Transfer from Statement of Profit & Loss for the year	**776.20**		634.32	
Add : Transfer from General Reserve*	**3.57**		0.00	
Add : Transfer from Statement of Profit & Loss (Balance Sheet head)	**0.00**		0.27	
Add : Transfer from Statement of Profit & Loss (Balance Sheet head)	**0.00**		7.92	
Less : Transfer to Statement of Profit & Loss (Balance Sheet head)**	**2.03**	**5,982.06**	12.83	5,204.32
(iv) General Reserve				
Opening balance	**2,293.97**		2,031.97	
Add : Transfer from Statement of Profit & Loss for the year	**304.00**		262.00	
Less: Transferred to Special Reserve*	**3.57**	**2,594.40**	0.00	2,293.97

(₹ in crore)

Description		As at 31.03.2012			As at 31.03.2011	
(D) Surplus						
Opening balance	4,100.54			3,213.39		
Add : Adjustments during the current year	0.00			0.67		
Add : Transfers from Special Reserve under Income Tax Act, 1961**	2.03			12.83		
Less : Transfers to Reserve for Bad & doubtful debts and Special Reserve under Income Tax Act, 1961	0.00			0.61		
Less : Transfers to Special Reserve under Income Tax Act, 1961	0.00	4,102.57		7.92	3,218.36	
Add : Profit after tax for the year	3,031.74			2,619.58		
Less:- Transfer towards Reserve for Bad & Doubtful Debts u/s 36 (1) (viia) (c) of Income Tax Act, 1961	173.73			142.47		
Less:- Transfer to Special Reserve created and maintained u/s 36(1)(viii) of Income Tax Act, 1961	776.20			634.32		
Less: Debenture Redemption Reserve	55.73			0.06		
Less: General Reserve	304.00			262.00		
Less:- Dividend & Corporate Dividend Tax :						
Interim Dividend Paid	659.97			401.72		
Proposed Final Dividend	132.00			197.99		
Corporate Dividend Tax paid on Interim Dividend	107.06			66.72		
Proposed Corporate Dividend Tax	21.41	801.64	4,904.21	32.12	882.18	4,100.54
Total			**19,387.59**			**14,034.72**
Dividend & Corporate Dividend Tax :						
Interim Dividend Paid		659.97			401.72	
Proposed Final Dividend		132.00			197.99	
Corporate Dividend Tax paid on Interim Dividend		107.06			66.72	
Proposed Corporate Dividend Tax		21.41	920.44		32.12	698.55
			920.44			698.55

* Transferred to match the deduction claimed as per the Income tax return for the Assessment Year 2011-12.

** Special reserve claimed on some of the loan assets in earlier years withdrawn due to pre payment of such loan assets before five years.

NOTE - Part A - 3
BORROWING

(₹ in crore)

Description	As at 31.03.2012 Current	Non-Current	Total	As at 31.03.2011 Current	Non-Current	Total
A. Long Term Borrowing						
I. Secured						
Bonds						
Infrastructure Bonds (Refer note no. from 1 to 12)	0.00	361.55	361.55	0.00	235.36	235.36
Tax Free Bonds (Refer note no. from 13 to 18)	0.00	5,000.00	5,000.00	0.00	0.00	0.00
Sub- Total (I)	0.00	5,361.55	5,361.55	0.00	235.36	235.36
II. UnSecured						
a) Bonds						
Bonds Guaranteed by the Government of India	0.00	0.00	0.00	22.00	0.00	22.00
Other Bonds / Debentures(Refer Note No. 19 and 20)	9,753.90	68,804.44	78,558.34	5,360.18	50,519.46	55,879.64
Foreign Currency Notes (Refer Note No. 22)	0.00	927.54	927.54	0.00	812.52	812.52
	9,753.90	69,731.98	79,485.88	5,382.18	51,331.98	56,714.16
b) Foreign Currency Loans						
Foreign Currency Loans from Foreign banks /Institutions (Guaranteed by the Govt. of India)	17.71	262.03	279.74	77.82	253.72	331.54
Syndicated Foreign Currency Loans from banks /Institutions	0.00	4,176.92	4,176.92	0.00	3,637.91	3,637.91
Foreign Currency Loans (FCNR(B) from banks)	206.12	0.00	206.12	0.00	180.56	180.56
	223.83	4,438.95	4,662.78	77.82	4,072.19	4,150.01
c) Rupee Term Loans						
Rupee Term Loans (From Banks)	210.00	14,704.50	14,914.50	3,863.50	13,214.50	17,078.00
Rupee Term Loans (From Financial Institutions)	0.00	1,630.00	1,630.00	0.00	1,130.00	1,130.00
	210.00	16,334.50	16,544.50	3,863.50	14,344.50	18,208.00
Sub- Total (II)	10,187.73	90,505.43	1,00,693.16	9,323.50	69,748.67	79,072.17
B. Short Term Borrowing						
UnSecured						
Rupee Term Loans						
Rupee Term Loans from Banks	0.00	0.00	0.00	2,100.00	0.00	2,100.00
Commercial Paper	0.00	0.00	0.00	1,950.00	0.00	1,950.00
Working Capital Demand Loan / OD / CC / Loan against FD / Line of Credit	4,071.20	0.00	4,071.20	2,241.04	0.00	2,241.04
Sub- Total (III)	4,071.20	0.00	4,071.20	6,291.04	0.00	6,291.04
Total (A)+(B)	14,258.93	95,866.98	1,10,125.91	15,614.54	69,984.03	85,598.57

Notes:-

The details of Infrastructure Bonds and Tax Free Bonds outstanding as at 31.03.2012 are as follows:

	Bond Series	Date of allotment	Rate of Interest p.a.	Amount (₹ in crore)	Redemption details	Nature of Security
1	Infrastructure Bonds (2010-11) Series-1	31.03.2011	8.30%	66.80	On exercise of put option by the bondholders, redeemable at par, on a date, falling five years and one day from the date of allotment; otherwise , redeemable at par on a date falling ten years from the date of allotment.	Secured by charge on specific book debt of ₹ 5,169.96 crore as on 31.03.2012 of the Company along with first charge on immovable property situated at Jangpura, New Delhi.
2	Infrastructure Bonds (2010-11) Series-2	31.03.2011	8.30%	139.68	On exercise of put option by the bondholders, redeemable at par with cumulative interest compounded annually, on a date, falling five years and one day from the date of allotment; otherwise , redeemable at par with cumulative interest compounded annually, on a date falling ten years from the date of allotment.	Secured by charge on specific book debt of ₹ 5,169.96 crore as on 31.03.2012 of the Company along with first charge on immovable property situated at Jangpura, New Delhi.
3	Infrastructure Bonds (2010-11) Series-3	31.03.2011	8.50%	6.13	On exercise of put option by the bondholders, redeemable at par, on a date, falling seven years and one day from the date of allotment; otherwise, redeemable at par on a date falling fifteen years from the date of allotment.	Secured by charge on specific book debt of ₹ 5,169.96 crore as on 31.03.2012 of the Company along with first charge on immovable property situated at Jangpura, New Delhi.
4	Infrastructure Bonds (2010-11)Series-4	31.03.2011	8.50%	22.75	On exercise of put option by the bondholders, redeemable at par with cumulative interest compounded annually, on a date, falling seven years and one day from the date of allotment; otherwise , redeemable at par with cumulative interest compounded annually, on a date falling fifteen years from the date of allotment.	Secured by charge on specific book debt of ₹ 5,169.96 crore as on 31.03.2012 of the Company along with first charge on immovable property situated at Jangpura, New Delhi.
5	Infrastructure Bonds (2011-12) Series-I	21.11.2011	8.50%	32.43	On exercise of put option by the bondholders, redeemable at par, on a date, falling five years and one day from the date of allotment; otherwise, redeemable at par on a date falling ten years from the date of allotment.	Secured by first pari-passu charge on total receivables of the Company (excluding those receivables on which specific charge already created) along with first pari- passu charge on immovable property situated at Guindy,Chennai.
6	Infrastructure Bonds (2011-12) Series-II	21.11.2011	8.50%	51.15	On exercise of put option by the bondholders, redeemable at par with cumulative interest compounded annually, on a date, falling five years and one day from the date of allotment; otherwise , redeemable at par with cumulative interest compounded annually, on a date falling ten years from the date of allotment.	Secured by first pari-passu charge on total receivables of the Company (excluding those receivables on which specific charge already created) along with first pari- passu charge on immovable property situated at Guindy,Chennai.
7	Infrastructure Bonds (2011-12) Series-III	21.11.2011	8.75%	3.23	On exercise of put option by the bondholders, redeemable at par, on a date, falling seven years and one day from the date of allotment; otherwise, redeemable at par on a date falling fifteen years from the date of allotment.	Secured by first pari-passu charge on total receivables of the Company (excluding those receivables on which specific charge already created) along with first pari- passu charge on immovable property situated at Guindy,Chennai.
8	Infrastructure Bonds (2011-12) Series - IV	21.11.2011	8.75%	8.83	On exercise of put option by the bondholders, redeemable at par with cumulative interest compounded annually, on a date, falling seven years and one day from the date of allotment; otherwise , redeemable at par with cumulative interest compounded annually, on a date falling fifteen years from the date of allotment.	Secured by first pari-passu charge on total receivables of the Company (excluding those receivables on which specific charge already created) along with first pari- passu charge on immovable property situated at Guindy,Chennai.

	Bond Series	Date of allotment	Rate of Interest p.a.	Amount (₹ in crore)	Redemption details	Nature of Security
9	Infrastructure Bonds 86 A Series	30.03.2012	8.43%	9.04	On exercise of put option by the bondholders, redeemable at par, on a date, falling five years and one day from the date of allotment; otherwise, redeemable at par on a date falling ten years from the date of allotment.	
10	Infrastructure Bonds 86 B Series	30.03.2012	8.43%	17.81	On exercise of put option by the bondholders, redeemable at par with cumulative interest compounded annually, on a date, falling five years and one day from the date of allotment; otherwise , redeemable at par with cumulative interest compounded annually, on a date falling ten years from the date of allotment.	Creation of security is under progress.
11	Infrastructure Bonds 86 C Series	30.03.2012	8.72%	0.95	On exercise of put option by the bondholders, redeemable at par, on a date, falling six years and one day from the date of allotment; otherwise, redeemable at par on a date falling fifteen years from the date of allotment.	
12	Infrastructure Bonds 86 D Series	30.03.2012	8.72%	2.75	On exercise of put option by the bondholders, redeemable at par with cumulative interest compounded annually, on a date, falling six years and one day from the date of allotment; otherwise , reedemable at par with cumulative interest compounded annually, on a date falling fifteen years from the date of allotment.	
13	Tax Free Bonds Series 79 A	15.10.2011	7.51%	205.23	15.10.2021	Secured by first pari-passu charge of present and future receivables (excluding those receivables which are specifically charged for infra bond issue during the FY 2010-11) along with first pari passu charge on immovable property situated at Guindy, Chennai.
14	Tax Free Bonds Series 79 B	15.10.2011	7.75%	217.99	15.10.2026	
15	Tax Free Bonds Series 80 A	25.11.2011	8.09%	334.31	25.11.2021	
16	Tax Free Bonds Series 80 B	25.11.2011	8.16%	209.34	25.11.2026	
17	Tax Free Bonds (2011-12) tranche -I - Series I	01.02.2012	8.20%	2,802.01	01.02.2022	Secured by first pari-passu charge on total receivables of the Company (excluding those receivables on which specifice charge already created) along with first pari-passu charge on immovable property situated at Guindy,Chennai.
18	Tax Free Bonds (2011-12) tranche -I - Series II	01.02.2012	8.30%	1,231.12	01.02.2027	

19 Zero Coupon unsecured Taxable Bonds 2022-XIX Series of ₹ 325.04 crore (previous period ₹ 300.56 crore) are redeemable at face value of ₹ 750.00 crore on 30.12.2022 [net of Unamortised Interest of ₹ 424.96 crore (previous period ₹ 449.44 crore)].

20 The details of unsecured Taxable (Non cumulative) Bonds are as follows :

Bond Series	Coupon Rate	Date of Redemption	Amount (₹ in crore)
LXXI - C Series	9.05%	15-Dec-30	192.70
LXVI - C Series	8.85%	15-Jun-30	633.00
LXXVII- B Series	9.45%	1-Sep-26	2,568.00
LXXVI- B Series	9.46%	1-Aug-26	1,105.00
LXXI - B Series	9.05%	15-Dec-25	192.70
LXVI - B Series	3 year INCMTBMK + 84.25 bps	15-Jun-25	700.00
LXVI - B Series	8.75%	15-Jun-25	832.00
LXV - Series	1 year INCMTBMK + 63.5 bps	14-May-25	250.00
LXV - Series	8.70%	14-May-25	1,087.50
LXIV - Series	8.95%	30-Mar-25	492.00
LXIII - Series	8.90%	15-Mar-25	184.00
LXII - B Series	8.80%	15-Jan-25	1,172.60
LXI - Series	8.50%	15-Dec-24	351.00
LVII - B Series	8.60%	7-Aug-24	866.50
LXXXV- D Series	9.26%	15-Apr-23	736.00
LXXXVIII- C Series	9.48%	15-Apr-22	184.70
LXXVIII- B Series	9.44%	23-Sep-21	1,180.00
LXXVI- A Series	9.36%	1-Aug-21	2,589.40
LXXV- C Series	9.61%	29-Jun-21	2,084.70
LXXIV Series	9.70%	9-Jun-21	1,693.20
XXVIII Series	8.85%	31-May-21	600.00
LXXIII Series	9.18%	15-Apr-21	1,000.00
LXXII - B Series	8.99%	15-Jan-21	1,219.00
LXXI - A Series	9.05%	15-Dec-20	192.70
LXX Series	8.78%	15-Nov-20	1,549.00
LXVIII - B Series	8.70%	15-Jul-20	1,424.00
LXVI - A Series	3 year INCMTBMK + 87.50 bps	15-Jun-20	500.00
LXV - Series	8.70%	14-May-20	162.50
LXV - Series	1 year INCMTBMK + 98 bps	14-May-20	1,175.00
LXXXV- C Series	9.30%	15-Apr-20	79.50
LXIV - Series	8.95%	30-Mar-20	492.00
LXXXVII- D Series	9.42%	20-Mar-20	650.80
LXIII - Series	8.90%	15-Mar-20	184.00
LXII - A Series	8.70%	15-Jan-20	845.40
LXI - Series	8.50%	15-Dec-19	351.00
LX - B Series	1 year INCMTBMK + 179 bps	20-Nov-19	925.00
LIX - B Series	8.80%	15-Oct-19	1,216.60
LVII - B Series	8.60%	7-Aug-19	866.50
LXXXII- C Series	9.70%	15-Dec-18	2,060.00
LII - C Series	11.25%	28-Nov-18	1,950.60
LI - C Series	11.00%	15-Sep-18	3,024.40
XLIX - B Series	10.85%	11-Aug-18	428.60
XLVIII - C Series	10.55%	15-Jul-18	259.70

Bond Series	Coupon Rate	Date of Redemption	Amount (₹ in crore)
XLVII - C Series	9.68%	9-Jun-18	780.70
LXXII - A Series	8.97%	15-Jan-18	144.00
XL - C Series	9.28%	28-Dec-17	650.00
XVIII Series	7.87%	13-Nov-17	25.00
XVII Series	8.21%	3-Oct-17	25.00
XIII Series	9.60%	24-May-17	65.00
XXXV Series	9.96%	18-May-17	530.00
XIII Series	9.60%	16-May-17	125.00
LXXXVIII- B Series	9.66%	15-Apr-17	100.20
XXXIV Series	9.90%	30-Mar-17	500.50
LXXXVIII- A Series	9.61%	28-Mar-17	284.00
XXXIII - B Series	9.90%	22-Mar-17	561.50
LXXXVII- A Series	9.62%	20-Mar-17	1,267.00
LXXXVII- B Series	9.72%	20-Mar-17	23.00
LXXXVII- C Series	9.59%	20-Mar-17	217.50
LXXXIV Series	9.33%	17-Feb-17	1,521.20
LXXXII- B Series	9.64%	15-Dec-16	825.00
XXXI - A Series	8.78%	11-Dec-16	1,451.20
LXXXI Series	9.49%	29-Nov-16	1,138.00
XVIII Series	7.87%	13-Nov-16	25.00
XVII Series	8.21%	3-Oct-16	25.00
XXIX - A Series	8.80%	7-Sep-16	250.00
LXXVII- A Series	9.41%	1-Sep-16	1,083.60
LXXV- B Series	9.62%	29-Jun-16	360.00
XXVII - A Series	8.20%	17-Mar-16	1,000.00
XXVI Series	7.95%	24-Feb-16	1,261.80
XXV Series	7.60%	30-Dec-15	1,734.70
LII - B Series	11.30%	28-Nov-15	5.80
XVIII Series	7.87%	13-Nov-15	25.00
XVII Series	8.21%	3-Oct-15	25.00
L - C Series	10.70%	25-Aug-15	80.80
LXVIII - A Series	8.25%	15-Jul-15	147.00
LXV - Series	8.70%	14-May-15	1,337.50
LXXXV- A Series	9.51%	15-Apr-15	661.30
LXIV - Series	8.95%	30-Mar-15	492.00
LXIII - Series	8.90%	15-Mar-15	184.00
LXXXIII Series	9.55%	13-Jan-15	1,292.30
LXI - Series	8.50%	15-Dec-14	351.00
LXXXII- A Series	9.63%	15-Dec-14	2,100.00
XVIII Series	7.87%	13-Nov-14	25.00
XXI B Series	7.00%	2-Nov-14	51.90
LIX - A Series	8.45%	15-Oct-14	288.20
XVII Series	8.21%	3-Oct-14	25.00
LVIII - B Series	8.45%	17-Sep-14	331.10

Bond Series	Coupon Rate	Date of Redemption	Amount (₹ in crore)
LVII - B Series	8.60%	7-Aug-14	866.50
LXXV- A Series	9.64%	29-Jun-14	555.00
LV - B Series	7.50%	11-May-14	146.90
LIV - A Series	8.90%	16-Feb-14	196.50
LII - A Series	11.40%	28-Nov-13	662.70
XVIII Series	7.87%	13-Nov-13	25.00
XVII Series	8.21%	3-Oct-13	25.00
LXXVIII- A Series	9.43%	23-Sep-13	655.00
LI - B Series	11.10%	15-Sep-13	594.00
L - B Series	10.75%	25-Aug-13	78.40
XLIX - A Series	10.90%	11-Aug-13	313.60
XLVIII - B Series	10.70%	15-Jul-13	217.40
XLVII - B Series	9.60%	9-Jun-13	495.30
XLIV Series	9.40%	25-Mar-13	1,260.30
XXVII - B Series	8.09%	17-Mar-13	850.00
XLIII - B Series	9.30%	12-Mar-13	271.60
XLII - B Series	9.03%	15-Feb-13	319.00
XLI - B Series	8.94%	15-Jan-13	265.00
XL - B Series	9.22%	28-Dec-12	510.00
LX - A Series	1 year INCMTBMK + 135 bps	20-Nov-12	175.00
XVIII Series	7.87%	13-Nov-12	25.00
XVII Series	8.21%	3-Oct-12	25.00
XXXVIII Series	9.80%	20-Sep-12	1,862.00
LVIII - A Series	7.75%	17-Sep-12	100.00
LXIX - Series	7.89%	15-Sep-12	950.00
LXVII Series	7.10%	15-Jul-12	1,100.00
LVI Series	7.20%	9-Jul-12	525.00
XXIII Series	7.00%	5-Jul-12	202.70
XXXVI - B Series	10.00%	15-Jun-12	436.30
LV - A Series	6.90%	11-May-12	877.00

21. As at 31.03.2012, Bonds of ₹ 7.10 crore (previous period ₹ 3.40 crore) are held by PFC Ltd. Employees Provident Fund Trust and Bonds of ₹ 0.70 crore (previous period ₹ 0.70 crore) are held by PFC Ltd. Gratuity Trust.

22. Foreign currency 6.61 % Senior Notes (USPP - I) of USD 180 million amounting to ₹ 927.54 crore (previous period ₹ 812.52 crore) are redeemable at par on 05.09.2017.

NOTE - Part A - 4
OTHER LIABILITIES

(₹ in crore)

Description	As at 31.03.2012					As at 31.03.2011				
	Current		Non-Current		Total	Current		Non-Current		Total
Interest Subsidy Fund from GOI (Refer Note No. 11 of Part-C - Other Notes on Accounts)		49.39		326.82	376.21		77.50		374.37	451.87
Interest Differential Fund - KFW (Refer Note No. 8 of Part-C - Other Notes on Accounts)		0.00		52.01	52.01		0.00		49.01	49.01
Advance received from Subsidiaries (including interest payable thereon) (Refer Note No. 7.5 of Part-C - Other Notes on Accounts)		114.93		160.63	275.56		0.00		247.79	247.79
Amount payable to GoI under R-APDRP (Refer Note No. 13(i) of Part-C - Other Notes on Accounts)		11.09		0.00	11.09		6.88		0.00	6.88
Interest Accrued but not due :										
On Bonds	3,405.60		0.00			2,302.77		0.00		
On Loans	90.96	3,496.56	0.00	0.00	3,496.56	120.80	2,423.57	0.00	0.00	2,423.57
Unpaid / unclaimed										
Bonds	5.27		0.00			6.52		0.00		
Interest on Bonds	3.55		0.00			3.65		0.00		
Dividend	0.98	9.80	0.00	0.00	9.80	0.60	10.77	0.00	0.00	10.77
Others		117.91		11.18	129.09		264.38		7.21	271.59
TOTAL		3,799.68		550.64	4,350.32		2,783.10		678.38	3,461.48

NOTE - Part A - 5
PROVISIONS

(₹ in crore)

Description	As at 31.03.2012			As at 31.03.2011		
	Current	**Non-Current**	**Ttoal**	Current	Non-Current	Ttoal
Employee Benefits **						
Economic Rehabilitation of Employees	**0.09**	**1.15**	**1.24**	0.23	1.03	1.26
Leave Encashment	**0.95**	**16.79**	**17.74**	0.75	14.72	15.47
Staff Welfare Expenses	**0.72**	**11.01**	**11.73**	0.52	9.41	9.93
Gratuity / Superannuation Fund	**7.24**	**0.00**	**7.24**	5.78	0.00	5.78
Others						
Taxation - Income Tax (net)	**96.13**	**0.00**	**96.13**	33.52	0.00	33.52
Taxation - Fringe Benefit Tax	**0.00**	**0.00**	**0.00**	0.80	0.00	0.80
CSR Expenses (Refer Note No. 22.2 of Part-C - Other Notes on Accounts)	**16.39**	**0.00**	**16.39**	11.86	0.00	11.86
Proposed Final Dividend	**132.00**	**0.00**	**132.00**	197.99	0.00	197.99
Proposed Corporate Dividend Tax	**21.41**	**0.00**	**21.41**	32.12	0.00	32.12
TOTAL	**274.93**	**28.95**	**303.88**	**283.57**	**25.16**	**308.73**

** (Refer Note No. 22.1 of Part-C - Other Notes on Accounts)

NOTE - Part A - 6
FIXED ASSETS

(₹ in crore)

Description	GROSS BLOCK				DEPRECIATION					NET BLOCK	
	Opening Balance as at 01.04.2011	Additions / Adjustments	Deductions / Adjustments	Closing Balance as at 31.03.2012	Opening Balance as at 01.04.2011	For the Period 01.04.2011 to 31.03.2012	Charged to Prior period Adjustments	Withdrawn / Written back	Closing Balance as at 31.03.2012	As at 31.03.2012	As at 31.03.2011
I. TANGIBLE ASSETS : Owned Assets											
Land (Freehold)	2.59	0.00	0.00	2.59	0.00	0.00	0.00	0.00	0.00	2.59	2.59
Land (Leasehold)	37.87	0.00	0.00	37.87	0.00	0.00	0.00	0.00	0.00	37.87	37.87
Buildings	24.14	1.40	0.00	25.54	5.33	0.95	0.00	0.00	6.28	19.26	18.81
EDP Equipments	11.22	1.82	0.23	12.81	7.03	2.05	0.03	0.17	8.94	3.87	4.19
Office and other equipments	11.59	0.95	0.08	12.46	6.04	0.86	0.00	0.04	6.86	5.60	5.55
Furniture & Fixtures	7.19	0.32	0.03	7.48	4.44	0.51	0.00	0.02	4.93	2.55	2.75
Vehicles	0.13	0.00	0.00	0.13	0.11	0.01	0.00	0.00	0.12	0.01	0.02
Total	**94.73**	**4.49**	**0.34**	**98.88**	**22.95**	**4.38**	**0.03**	**0.23**	**27.13**	**71.75**	**71.78**
Previous Year	90.80	5.52	1.59	94.73	19.62	4.28	0.01	0.96	22.95	71.78	71.18
II. Intangible Assets : Purchased Software (Useful Life - 5 years)	4.21	2.65	0.00	6.86	1.56	1.04	0.00	0.00	2.60	4.26	2.65
Total	**4.21**	**2.65**	**0.00**	**6.86**	**1.56**	**1.04**	**0.00**	**0.00**	**2.60**	**4.26**	**2.65**
Previous Year	2.41	1.90	0.10	4.21	0.82	0.77	0.00	0.03	1.56	2.65	1.59
III. Capital Works in Progress -Intangible Assets **	2.28	0.33	2.16	0.45	0.00	0.00	0.00	0.00	0.00	0.45	2.28
Total	**2.28**	**0.33**	**2.16**	**0.45**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.45**	**2.28**
Previous Year	1.73	0.55	0.00	2.28	0.00	0.00	0.00	0.00	0.00	2.28	1.73

** Software Applications - Purchased and under implementation

NOTE - Part A - 7
NON- CURRENT INVESTMENTS

(₹ in crore)

Description		As at 31.03.2012		As at 31.03.2011
I. Equity Instruments (Trade - Unless otherwise specified) - Valued at Cost				
1,20,00,000 (Previous Year 1,20,00,000) Equity Shares of ₹ 10/- each fully paid up of PTC Ltd. (Quoted)		**12.00**		12.00
21,87,015 (Previous Year 21,87,015) Equity Shares of ₹ 10/- each fully paid up of National Power Exchange Ltd. (Unquoted - Non Trade) **		**2.19**		2.19
28,00,000 (Previous Year 17,50,000) Equity Shares of Rs. ₹ 10/- each fully paid up of Power Exchange India Ltd. (Unquoted - Non Trade) (Refer Note No. 7.6 (ii) of Part-C - Other Notes on Accounts)		**2.80**		1.75
6,25,000 (Previous Year 6,25,000) Equity Shares of ₹ 10/- each fully paid up of Energy Efficiency Services (P) Ltd. (Unquoted - Non Trade) **		**0.63**		0.63
55,90,000 (Previous Year 4,65,000) Equity Shares of ₹ 10/- each fully paid up of Subsidiaries / Associates (Unquoted - Non Trade) **		**5.59**		0.47
** (Refer Note No. 7.2 of Part-C - Other Notes on Accounts)				
II. Bonds / Debentures (Trade - Unless otherwise specified)				
8,330 (Previous Year 8,330) 4% Bonds of ₹ 100/- each of IMP Power Ltd. (Unquoted - Non Trade)		**0.08**		0.08
3,40,02,868 (Previous Period Nil) OFCD of ₹ 10/- each of R S India Wind Energy Pvt. Ltd. (Unquoted - Non Trade)	**34.00**		0.00	
Less : Provision for contingencies	**34.00**	**0.00**	0.00	0.00
III. Others (Trade - Unless otherwise specified) - Valued at Cost (Less diminution, if any, other than temporary)				
78,25,127 (Previous Year 87,33,788) Units of “Small is Beautiful” Fund of KSK Investment Advisor Pvt. Ltd. (Face value per unit is ₹ 10) (Unquoted - Non Trade) (Refer Note No. 7.6 (i) of Part-C - Other Notes on Accounts)	**7.83**		8.73	
Less : Provision for diminution	**0.16**	**7.67**	0.18	8.55
IV. Application Money pending allotment of Shares				
2,43,75,000 (Previous Period 2,43,75,000) Equity Shares (Face value of ₹ 10/- each) of Energy Efficiency Services (P) Ltd. (Unquoted - Non Trade) (Refer Note No. 7.2(vii) of Part-C - Other Notes on Accounts)		**24.38**		24.38
TOTAL		**55.34**		**50.05**

Particulars	Book Adjusted Value	Market Value
Aggregate of Quoted Investments	**12.00**	**73.68**
(previous year)	(12.00)	(100.08)
Aggregate of Un-Quoted (non trade) Investments	**18.96**	
(previous year)	(13.67)	
Application Money pending allotment of Shares	**24.38**	
(previous year)	(24.38)	
TOTAL	**55.34**	**73.68**
(Previous year)	(50.05)	(100.08)

NOTE - Part A - 8
LOANS

(₹ in crore)

Description	As at 31.03.2012					As at 31.03.2011				
	Current maturities (Twelve Months)		Non Current		Total	Current maturities (Twelve Months)		Non Current		Total
Long Term										
I. Secured Loans										
a) Considered Good										
Rupee Term Loans (RTLs) to State Electricity Boards, State Power Corporations,Central Public Sector Undertakings and State Governments		**8,836.12**		**65,533.38**	**74,369.50**		5,403.86		52,591.53	57,995.39
RTLs to Independent Power Producers		**406.77**		**6,674.03**	**7,080.80**		392.03		3,607.44	3,999.47
Foreign Currency Loans to Independent Power Producers		**25.83**		**92.36**	**118.19**		62.88		261.42	324.30
Buyer's Line of Credit		**4.89**		**0.00**	**4.89**		6.52		4.89	11.41
Lease Financing to Borrowers **		**35.96**		**63.00**	**98.96**		28.06		103.31	131.37
RTLs to Equipment Manufacturers		**1.25**		**0.00**	**1.25**		1.25		1.25	2.50
Incomes accrued & due on loans		**3.30**		**0.00**	**3.30**		8.54		0.00	8.54
b) Others										
RTL to Independent Power Producers - Projects under implementation	**0.00**		**0.00**			375.00		325.00		
Less: Provision for contingencies	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	1.50	373.50	1.30	323.70	697.20
RTL to Independent Power Producers - NPA	**62.05**		**864.97**			0.00		8.92		
Less: Provision for contingencies	**14.23**	**47.82**	**86.50**	**778.47**	**826.29**	0.00	0.00	8.92	0.00	0.00
Lease financing to Borrowers - NPA **	**5.55**		**222.07**			15.23		202.26		
Less: Provision for contingencies	**0.55**	**5.00**	**22.21**	**199.86**	**204.86**	1.60	13.63	21.29	180.97	194.60
FCL to Independent Power Producers - NPA	**49.31**		**154.52**			0.00		0.00		
Less: Provision for contingencies	**4.93**	**44.38**	**15.45**	**139.07**	**183.45**	0.00	0.00	0.00	0.00	0.00
Sub-Total I		**9,411.32**		**73,480.17**	**82,891.49**		**6,290.27**		**57,074.51**	**63,364.78**
II. Un-Secured Loans										
a) Considered Good										
Rupee Term Loans (RTLs) to State Electricity Boards, State Power Corporations,Central Public Sector Undertakings and State Governments		**2,205.03**		**32,781.57**	**34,986.60**		3,638.91		28,933.34	32,572.25
RTLs to Independent Power Producers		**79.37**		**4,924.35**	**5,003.72**		19.60		609.03	628.63
Foreign Currency Loans to Independent Power Producers		**11.56**		**44.06**	**55.62**		23.58		48.73	72.31
RTLs to Equipment Manufacturers		**166.75**		**786.77**	**953.52**		68.92		758.08	827.00
Incomes accrued & due on loans		**3.00**		**0.00**	**3.00**		0.00		0.00	0.00
b) Others										
RTLs to State Power Corporations - NPAs	**0.00**		**0.00**			4.24		0.00		
Less : Provision for contingencies	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	4.24	0.00	0.00	0.00	0.00
Sub-Total II		**2,465.71**		**38,536.75**	**41,002.46**		**3,751.01**		**30,349.18**	**34,100.19**
Total of Long Term		**11,877.03**		**1,12,016.92**	**1,23,893.95**		**10,041.28**		**87,423.69**	**97,464.97**

Short Term **I. Secured** Working Capital Loans to State Electricity Boards and State Power Corporations	**2,267.02**	**0.00**	**2,267.02**	500.00	0.00	500.00
Sub-Total I	**2,267.02**	**0.00**	**2,267.02**	**500.00**	**0.00**	**500.00**
II. Un-Secured						
Working Capital Loans to State Electricity Boards and State Power Corporations	**3,760.85**	**0.00**	**3,760.85**	1,605.77	0.00	1,605.77
Working Capital Loans to Independent Power Producers	**150.00**	**0.00**	**150.00**	0.00	0.00	0.00
Sub-Total II	**3,910.85**	**0.00**	**3,910.85**	**1,605.77**	**0.00**	**1,605.77**
Total of Short Term	**6,177.87**	**0.00**	**6,177.87**	**2,105.77**	**0.00**	**2,105.77**
Grand Total	**18,054.90**	**1,12,016.92**	**1,30,071.82**	**12,147.05**	**87,423.69**	**99,570.74**

** (Refer Note No. 10(a) of Part-C - Other Notes on Accounts)

NOTE - Part A - 9
OTHER ASSETS

(₹ in crore)

Description	As at 31.03.2012				As at 31.03.2011			
	Current		Non-Current		Current		Non-Current	
LOANS & ADVANCES								
Loans (considered good) *								
a) to Employees (Secured)	**2.06**		**13.24**		1.87		9.89	
b) to Employees (Unsecured)	**3.75**	**5.81**	**18.84**	**32.08**	3.07	4.94	12.90	22.79
Advances (Unsecured considered good)								
Advances recoverable in cash or in kind or for value to be received								
a) to Subsidiaries (including interest recoverable there on) (Refer Note No. 7.4 of Part-C - Other Notes on Accounts)	**103.02**		**68.74**		2.25		131.73	
b) to Employees	**0.69**		**0.00**		0.59		0.00	
c) Prepaid Expenses	**1.81**		**0.00**		2.19		0.00	
d) Unamortized financial charges on Commercial Paper	**0.00**		**0.00**		35.45		0.00	
e) Others	**61.52**		**0.33**		324.47		2.23	
f) Advance Income Tax and Tax Deducted at Source (net)	**32.09**		**0.00**		106.52		0.00	
g) Advance Fringe Benefit Tax	**0.00**		**0.00**		1.29		0.00	
h) Security Deposits	**12.24**	**211.37**	**0.28**	**69.35**	3.23	475.99	0.25	134.21
OTHER ASSETS								
Accrued but not due :								
a) Interest on Loan Assets	**2,474.01**		**0.00**		1,863.13		0.00	
b) Other charges on Loan Assets	**15.88**		**0.00**		60.98		0.00	
c) Interest on Employee advances	**6.72**		**0.00**		5.26		0.00	
d) Interest on Deposits and Investments	**14.05**	**2,510.66**	**0.00**	**0.00**	15.35	1,944.72	0.00	0.00
Loans & Advances (Unsecured - Others)								
Non Performing Assets (NPAs)	**39.53**		**0.00**		1.03		0.00	
Less : Provision for contingencies	**4.80**	**34.73**	**0.00**	**0.00**	1.03	0.00	0.00	0.00
TOTAL		**2,762.57**		**101.43**		**2,425.65**		**157.00**

* Note :-
Loans and Advances include :

Particulars	Balance as at 31.03.2012	Maximum during 2011-12	Balance as at 31.03.2011	Maximum during 2010-11
Loans given to Directors	**0.12**	**0.16**	0.16	0.22
Loans given to Executives	**28.25**	**32.06**	20.87	25.58
Loans given to other employees	**9.52**	**10.75**	6.70	7.72

NOTE - Part A -10
CURRENT INVESTMENTS

(₹ in crore)

Description		As at 31.03.2012		As at 31.03.2011
Equity Instruments - Valued scrip wise at lower of cost or market Price (Trade - Unless otherwise specified)				
5,39,349 Shares (Face value of ₹10/- each fully paid up) of PGCIL purchased at a cost of ₹ 52 (Previous year - 5,39,349 Shares) (Quoted)	**2.80**		2.80	
Less : Provision for diminution	**0.00**	**2.80**	0.00	2.80
97,952 Shares (Face value of ₹10/- each fully paid up) of REC Ltd. purchased at a cost of ₹105 (Previous year - 97,952 Shares) (Quoted)	**1.03**		1.03	
Less : Provision for diminution	**0.00**	**1.03**	0.00	1.03
TOTAL		**3.83**		**3.83**

Particulars	Book Adjusted Value	Market Value
Aggregate of Quoted Investments	**3.83**	**7.84**
(previous year)	(3.83)	(7.98)
TOTAL	**3.83**	**7.84**
(Previous year)	(3.83)	(7.98)

NOTE - Part A -11
CASH AND BANK BALANCES

(₹ in crore)

Description		As at 31.03.2012		As at 31.03.2011
Cash and Cash Equivalents				
I a) Balances in current accounts with:				
i) Reserve Bank of India	**0.05**		0.05	
ii) Scheduled Banks	**18.66**	**18.71**	247.16	247.21
b) Cheques in hand		**0.06**		0.38
c) Balances in current accounts with scheduled banks for payment of interest on bonds, dividend etc.		**0.98**		0.61
d) Imprest with postal authority		**0.01**		0.01
e) Fixed Deposits with Scheduled Banks (original maturity up to three months)		**1,964.21**		2,098.03
		1,983.97		**2,346.24**
II **Other Balances**				
Fixed Deposits with Scheduled Banks (original maturity more than three months)		**4.23**		4.02
		4.23		**4.02**
TOTAL		**1,988.20**		**2,350.26**

NOTE - Part A - 12
REVENUE FROM OPERATIONS

(₹ in crore)

	Description		Year ended 31.03.2012		Year ended 31.03.2011
(A)	**Interest**				
	Interest on Loans		**12,602.47**		9,760.51
	Prepayment Premium on Loans		**14.87**		27.85
	Upfront fees on Loans		**26.81**		41.72
	Service charges on Loans		**0.02**		0.07
	Management, Agency & Guarantee Fees		**65.37**		96.77
	Commitment charges on Loans	**2.60**		3.04	
	Less : Commitment charges on Loans waived	**0.00**	**2.60**	0.08	2.96
	Income from surplus funds		**244.97**		93.18
	Lease income		**18.59**		15.81
	Sub- Total (A)		**12,975.70**		**10,038.87**
(B)	**Other Financial Services**				
	Nodal Agency Fees under R-APDRP (Refer Note No. 13 (ii) of Part-C - Other Notes on Accounts)		**39.15**		89.62
	Sub- Total (B)		**39.15**		**89.62**
	TOTAL		**13,014.85**		**10,128.49**

NOTE - Part A - 13
OTHER INCOME

(₹ in crore)

Description	Year ended 31.03.2012	Year ended 31.03.2011
Dividend Income		
Dividend / Interest Income on Long term Investments	**1.84**	1.56
Dividend Income on Current Investments	**0.20**	0.15
Net gain / loss on sale of investments		
Profit on sale of Assets	**0.01**	0.00
Profit on sale of Long term Investments	**0.84**	1.78
Others		
Interest on Income Tax Refund	**16.58**	24.49
Miscellaneous Income	**2.71**	2.75
Excess Liabilities written back	**0.08**	1.34
TOTAL	**22.26**	**32.07**

NOTE - Part A - 14
INTEREST, FINANCE AND OTHER CHARGES

(₹ in crore)

	Description		Year ended 31.03.2012		Year ended 31.03.2011
I.	**Interest**				
	On Bonds	**6,213.02**		4,835.41	
	On Loans	**1,808.14**		1,417.53	
	to GOI on Interest Subsidy Fund	**36.02**		56.22	
	Rebate for Timely Payment to Borrowers	**181.29**		157.05	
	Swap Premium (Net)	**(8.19)**	**8,230.28**	(153.05)	6,313.16
II.	**Other Charges**				
	Commitment & Agency Fees	**1.04**		0.67	
	Financial Charges on Commercial Paper	**57.47**		15.45	
	Guarantee, Listing & Trusteeship fees	**1.64**		1.71	
	Management Fees on Foreign Currency Loans	**0.00**		61.04	
	Bank / Other charges	**0.19**	**60.34**	0.07	78.94
	Interest paid on advances received from subsidiaries	**9.08**		6.85	
	Less : Interest received on advances given to subsidiaries	**2.64**	**6.44**	1.43	5.42
III.	**Net Translation / Transactions Exchange Loss / gain (-)**		**167.60**		26.38
	TOTAL		**8,464.66**		**6,423.90**

NOTE - Part A - 15
BOND ISSUE EXPENSES

(₹ in crore)

Description	Year ended 31.03.2012	Year ended 31.03.2011
Interest on Application Money	**123.76**	37.42
Credit Rating Fees	**2.85**	1.57
Other Issue Expenses	**63.64**	20.83
Stamp Duty Fees	**6.64**	3.23
TOTAL	**196.89**	**63.05**

NOTE - Part A - 16
EMPLOYEE BENEFIT EXPENSES

(₹ in crore)

Description	Year ended 31.03.2012	Year ended 31.03.2011
Salaries and Wages	**51.75**	47.92
Contribution to Provident and other funds	**5.00**	4.87
Staff Welfare	**8.78**	7.41
Rent for Residential accomodation of employees (Refer Note No. 10 (b) of Part-C - Other Notes on Accounts)	**6.55**	6.89
TOTAL *	**72.08**	**67.09**

* The expenses of ₹ 5.47 crore (previous period ₹ 5.07crore) on account of reimbursement of amount incurred for R-APDRP scheme have been adjusted against the respective heads.

NOTE - Part A - 17
OTHER EXPENSES

(₹ in crore)

Description	Year ended 31.03.2012	Year ended 31.03.2011
Office Rent	**0.49**	0.40
Electricity & Water charges	**1.02**	0.90
Insurance	**0.11**	0.03
Repairs & Maintenance	**1.82**	1.96
Stationery & Printing	**0.69**	0.46
Travelling & Conveyance	**5.81**	5.30
Postage, Telegraph & Telephone	**0.85**	0.70
Professional & Consultancy charges	**1.94**	1.80
CSR Expenses	**13.24**	11.86
Miscellaneous	**19.70**	15.30
Loss on sale of assets	**0.03**	0.06
Auditors' remuneration	**0.60**	0.38
Service Tax	**4.30**	1.62
Rates & Taxes	**0.72**	0.65
Wealth Tax	**0.01**	0.00
Contribution to PMC (MoP)	**0.54**	0.00
TOTAL*	**51.87**	**41.42**
Less : Re-imbursement of expenditure incurred for operationalization of R-APDRP scheme**	**0.00**	15.89
TOTAL	**51.87**	**25.53**

* The expenses of ₹ 2.83 crore (previous period ₹ 2.81 crore) on account of reimbursement of amount incurred for R-APDRP scheme have been adjusted against the respective heads.

**The amount pertains re-imbursements related to FYs 2008-09 and 2009-10

Note :-

	Year ended 31.03.2012	Year ended 31.03.2011
1) Miscellaneous includes :		
Books & Periodicals	**0.03**	0.03
Advertisement	**6.39**	6.12
Membership & Subscription	**0.65**	0.82
Entertainment	**0.56**	0.42
Conference & Meeting Expenses	**1.46**	1.33
Security Expenses	**0.89**	0.74
Training	**0.35**	0.43
EDP Expenses	**1.23**	1.52
Business Promotion / Related Expenses	**0.14**	0.10
Interest on income tax U/S 234	**4.90**	0.22
2) Auditors' Remuneration includes :		
Audit fees	**0.15**	0.12
Tax Audit fees	**0.04**	0.04
Other certification services	**0.41**	0.23
Reimbursement of Expenses	**0.00**	0.01

Note - Part A -18
PRIOR PERIOD ITEMS (NET)

(₹ in crore)

Description	Year ended 31.03.2012		Year ended 31.03.2011	
Prior Period Income :				
Interest & Other charges		**0.34**		0.13
Prior Period Expenses :				
Depreciation	**0.03**		(0.03)	
Interest & Other charges	**0.44**		0.19	
Issue Expenses	**(0.23)**		0.00	
Personnel & Administration Expenses	**(0.73)**	**(0.49)**	0.04	0.20
TOTAL		**(0.83)**		**0.07**

Part – B

SIGNIFICANT ACCOUNTING POLICIES

1 BASIS FOR PREPARATION OF FINANCIAL STATEMENTS

The Financial Statements have been prepared in accordance with historical cost convention on accrual basis in accordance with Generally Accepted Accounting Principles (GAAP) and Accounting Standards notified by the Companies (Accounting Standards) Rules, 2006 and relevant provisions of the Companies Act, 1956.

The preparation of Financial Statements requires the Management to make estimates and assumptions considered in the reported amounts of assets, liabilities (including contingent liabilities), revenues and expenses of the reporting period. The difference between the actual results and the estimates are recognized in the period in which the results are known and / or materialized.

2 RECOGNITION OF INCOME / EXPENDITURE

2.1 Income and expenses (except as stated below) are accounted for on accrual basis.

2.1.1 Income on non-performing assets and assets stated in the proviso to paragraph 6.2, infra is recognized in the year of its receipt. However, any unrealized income recognized before the asset in question became non-performing asset or the income recognized in respect of assets as stated in the proviso to paragraph 6.2, infra which remained due but unpaid for a period more than six months is reversed.

2.1.2 Income under the head carbon credit, is accounted for in the year in which it is received by the Company.

2.2 Rebate on account of timely payment by borrowers is accounted for, on receipt of entire amount due on time.

2.3 Discount / financial charges / interest on the commercial papers and zero coupon bonds (deep discount bonds) are amortized proportionately over the period of its tenure.

2.4 Expenditure on issue of shares is charged to the securities premium account.

2.5 Income from dividend is accounted for in the year of declaration of dividend.

2.6 Recoveries in borrower accounts are appropriated as per the loan agreements.

2.7 The Company raises demand for principal installments due, as per loan agreements. The repayment is adjusted against earliest disbursement, irrespective of the rate of interest being charged on various disbursements.

2.8 Prior period expenses / income and prepaid expenses upto ₹ 5,000/- are charged to natural heads of account.

2.9 (i) Nodal Agency Fees under Restructured Accelerated Power Development and Reforms Programme (R – APDRP) are accounted for @1% of the sanctioned project cost in three stages- 0.40% on sanction of the project, 0.30% on disbursement of the funds and remaining 0.30% after completion of the sanctioned project (for Part – A) and verification of AT&C loss of the project areas (for Part – B).

(ii) Actual expenditure incurred for operationalising the R– APDRP are reimbursed by Ministry of Power, Government of India and is accounted for in the period in which the expenditure is so incurred.

3. FIXED ASSETS/DEPRECIATION

3.1 Fixed assets are shown at historical cost less accumulated depreciation, except for the assets retired from active use and held for disposal, which are stated at lower of the book value or net realizable value.

3.2 Additions to fixed assets are being capitalized on the basis of bills approved or estimated value of work done as per contracts in cases where final bills are yet to be received / approved.

3.3 Depreciation on assets is provided on written down value method, in accordance with the rates prescribed in Schedule XIV of the Companies Act, 1956.

3.4 Items of fixed assets acquired during the year costing up to ₹ 5,000/- are fully depreciated.

4 INTANGIBLE ASSETS / AMORTIZATION

4.1 Intangible assets such as software are shown at the cost of acquisition, and amortization is done under straight-line method over the life of the assets estimated by the Company.

5 INVESTMENTS

5.1 Quoted current investments are valued scrip wise at lower of cost or fair value.

5.2 Unquoted current investments are valued at lower of cost or fair value.

5.3 Long term investments are valued at cost. Provision is made for diminution, other than temporary in the value of such investments. However, diminution in value is reversed, when there is rise in the value or if the reason for the reduction no longer exists.

5.4 Investments in mutual funds / venture capital funds are valued at cost, less diminution, if any, other than temporary. However, diminution in value is reversed, when there is rise in the value or if the reason for the reduction no longer exists.

6 PROVISIONS/WRITE OFF AGAINST LOANS AND ADVANCES

Prudential Norms

6.1 PFC being a Government owned Non Banking Financial Company (NBFC) is exempt from the RBI directions relating to Prudential Norms. The Company, however, has formulated its own set of Prudential Norms with effect from 01.04.2003, which has been revised from time to time.

In respect of private sector utilities, the Company applies RBI exposure norms, as advised by RBI, vide their letter of December, 2008. Further, RBI exempted PFC from its prudential exposure norms in respect of lending to State / Central entities in power sector till March, 2012, vide their letter dated 18.03.2010.

RBI has accorded the status of Infrastructure Finance company (IFC) to PFC, vide their letter dated 28.07.2010. Accordingly, PFC maintains CRAR as applicable to IFC.

6.2 As per prudential norms approved by the Board of Directors and the Ministry of Power, an asset including a lease asset, in respect of which, interest, principal installment and / or other charges remain due but unpaid for a period of six months or more, a term loan inclusive of unpaid interest and other dues if any, when the principal installment and /or interest remains unpaid for a period of six months or more, any amount which remains due but unpaid for a period of six months or more under bill discounting scheme and any amount due on account of sale of assets or services rendered or reimbursement of expenses incurred which remains unpaid for a period of six months or more are classified as Non-Performing Assets (NPA).

However, the following assets would not be classified as non-performing assets and the income on these loans is recognized on realisation basis.

(i) Loans in respect of projects which are under implementation as per RBI Circular No. ref DBS.FID No. C-11/01.02.00/2001-02 dated February 1, 2002 read with D.O. letter DBS FID No 1285/01.02.00/2001-02 dated May 14, 2002 and RBI letter No.DBOD.BP.No.7675/21.04.048/2008-09 dated 11.11.2008 are classified in line with RBI guidelines for asset classification of Infrastructure projects, as applicable to banks from time to time.

(ii) A facility which is backed by the Central / State Government guarantee or by the State Government undertaking for deduction from central plan allocation or a loan to State department , for a period not exceeding 12 months from the date from which Company's dues have not been paid by the borrower.

(iii) A loan disbursed to an integrated power entity which is bifurcated on account of division of states, the company shall follow the government order issued for division of assets and liabilities, unless the same is stayed by any court and the case is pending in the court.

(iv) Non servicing of part of dues disputed by the borrower for a period not exceeding 12 months from the date from which the company's dues have not been paid by the borrower. The disputed income shall be recognized only when it is actually realized. Any such disputed income already recognized in the books of accounts shall be reversed. Disputed dues means amount on account of financial charges like commitment charges , penal interest etc. and the disputed differential income on account of interest reset not serviced by the borrower due to certain issues remains unresolved. A dispute shall be acknowledged on case to case basis with the approval of the Board of Directors.

6.3 NPA classification and provisioning norms for loans, other credits and lease assets are given as under

(i)	NPA for a period not exceeding 18 months	:	Sub-standard asset
(ii)	NPA exceeding 18 months	:	Doubtful asset
(iii)	When an asset is identified as loss asset or assets remain doubtful asset exceeding 36 months, which ever is earlier	:	Loss asset

6.4 Provision against NPAs is made at the rates indicated below: -

(i)	Sub-standard assets	:	10%
(ii)	Doubtful assets:		
	(a) Secured portion / facility including that guaranteed by the state / central government or by the state government undertaking for deduction from central plan allocation or loan to state department.		
	Up to 1 year	:	20%
	1 – 3 years	:	30%
	More than 3 years	:	100%
	(b) Unsecured	:	100%
(iii)	Loss assets	:	100%

The entire loss assets shall be written off. In case, a loss asset is permitted to remain in the books for any reason, 100% of outstanding shall be provided for.

For the purpose of assets classification and provisioning –

(i) facilities granted to Government sector entities are considered loan-wise.

(ii) facilities granted to Private sector entities are considered borrower -wise.

(iii) facilities falling under paragraph 6.2 (i), supra, shall be classified in line with RBI guidelines for asset classification of infrastructure projects, as applicable to banks from time to time, but provisioning for such facilities shall be as per PFC Prudential Norms applicable from time to time.

6.5 Restructuring, Reschedulement or Renegotiation of term(s) of loan:

(i) PFC may, not more than once (in each of the following three stages), restructure or reschedule or renegotiate the terms of infrastructure loan agreement as per the policy framework laid down by the Board of Directors of the company under the following stages:

a) Before commencement of commercial production

b) After commencement of commercial production but before the asset has been classified as sub-standard;

c) After the commencement of commercial production and the asset has been classified as sub-standard.

Provided that in each of the above three stages, the restructuring and / or rescheduling and / or renegotiation of principal and / or of interest may take place, with or without sacrifice, as part of the restructuring or rescheduling or renegotiating package evolved.

Provided further that in exceptional circumstance(s), for reasons to be recorded in writing, PFC may consider restructuring / reschedulement / renegotiation of terms of loan agreement second time before COD of the project with the approval of Board of Directors.

Provided further that extension of repayment schedule before COD* of the project in respect of Government Sector Entities, without any sacrifice** of either principal or interest, will not be considered as restructuring / rescheduling / renegotiation for the purpose of applicability of this section.

* Completion Date for projects where COD is not applicable.

** The term "sacrifice" shall mean waiver/reduction of principal and / or the interest dues and / or future applicable interest rate as a part of Restructuring / Reschedulement / Renegotiation package for the purpose of giving effect to the extant provision in respect of Government sector entities.

(ii) Provision for shortfall in security of Restructured / Rescheduled / Renegotiated Loans:

Where the asset is partly secured, a provision to the extent of shortfall in the security available, shall be made while restructuring and / or rescheduling and / or renegotiation of the loans, apart from the provision required on present value basis and as per prudential norms.

(iii) Treatment of Restructured / Rescheduled / Renegotiated Standard Loan:

The rescheduling or restructuring or renegotiation of the instalments of principal alone, at any of the aforesaid first two stages shall not cause a standard asset to be re-classified in the sub-standard category, if the project is re-examined and found to be viable by the Board of Directors of PFC or by a functionary at least one step senior to the functionary who sanctioned the initial loan for the project, within the policy framework laid down by the Board.

Provided that rescheduling or renegotiation or restructuring of interest element at any of the foregoing first two stages shall not cause a standard asset to be downgraded to sub-standard category subject to the condition that the amount of interest foregone, if any, on account of adjustment in the element of interest as specified later, is either written off or 100 per cent provision is made there against.

(iv) Treatment of Restructured / Rescheduled / Renegotiated sub-standard Asset:

A sub-standard asset shall continue to remain in the same category in case of restructuring or rescheduling or renegotiation of the instalments of principal until the expiry of one year and the amount of interest foregone, if any, on account of adjustment, including adjustment by way of write off of the past interest dues, in the element of interest as specified later, shall be written off or 100 per cent provision made there against.

(v) Adjustment of Interest:

Where rescheduling or renegotiation or restructuring involves a reduction in the rate of interest, the interest adjustment shall be computed by taking the difference between the rate of interest as currently applicable to the loan (as adjusted for the risk rating applicable to the borrower) and the reduced rate and aggregating the present value (discounted at the rate currently applicable to infrastructure loan, adjusted for risk enhancement) of the future interest payable so stipulated in the restructuring or rescheduling or renegotiation proposal.

(vi) Funded Interest:

In the case of funding of interest in respect of NPAs, where the interest funded is recognized as income, the interest funded shall be fully provided for.

(vii) Eligibility for Upgradation of Restructured / Rescheduled / Renegotiated Sub-standard Infrastructure loan:

The sub-standard asset subjected to rescheduling and / or renegotiation and / or restructuring, whether in respect of instalments of principal amount, or interest amount, by whatever modality, shall not be upgraded to the standard category until expiry of one year of satisfactory performance under the restructuring and / or rescheduling and / or renegotiation terms.

(viii) Reversal of Provision:

Reversal of provision made for a restructured / rescheduled / renegotiated NPA towards principal is permitted when the account becomes a standard asset. The provision made in a restructured / rescheduled / renegotiated account towards interest sacrifice may be reversed every year (NPV of interest sacrifice for the respective year) on receipt of all repayment obligations for the respective year.

(ix) Conversion of Debt into Equity:

Where the amount due as interest is converted into equity or any other instrument, and income is recognized in consequence, full provision shall be made for the amount of income so recognized to offset the effect of such income recognition:

Provided that no provision is required to be made, if the conversion of interest isinto equity which is quoted; Provided further that in such cases, interest income may be recognized at market value of equity, as on the date of conversion, not exceeding the amount of interest converted to equity.

(x) Conversion of Debt into Debentures:

Where principal amount and /or interest amount in respect of NPAs is converted into debentures, such debentures shall be treated as NPA, ab initio, in the same asset classification as was applicable to the loan just before conversion and provision shall be made as per norms.

(xi) These norms shall be applicable to the loans which have been restructured and / or rescheduled and / or renegotiated and which are fully or partly secured standard / sub-standard asset.

For the above paragraphs, Restructuring / Re-schedulement / Renegotiation shall cover terms of agreement relating to principal and interest.

However, this section shall not be applicable to the following set of assets:

a) A facility which is backed by Central / State Government Guarantee or by state government undertaking for deduction from central plan allocation or a loan to state department.

b) Loans falling under paragraph 6.2(i).

7 FOREIGN EXCHANGE TRANSACTIONS:

7.1 The following transactions are accounted for at the exchange rates prevailing on the date of the transaction as per Accounting Standard – 11.

(i) Expenses and income in foreign currency; and

(ii) Amounts borrowed and lent in foreign currency.

7.2 The following balances are translated in Indian Currency at the exchange rates prevailing on the date of closing of accounts as per Accounting Standard – 11.

(i) Foreign currency loan liabilities.

(ii) Funds kept in foreign currency account with banks abroad.

(iii) Contingent liabilities in respect of guarantees given in foreign currency.

(iv) Income earned abroad but not remitted / received in India.

(v) Loans granted in foreign currency.

(vi) Expenses and income accrued but not due on foreign currency loans / borrowing.

7.3 Where the Company has entered into a forward contract or an instrument that is, in substance a forward contract, the difference between the forward rate and the exchange rate on the date of transaction is recognized as income or expense over the life of the contract, as per Accounting Standard – 11.

7.4 In case of loan from KFW, Germany, exchange loss, if any, at the year-end is debited to Interest Differential Fund Account – KFW as per loan agreement.

7.5 In accordance with the paragraph 46A of the Accounting Standards (AS) 11, the exchange differences on the long term foreign currency monetary items are amortized over their balance period."

8. DERIVATIVE TRANSACTIONS

8.1 Derivative transactions include forwards, interest rate swaps, currency swaps, and currency and cross currency options to hedge on balance sheet assets or liabilities.

8.2 These derivative transactions are done for hedging purpose, and not for trading or speculative purpose. These are accounted for on accrual basis, and are not marked to market.

9 GRANTS FROM GOVERNMENT OF INDIA:

9.1 Where grants are first disbursed to the grantee, the same are shown as amount recoverable from the Govt. of India and are squared up on receipt of amount.

9.2 Where grants are received in advance from Govt. of India, the same are shown as current liabilities till the payments are released to the grantee.

10 INTEREST SUBSIDY FUND

10.1 Interest subsidy for eligible borrowers received from the Ministry of Power, Govt. of India under Accelerated Generation & Supply Programme (AG & SP) on net present value (NPV) basis is credited to Interest Subsidy Fund on receipt and is passed on to the borrowers over the eligible period of loan on respective dates of interest demands. Any excess / shortfall in the Interest Subsidy Fund is refunded or adjusted / charged off on completion of respective scheme.

10.2 Interest Subsidy Fund is credited at the year-end with interest on the outstanding balance in the subsidy fund by debiting Profit & Loss account, at rates specified in the Scheme.

11 R-APDRP FUND

11.1 Amounts received from the Government of India under Re-structured Accelerated Power Development & Reforms Programme (R – APDRP) as a Nodal agency for on lending to eligible borrowers are back to back arrangements with no profit or loss arising to the Company.

12 INCOME/RECEIPT/EXPENDITURE ON SUBSIDIARIES

12.1 Expenditure incurred on the subsidiaries is debited to the account "Amount recoverable from concerned subsidiary".

12.2 Expenses in respect of man days (employees) are allocated to subsidiaries and administrative overheads are apportioned to subsidiaries on estimated basis. Direct expenses are booked to respective subsidiaries.

12.3 Interest on amount recoverable from Subsidiaries is accounted for at the rate of interest applicable for project loan / scheme (generation) to state sector borrower (category A) as per the policy of the Company.

12.4 Amounts received by subsidiaries as commitment advance from power procurers are parked with the Company as inter-corporate loans and interest is provided on unused portion of these loans at the mutually agreed interest rates.

12.5 Request for Qualification (RFQ) document / Request for Proposal (RFP) document developed for subsidiaries (incorporated for UMPP) are provided to subsidiary companies at a price equivalent to sale proceeds of RFQ / RFP document received by the subsidiary companies from the prospective bidders. The same is accounted for as income of the company on receipt from subsidiary company.

12.6 The Company incurs expenditure for development work in the UMPPs. The expenditure incurred is shown as amount recoverable from the respective subsidiaries set up for development of UMPPs. Provisioning / write off is considered to the extent not recoverable, when an UMPP is abandoned by the Ministry of Power, Government of India.

13 EMPLOYEE BENEFITS

13.1 Provident Fund, Gratuity and post retirement benefits

Company's contribution paid / payable during the financial year towards Provident Fund is charged in the Profit and Loss Account. The Company's obligation towards gratuity to employees and post retirement benefits such as medical benefits, economic rehabilitation benefit, and settlement allowance after retirement are actuarially determined and provided for as per Accounting Standard – 15 (Revised).

13.2 Other Employee Benefits

The Company's obligation towards sick leave, earned leave, service award scheme are actuarially determined and provided for, as per Accounting Standard – 15 (Revised)

14 INCOME TAX

14.1. Income Tax comprising of current tax is determined in accordance with the applicable tax laws and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the period) in accordance with Accounting Standard – 22 on Accounting for Taxes on Income.

Deferred tax charge or credit and corresponding deferred tax liabilities or assets are recognized using tax rates that have been enacted or substantially established by the balance sheet date. Deferred Tax Assets are recognized and carried forward to the extent there is a reasonable certainty that sufficient future taxable income will be available against which such Deferred Tax Assets can be realized.

14.2. Since the Company has passed a Board resolution that it has no intention to make withdrawal from the Special Reserve created and maintained under section 36(1)(viii) of the Income Tax Act, 1961, the special reserve created and maintained is not capable of being reversed and thus it becomes a permanent difference. The Company does not create any deferred tax liability on the said reserve in accordance with the clarification of the Accounting Standard Board of the Institute of Chartered Accountants of India.

15 CASH FLOW STATEMENT

Cash flow statement is prepared in accordance with the indirect method prescribed in Accounting Standard – 3 on Cash Flow Statement.

Part – C
Other Notes on Accounts

1. The Company is a government company engaged in extending financial assistance to power sector.

2. Contingent liabilities:

(i) Default guarantees issued by the Company in foreign currency :

a) EURO Nil million equivalents ₹ Nil crore (as on 31.03.2011 EURO 0.355 million equivalents to ₹ 2.27 crore).

b) US $ 10.94 million equivalent to ₹ 56.40 crore (as on 31.03.2011 US $ 14.34 million equivalent to ₹ 64.75 crore).

(ii) Default guarantee issued by the Company in Indian Rupee ₹ 371.93 crore (as on 31.03.2011 ₹ 400.00 crore).

(iii) Bank guarantee issued by the Company in Indian Rupee ₹ 135.32 crore (as on 31.03.2011 ₹ 50.04 crore).

(iv) Additional demands raised by the Income Tax Department of ₹ 2.55 crore, ₹ 4.51 crore, ₹ 0.36 crore, ₹ 9.24 crore, ₹ 7.44 crore, ₹ 4.67 crore and ₹ 11.24 crore for Assessment Years 2000-01, 2001-02, 2002-03, 2005-06, 2007-08, 2008-09 and 2009-10 respectively are being contested. Further, the Income Tax Department has filed appeals before ITAT against the orders of CIT (A) allowing relief of ₹ 22.22 crore, ₹ 21.13 crore and ₹ 21.68 crore for AYs 2004-05 to 2006-07, respectively. The same are being contested. The Management does not consider it necessary to make any provision, as the probability of any tax liability devolving on the Company is negligible.

(v) Claims against the Company not acknowledged as debts are ₹ Nil crore (as on 31.03.2011 ₹ 7.80 crore).

(vi) Outstanding disbursement commitments to the borrowers by way of Letter of Comfort issued against loans sanctioned is ₹ 5,730.38 crore as on 31.03.2012 (as on 31.03.2011 ₹ 5,758.02 crore).

3. Estimated amount of contract remaining to be executed on account of capital contracts, not provided for, is ₹ 0.57 crore (as on 31.03.2011 ₹ 3.70 crore).

4. Additional demands raised by the Income Tax Department (net of relief granted by Appellate Authorities) amounting to ₹ 29.76 crore for Assessment Years 2001-02 to 2009-10 were provided for and are being contested by the Company.

5. The Company creates Debenture Redemption Reserve (DRR) upto 50% of the value of bonds / debentures issued through public issue, during the maturity period of such bonds / debentures.

The Company is not required to create Debenture redemption reserve in case of privately placed debentures as per circular No. 6 / 3 / 2001 – CL.V dated 18.04.2002 of the Government of India, Ministry of Law, Justice Company Affairs, and Department of Company Affairs. .

The Company is not required to maintain reserve fund under section 45 – I C of the Reserve Bank of India Act, 1934 by transferring 20 % of its net profits, as it is exempted by RBI, vide RBI letter dated 24.01.2000.

6. Foreign currency actual outgo and earning:

(₹ in crore)

S.No.	Description	FY ended 31.03.2012	FY ended 31.03.2011
A.	**Expenditure in foreign currency**		
i)	Interest on loans from foreign institutions	**159.37**	108.40
ii)	Financial & Other charges	**11.08**	57.37
iii)	Traveling Expenses	**0.21**	0.16
iv)	Training Expenses	**0.12**	0.10
B.	**Earning in foreign currency**	**Nil**	Nil

7.1 Related party disclosures:

Key managerial personnel:

Name of the key managerial personnel	
Shri Satnam Singh, CMD	(with effect from 01.08.2008)
Shri M K Goel, Director	(with effect from 27.07.2007)
Shri Rajeev Sharma, Director	(from 09.03.2009 to 29.11.2011)
Shri R. Nagarajan, Director	(with effect from 31.07.2009)

Managerial remuneration:

(₹ in crore)

	Chairman & Managing Director		Other Directors	
	For FY ended 31.03.2012	For FY ended 31.03.2011	For FY ended 31.03.2012	For FY ended 31.03.2011
Salaries and allowances	**0.42**	0.23	**0.93**	0.66
Contribution to provident fund and other welfare fund	**0.02**	0.02	**0.05**	0.05
Other perquisites / payments	**0.13**	0.13	**0.39**	0.38
Total	**0.57**	**0.38**	**1.37**	**1.09**

In addition to the above perquisites, the Chairman & Managing Director and other Directors have been allowed to use staff car including private journey up to a ceiling of 1,000 kms per month on payment of ₹ 780/- per month.

7.2 Investment in equity share capital of companies incorporated in India as subsidiaries / associates /joint venture companies including companies promoted as Special Purpose Vehicles (SPV) for ultra-mega power projects are given below:-

SL	Name of the companies	Date of investment	No. of shares subscribed	% of ownership	Amount (₹ in crore)
A	**Subsidiary Company (i)**				
1.	PFC Consulting Limited	09.04.2008	50,000	100%	0.05
2.	PFC Green Energy Limited (ii)	29.07.2011 08.12.2011 29.03.2012	50,000 44,50,000 4,90,000	100%	4.99
3.	PFC Capital Advisory Services Ltd. (iii)	01.09.2011	1,00,000	100%	0.10
4	Power Equity Capital Advisors(Private) Limited (iv)	15.04.2008 11.10.2011	15,000 35,000	100%	0.05
	Sub-Total (A)		**51,90,000**		**5.19**
B	**Subsidiary Companies promoted as SPVs for Ultra Mega Power Projects (v)**				
1.	Coastal Maharashtra Mega Power Limited	05.09.2006	50,000	100%	0.05
2.	Orissa Integrated Power Limited	05.09.2006	50,000	100%	0.05
3.	Coastal Karnataka Power Limited	14.09.2006	50,000	100%	0.05
4.	Coastal Tamil Nadu Power Limited	31.01.2007	50,000	100%	0.05
5.	Chhattisgarh Surguja Power Limited	31.03.2008	50,000	100%	0.05
6.	Sakhigopal Integrated Power Limited	27.01.2010	50,000	100%	0.05
7.	Ghogarpalli Integrated Power Limited	27.01.2010	50,000	100%	0.05
8.	Tatiya Andhra Mega Power Limited	27.01.2010	50,000	100%	0.05
	Sub-Total (B)		**4,00,000**		**0.40**
C	**Joint venture Companies (i)**				
1	National Power Exchange Limited (vi)	18.12.2008 03.09.2010	8,33,000 13,54,015	16.66%	0.83 1.36
2.	Energy Efficiency Services Limited (vii)	21.01.2010	6,25,000	25%	0.63
	Sub-Total (C)		**28,12,015**		**2.82**
	TOTAL (A) + (B) + (C)		**84,02,015**		**8.41**

(i) The financial statements are consolidated as per Accounting Standard 21 – Consolidated Financial Statements, Accounting Standard 27 – Financial Reporting of Interests in Joint Ventures and Accounting Standard – 23 Accounting For Investment in Associates in Consolidated Financial Statements.

(ii) PFC Green Energy Ltd. (PFCGEL) was incorporated on 30.03.2011 as a wholly owned subsidiary of the Company to extend finance and financial services to renewable and non-conventional sources of energy. The authorized share capital of PFCGEL is ₹ 1,200.00 crores and paid-up share capital is ₹ 4.99 crores. The certificate of commencement of business has been received on 30.07.2011.

(iii) PFC Capital Advisory Services Limited (PFCCAS) was incorporated on 18.07.2011 as a wholly owned subsidiary of the Company for providing debt syndication in the areas of power, energy, infrastructure and other industries. The authorized share capital of PFCCAS is ₹ 1 crore (Rupees one crore) and paid up share capital of the company is ₹ 0.10 crore. The certificate of commencement of business has been received on 02.09.2011.

(iv) Power Equity Capital Advisors (Private) Limited (PECAP), has become wholly owned subsidiary of the Company on 11.10.2011 after the Company acquired, at par, the remaining 70% ownership from the erstwhile individual owners.

(v) The subsidiary companies were incorporated as SPVs under the mandate from the Government of India for development of ultra-mega power projects (UMPPs) with the intention to hand over the same to successful bidders on completion of the bidding process. The financial statements of these subsidiaries are attached as required under Section 212 of the Companies Act, 1956 without consolidating, in accordance with paragraph 11 of Accounting Standard-21.

(vi) Power Finance Corporation Limited (PFC), NTPC Limited, NHPC Limited and Tata Consultancy Services Limited (TCS), have jointly promoted National Power Exchange Limited (NPEL). NPEL will carry out the business of providing a platform for trading of power through an organized exchange. NPEL has not commenced its operation.

(vii) Energy Efficiency Services Limited (EESL) has been jointly promoted by PFC, NTPC, PGCIL and Rural Electrification Corporation Limited (REC) with equal participation in equity capital for implementing energy efficiency projects. Further, the Company has paid ₹ 24.38 crore towards additional subscription to equity shares; the allotment of equity shares is awaited from EESL.

7.3 The Company's share of assets, liabilities, contingent liabilities and capital commitment as on 31.03.2012 and income and expenses for the period in respect of joint venture entities based on audited accounts are given below:

(₹ in crore)

SL	**Particulars**	**As at 31.03.2012**			**As at 31.03.2011**		
		NPEL	**EESL**	**Total**	NPEL	EESL	Total
	Ownership (%)	**16.66**	**25**		16.66	25	
A	Assets						
	-Non-Current Assets	**0.01**	**0.09**	**0.10**	0.01	0.13	0.14
	-Current assets	**1.45**	**31.08**	**32.53**	1.76	27.85	29.61
	Total	**1.46**	**31.17**	**32.63**	**1.77**	**27.98**	**29.75**
B	Liabilities						
	-Non-Current liabilities	**-**	**0.00**	**0.00**	-	-	-
	-Current Liabilities	**0.04**	**4.37**	**4.41**	0.12	2.43	2.55
	Total	**0.04**	**4.37**	**4.41**	**0.12**	**2.43**	**2.55**
C	Contingent liabilities	**0.01**	**-**	**0.01**	0.01	-	0.01
D	Capital commitments	**-**	**-**	**-**	-	-	-
		During the FY ended 31.03.2012			**During the FY ended 31.03.2011**		
E	Income	**0.12**	**3.17**	**3.29**	0.07	1.50	1.57
F	Expenses	**0.34**	**1.17**	**1.51**	0.32	0.37	0.69

7.4 The details of amount recoverable (including interest thereon) from the respective subsidiaries are given below:

(₹ in crore)

Name of the Subsidiary Companies	Amount as on 31.03.2012	Amount as on 31.03.2011	Maximum during FY 2011-12	Maximum during FY 2010-11
Coastal Maharashtra Mega Power Limited	**5.72**	4.88	**5.72**	4.95
Orissa Integrated Power Limited	**73.21**	58.40	**73.21**	58.40
Coastal Karnataka Power Limited	**2.40**	2.08	**2.40**	2.11
Coastal Tamil Nadu Power Ltd.	**29.75**	18.74	**29.75**	18.74
Chhattisgarh Surguja Power Limited	**50.85**	41.05	**50.85**	41.05
Sakhigopal Integrated Power Limited	**1.16**	0.65	**1.16**	0.65
Ghogarpalli Integrated Power Limited	**0.90**	0.53	**0.90**	0.53
Tatiya Andhra Mega Power Limited	**7.71**	5.40	**7.71**	5.40
PFC Green Energy Ltd.	**0.05**	2.25	**2.25**	2.25
PFC Capital Advisory Services Limited	**0.01**	0.00	**0.04**	0.00
Total	**171.76**	**133.98**	**173.99**	**134.08**

7.5 The details of amounts payable to subsidiaries (including interest) in respect of amounts contributed by power procurers and other amounts payable are given below:

(₹ in crore)

Name of the subsidiary companies	Amount as on 31.03.2012	Amount as on 31.03.2011	Maximum during FY 2011-12	Maximum During FY 2010-11
PFC Consulting Limited	**3.09**	0.00	**3.14**	1.99
Coastal Maharashtra Mega Power Limited	**49.39**	45.65	**49.39**	45.65
Orissa Integrated Power Limited	**57.49**	52.47	**57.49**	52.47
Coastal Tamil Nadu Power Limited	**54.35**	50.02	**54.35**	50.02
Chhattisgarh Surguja Power Limited	**51.08**	46.13	**51.08**	46.13
Sakhigopal Integrated Power Limited	**19.23**	17.74	**19.23**	17.74
Ghogarpalli Integrated Power Limited	**17.91**	16.52	**17.91**	16.52
Tatiya Andhra Mega Power Limited	**23.02**	19.26	**23.02**	19.26
Total	**275.56**	**247.79**	**275.61**	**249.78**

7.6 **(i)** Investment in "Small is Beautiful" Fund: -

The Company has outstanding investment of ₹ 7.83 crore (as on 31.03.2011 ₹ 8.73 crore) in units of Small is Beautiful Fund.The face value of the Fund is ₹ 10 per unit. The NAV as on 31.03.2011 was ₹ 10.08 per unit and as on 31.03.2012 is ₹ 10.33 per unit. As investment in Small is Beautiful Fund is long term investment, the fluctuation in NAV in the current scenario is considered as temporary.

(ii) Investment in equity (unquoted) in Power Exchange India Limited:-

Power Exchange India Ltd. (PXIL) has been promoted by National Stock Exchange (NSE) and National Commodity and Derivatives Exchange Limited (NCDEX). The authorized share capital is ₹ 100 crore as on 31.03.2012. The paid up capital of PXIL is ₹ 41.05 crore, as on 31.03.2012. The Company has subscribed ₹ 2.80 crore of the paid up capital of PXIL.

8. Interest Differential Fund (IDF)– KFW

The agreement between KFW and PFC provides that the IDF belongs to the borrowers solely and will be used to cover the exchange risk variations under this loan and any excess will be used in accordance with the agreement. The balance in the IDF fund has been kept under separate account head titled as Interest Differential Fund – KFW and shown as a liability. The total fund accumulated as on 31.03.2012 is ₹ 52.01 crore (as on 31.03.2011 ₹ 49.01 crore), after adjusting the exchange loss of ₹ 0.98 crore (as on 31.03.2011 ₹ 15.74 crore).

9. Foreign currency liabilities not hedged by a derivative instrument or otherwise:-

Liabilities in Foreign Currencies	Amount (in millions)	
	31.03.2012	**31.03.2011**
USD	**392.49**	381.76
EURO	**24.73**	26.66
JPY	**41,643.20**	42,551.04

10. (a) Asset under finance lease after 01.04.2001:

(i) The gross investment in the leased assets and the present value of the minimum value receivable at the balance sheet date and the value of unearned financial income are given in the table below:

The future lease rentals are given below:-

(₹ in crore)

Particulars	As on 31.03.2012	As on 31.03.2011
Total of future minimum lease payments (Gross Investments)	**571.09**	541.19
Present value of lease payments	**326.58**	355.96
Unearned finance income	**244.51**	185.23
Maturity profile of total of future minimum lease payments (Gross Investment)		
Not later than one year	**70.77**	77.99
Later than one year and not later than 5 years	**172.61**	246.56
Later than five years	**327.71**	216.64
Total	**571.09**	**541.19**
Break up of present value of lease payments		
Not later than one year	**41.51**	43.28
Later than one year and not later than 5 years	**90.75**	155.19
Later than five years	**194.32**	157.49
Total	**326.58**	**355.96**

(ii) The Company had sanctioned an amount of ₹ 88.90 crore in the year 2004 as finance lease for financing wind turbine generator (commissioned on 19.07.2004). The sanction was reduced to ₹ 88.85 crore in December 2006. The gross investment stood at the level of ₹ 32.06 crore as on 31.03.2012. The lease rent is to be recovered within a period of 15 Years, starting from 19.07.2004, which comprises of 10 years as a primary period and 5 years as a secondary period.

(iii) The Company had sanctioned an amount of ₹ 98.44 crore in the year 2004 as finance lease for financing wind turbine generator (commissioned on 18.5.2004).The gross investment stood at ₹ 32.87 crore as on 31.03.2012. The lease rent is to be recovered within a period of 20 years, starting from 18.05.2004, which comprises of 10 years as a primary period and a maximum of another 10 years as a secondary period.

(iv) The Company had sanctioned an amount of ₹ 93.51 crore in the year 2004 as finance lease for financing wind turbine generator (commissioned on 09.06.2005). The gross investment stood at ₹ 49.94 crore as on 31.03.2012. The lease rent is to be recovered within a period of 19 years 11 months, starting from 09.06.2005, which comprises of 10 years as a primary period and a maximum of 9 years and 11 months as a secondary period.

(v) The Company had sanctioned an amount of ₹ 228.94 crore in the year 2008 as finance lease for financing wind turbine generator. The gross investment stood at ₹ 456.23 crore as on 31.03.2012. The lease rent is to be recovered within a period of 25 years, starting from 01.01.2012, which comprises of 18 years as a primary period and a maximum of 7 years as a secondary period.

b) Operating Lease:

The Company's operating leases consists:-

Premises for offices and for residential use of employees are lease arrangements, and are usually renewable on mutually agreed terms, and are cancellable. Rent for residential accommodation of employees include ₹ 6.55 crore (during FY ended 31.03.2011 ₹ 6.89 crore) towards lease payments, net of recoveries in respect of premises for residential use of employees. Lease payments in respect of premises for employees are shown as rent for residential accommodation of employees in Note Part A 15 – Employee Benefit Expenses. Lease payments in respect of premises for offices are shown as office rent in Note Part A 15 – Employee Benefit Expenses.

11. Subsidy under Accelerated Generation & Supply Programme (AG&SP):

(i) The Company claimed subsidy from Govt. of India at net present value calculated at indicative interest rates in accordance with the GOI's letter vide D.O.No.32024 / 17 / 97 – PFC dated 23.09.1997 and O.M.No.32024 / 23 / 2001 – PFC dated 07.03.2003, irrespective of the actual repayment schedule, moratorium period and duration of repayment. The amount of interest subsidy received and to be passed on to the borrower is retained as Interest Subsidy Fund Account. The impact of difference between the indicative rate and period considered at the time of claims and at the time of actual disbursement can be ascertained only after the end of the respective schemes. However on the basis of the projections made for each project (based upon certain assumptions that these would remain same over the projected period of each loan / project), the Company estimated the net excess amount of ₹ 5.12 crore and ₹ 249.91 crore as at 31.03.2012 for IX and X Plan, respectively under AG&SP schemes, and there is no shortfall. 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. Any excess / shortfall in the interest subsidy fund will be refunded or adjusted / charged off on completion of the respective scheme.

(ii) The amount of ₹ 376.21 crore (as on 31.03.2011 ₹ 451.87 crore) under the head Interest Subsidy Fund, represents the amount of subsidy received from Ministry of Power, Govt. of India which is to be passed on to the borrowers against their interest liability arising in future, under Accelerated Generation & Supply Programme (AG&SP), which comprises of the following : -

(₹ in crore)

Particulars		As on 31.03.2012	As on 31.03.2011
Opening balance of Interest Subsidy Fund		**451.87**	663.49
Add :	- Received during the period	**—**	—
:	- Interest credited during the period	**36.01**	56.22
:	- Refund by the borrower due to non – commissioning of project in time	**17.65**	—
Less :	Interest subsidy passed on to borrowers	**77.67**	117.84
	Refunded to MoP:		
	(a) Estimated net excess against IX Plan	**34.00**	150.00
	(b) Due to non- commissioning of Project in time	**17.65**	—
Closing balance of interest subsidy fund		**376.21**	**451.87**

12. Pursuant to the notification GSRNo.914 (E) dated 29.12.2011 issued by the Government of India, Ministry of Corporate Affairs amending Accounting Standard (AS) 11 – The Effects of Changes in Foreign Exchange Rates, the Company has exercised the option under 46A of the amended AS11 and changed the accounting policy to amortize the exchange differences on the long term foreign currency monetary items over the tenure. Consequently, as on 31.03.2012, ₹ 515.41crore has been carried forward in the Foreign Exchange Monetary Item Translation Difference Account

Had the Company followed the earlier practice of accounting of exchange differences, the net profit for the year ended 31.03.2012 would have been lower by ₹ 352.53 crore (net of taxes).

13. (i) The Company has been designated as the Nodal Agency for operationalisation and associated service for implementation of the Re-structured Accelerated Power Development and Reforms Programme (R – APDRP) during XI Plan by the MoP, GoI under it's overall guidance.

Projects under the scheme are being taken up in two parts. Part – A includes the projects for establishment of baseline data and IT applications for energy accounting as well as IT based customer care centers. Part – B includes regular distribution strengthening projects.GoI provides 100% loan for Part A and up to 25% (up to 90% for special category States) loan for Part – B. Balance funds for Part – B projects can be raised by the utilities from PFC / REC / multi-lateral institutions and / or own resources. The loans under Part – A alongwith interest thereon is convertible into grant as per R – APDRP guidelines. Similarly, upto 50% (up to 90% for special category states) of the loan against Part –B project would be convertible in to grant as per R – APDRP guidelines. Enabling activities of the programe are covered under Part – C.

The loans under R – APDRP are routed through the Company for disbursement to the eligible utilities. The amount so disbursed but not converted in to grants as per R – APDRP guidelines will be repaid along with interest to the GoI on receipt from the borrowers.

The details are furnished below :

(₹ in crore)

Particulars	Amount recoverable from borrowers & payable to GOI		R – APDRP Fund		Amount payable to GOI (Interest earned on Fixed Deposit)	
	As at 31.03.2012	As at 31.03.2011	As at 31.03.2012	As at 31.03.2011	As at 31.03.2012	As at 31.03.2011
Opening balance	**3,902.88**	1,646.09	**0.00**	0.00	**6.88**	0.11
Additions during the year	**1,600.00**	2,256.79	**1,600.00**	2,256.79	**4.17**	6.29
Disbursements / changes during the year	**0.00**	0.00	**1,600.00**	2,256.79	**0.00**	0.00
Total	**5,502.88**	**3,902.88**	**0.00**	**0.00**	**11.05**	**6.40**
Interest accrued but not due	**775.24**	413.01	**0.00**	0.00	**0.04**	0.48
Closing balance	**6,278.12**	**4,315.89**	**0.00**	**0.00**	**11.09**	**6.88**

(ii) As on 31.03.2012, the total amount of nodal agency fee and reimbursement of expenditure received / receivable by PFC has been as under:-

(₹ in crore)

	During the FY. ended 31.03.2012	Cumulative up-to	
		31.03.2012	31.03.2011
Nodal agency fee*	**39.15**	**128.77**	89.62
Reimbursement of expenditure	**22.66**	**61.86**	39.20
Total	**61.81**	**190.63**	**128.82**

*Exclusive of Service Tax

(iii) As per Office Memorandum No. 14 / 03 / 2008 – APDRP dated 20th August, 2010 of the MoP, GoI, the total amount receivable against the nodal agency fee plus the reimbursement of actual expenditure will not exceed ₹ 850 crore or 1.7 % of the likely outlay under Part A & B of R – APDRP, whichever is less.

14. The net deferred tax liabilities of ₹ 87.43 crore (as on 31.03.2011 ₹ 82.97 crore) have been computed as per Accounting Standard 22 Accounting for Taxes on Income.

The breakup of deferred tax liabilities is given below: -

(₹ in crore)

Description	**As on 31.03.2012**	**As on 31.03.2011**
(a) Deferred Tax Asset (+)		
(i) Provision for expenses not deductible under Income Tax Act	**16.49**	18.02
(b) Deferred Tax Liabilities (-)		
(i) Depreciation	**(0.96)**	(0.44)
(ii) Lease income on new leases	**(101.58)**	(99.69)
(iii) Amortization	**(1.38)**	(0.86)
Net Deferred Tax liabilities (-)/Assets (+)	**(87.43)**	(82.97)

15. In compliance with Accounting Standard – 20 on Earning Per Share issued by the Institute of Chartered Accountants of India, the calculation of Earning Per Share (basic and diluted) is as under:-

Particulars	FY ended 31.03.2012	Previous year 31.03.2011
Net Profit after tax used as numerator (₹ in crore)	**3,031.74**	2,619.58
Weighted average number of equity shares used as denominator (basic & diluted)	**129,50,00,707**	114,77,66,700
Earning per share (basic & diluted) (₹)	**23.41**	22.82
Face value per share (₹)	**10**	10

16. The Company has no outstanding liability towards Micro, Small and Medium enterprises.

17. Leasehold land is not amortized, as it is a perpetual lease.

18. Liabilities and assets denominated in foreign currency have generally been translated at TT selling rate of SBI at year end as given below: -

S. No.	Exchange Rates	31.03.2012	31.03.2011
1	USD /INR	**51.5300**	45.1400
2	JPY / INR	**0.6318**	0.5484
3	EURO / INR	**69.0500**	63.9900

In-case of specific provision in the loan agreement for a rate other than SBI TT selling rate, the rate has been taken as prescribed in the respective loan agreement.

19. During the period, the Company has made Follow on Public Offer (FPO) through book building process of 22,95,53,340 number of equity shares of ₹ 10/- each. The FPO comprised of fresh issue of 17,21,65,005 equity shares of ₹ 10/- each by the Company and an offer for sale of 5,73,88,335 equity shares of ₹ 10/- each by the President of India acting through the Ministry of Power, Government of India. The equity shares have been priced at ₹ 203.00 per equity share for qualified institutional bidders and non-institutional bidders and at ₹ 192.85 per equity shares (5% of discount on ₹ 203.00) for retail individual bidders and eligible employees. The Company has raised ₹ 3,433.65 crore from issue of fresh shares to the public. Post issue, the holding of Government of India in the paid up equity share capital of the Company has come down from 89.78% to 73.72%.The equity shares offered to the public including equity shares offered for sale by the Government of India have been allotted on 24.05.2011 and have been listed in the National Stock Exchange (NSE) and the Bombay Stock Exchange (BSE) on 27.05.2011. Accordingly, issued and paid up share capital has increased from ₹ 1,147.77 crore to ₹ 1,319.93 crore and an amount of ₹ 3,241.57 crore (net of issue expenses of ₹ 19.91) has been taken to securities Premium Reserve. The proceeds of the issue (net of issue expenses) have been utilized fully for the purpose mentioned in the offer document.

20. (i) The Company has made a public issue of 4,70,722 number of infrastructure bonds (secured) at the face value of ₹ 5,000/- each aggregating to ₹ 235.36 crore. The bonds have been allotted on 31.03.2011 and have been listed in the Bombay Stock Exchange (BSE) on 11.04.2011. The proceeds of the bond issue have been utilized for the purpose mentioned in the offer document.

(ii) The Company has made a public issue of 1,91,284 number of infrastructure bonds (secured) at the face value of ₹ 5,000/- each aggregating to ₹ 95.64 crore during the current year. The bonds have been allotted on 21.11.2011 and have been listed in the Bombay Stock Exchange (BSE) on 02.12.2011. The proceeds of the bond issue have been utilized for the purpose mentioned in the offer document.

(iii) The Company has made public issue of 4,03,31,300 number of tax free bonds (secured) at the face value of ₹ 1,000 each aggregating to ₹ 4,033.13 crore during the current financial year. The Bonds have been allotted on 01.02.2012 and have been listed in the BSE on 14.02.2012. The proceeds of the bond issue have been utilized for the purpose mentioned in the offer document.

21. Disclosures as per Accounting Standard –15 :-

A. Provident fund

The Company pays fixed contribution to provident fund at prescribed rates to a separate trust, which invests the funds in permitted securities. The contribution to the fund for the period is recognized as expense and is charged to the profit and loss account.The obligation of the Company is to make such fixed contribution and to ensure a minimum rate of return to the members as specified by GoI. Any short fall for payment of interest to members as per specified rate of return has to be compensated by the Company. The Company estimates that no liability will take place in this regard in the near future and hence no further provision is considered necessary.

B. Gratuity

The Company has a defined gratuity scheme and is managed by a separate trust. The provision for the same has been made on actuarial valuation based upon total number of years of service rendered by the employee subject to a maximum amount of ₹ 10 lakh.

C. Post Retirement Medical Scheme (PRMS)

The Company has Post-Retirement Medical Scheme (PRMS), under which retired employees and the dependent family member share provided medical facilities in empanelled hospitals.They can also avail of reimbursement of out-patient treatment subject to a ceiling fixed by the Company.

D. Terminal Benefits

Terminal benefits include settlement in home town for employees & their dependents.

E. Leave

The Company provides for earned leave benefit and half-pay leave to the credit of the employees, which accrue on half yearly basis @ 15 days and 10 days, respectively. 75% of the earned leave is encashable while in service and a maximum of 300 days earned leave can be accumulated, which is encashable on superannuation / separation. Half pay leave is encashable on separation after 10 years of service or at the time of superannuation subject to a maximum of 300 days. The liability for the same is recognized, based on actuarial valuation.

The above mentioned schemes (C, D and E) are unfunded and are recognized on the basis of actuarial valuation.

The summarised position of various defined benefits recognized in the profit and loss account, balance sheet are as under {Figures in brackets ( ) represents to as on 31.03.2011}

i) Expenses recognised in Profit and Loss Account

(₹ in crore)

	Gratuity	**PRMS**	**Leave**
Current service cost	0.99 (0.92)	0.29 (0.26)	1.57 (1.73)
Interest cost on benefit obligation	1.08 (0.84)	0.61 (0.49)	1.31 (0.96)
Expected return on plan assets	-0.94 -0.69	0.00 (0.00)	0.00 (0.00)
Net actuarial (gain) / loss recognised in the year	-0.49 (0.65)	0.60 (0.17)	0.46 (0.65)
Expenses recognised in Profit & Loss Account	*0.64 (1.72)	1.50 (0.92)	*3.34 (3.34)

(*) Includes ₹ 0.13 crore (as on 31.03.2011 ₹ 0.10 crore) and ₹ 0.30 crore (as on 31.03.2011 ₹ 0.15 crore) and ₹ 0.13 crore (as on 31.03.2011 ₹ Nil crore) for gratuity, leave and PRMS respectively allocated to subsidiary companies.

ii) The amount recognized in the Balance Sheet

(₹ in crore)

	Gratuity	PRMS	Leave
Present value of obligation as at 31.03.2012 (i)	14.03 (12.69)	8.33 (7.13)	17.74 (15.47)
Fair value of plan assets at 31.03.2012 (ii)	12.95 (10.57)	0.00 (0.00)	0.00 (0.00)
Difference (ii) – (i)	-1.08 (-2.12)	-8.33 (-7.13)	-17.74 (-15.47)
Net asset / (liability) recognized in the Balance Sheet	-1.08 (-1.72)	-8.33 (-7.13)	-17.74 (-15.47)

iii) Changes in the present value of the defined benefit obligations

(₹ in crore)

	Gratuity	PRMS	Leave
Present value of obligation as at 01.04.2011	12.69 (11.18)	7.13 (6.44)	15.47 (12.84)
Interest cost	1.08 (0.84)	0.61 (0.49)	1.31 (0.96)
Current service cost	0.99 (0.92)	0. 29 (0.26)	1.57 (1.73)
Benefits paid	-0.40 (-1.04)	-0.30 (-0.23)	-1.07 (-0.71)
Net actuarial (gain)/loss on obligation	-0.33 (0.79)	0.60 (0.17)	0.46 (0.65)
Present value of the defined benefit obligation as at 31.03.2012	14.03 (12.69)	8.33 (7.13)	17.74 (15.47)

iv) Changes in the fair value of plan assets

(₹ in crore)

	Gratuity	PRMS	Leave
Fair value of plan assets as at 01.04.2011	10.57 (7.92)	0.00 (0.00)	0.00 (0.00)
Expected return on plan assets	0.94 (0.69)	0.00 (0.00)	0.00 (0.00)
Contributions by employer	1.68 (2.86)	0.00 (0.00)	0.00 (0.00)
Benefit paid	-0.40 (-1.04)	0.00 (0.00)	0.00 (0.00)
Actuarial gain / (loss)	0.16 (0.14)	0.00 (0.00)	0.00 (0.00)
Fair value of plan assets as at 31.03.2012	12.95 (10.57)	0.00 (0.00)	0.00 (0.00)

v) One percent increase / decrease in the inflation rate would impact liability for medical cost of PRMS, as under:-

Cost increase by 1%	₹ 0.09 crore
Cost decrease by 1%	₹ 0.05 crore

vi) During the period, the Company has provided liability towards contribution to the Gratuity Trust of ₹ 0.64 crore, to PRMS of ₹ 1.50 crore, to leave ₹ 3.34 crore and to pension ₹ 2.54 crore (during the FY ended 31.03.2011 towards contribution to the Gratuity Trust of ₹ 1.79 crore, to PRMS of ₹ 0.92 crore, to leave ₹ 3.34 crore and to pension ₹ 2.28 crore).

F. Other Employee Benefits:-

During the period, provision of ₹ (0.01) crore (during the FY ended 31.03.2011 ₹ (0.03) crore) has been made for Economic Rehabilitation Scheme for Employees and provision of ₹ 0.58 crores has been made for Long Service Award for Employees (during the FY ended 31.03.2011 ₹ 0.65 crore) on the basis of actuarial valuation made at the end of the year by charging/ crediting the profit and loss account.

G. Details of the Plan Asset:-

The details of the plan assets at cost, as on 31.03.2012 are as follows:-

(₹ in crore)

SL	Particulars	FY ended 31.03.2012	FY ended 31.03.2011
i)	Government Securities	**7.83**	6.33
ii)	Corporate bonds / debentures	**5.12**	4.24
	Total	**12.95**	**10.57**

H. Actuarial assumptions

Principal assumptions used for actuarial valuation are:-

Method used	Projected Unit Credit Method
Discount rate	8.50 %
Expected rate of return on assets – Gratuity	8.92 %
Future salary increase	6.00 %

The estimates of future salary increases considered in actuarial valuation, take into account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

22.1 Details of provision as required in Accounting Standard – 29.

(₹ in crore)

Particulars	FY 2011-12	FY 2010-11
Post-Retirement Medical Scheme		
Opening Balance	**7.13**	6.44
Addition during the year	**1.50**	0.92
Amount paid / utilized during the period	**0.30**	0.23
Closing Balance	**8.33**	7.13
Gratuity		
Opening Balance	**1.72**	2.76
Addition during the year	**0.64**	1.79
Amount paid / utilized during the period	**1.72**	2.83
Closing Balance	**0.64**	1.72
Pension*		
Opening Balance	**4.06**	1.78
Addition during the period	**2.54**	2.28
Amount paid / utilized during the year	**0.00**	0.00
Closing Balance	**6.60**	4.06
Leave Encashment		
Opening Balance	**15.47**	12.84
Addition during the period	**3.34**	3.34
Amount paid / utilized during the year	**1.07**	0.71

Closing Balance	**17.74**	15.47
Wage Revision		
Opening Balance	**0.00**	6.20
Addition during the period	**0.00**	0.71
Amount paid / utilized during the year	**0.00**	6.91
Closing Balance	**0.00**	0.00
Economic Rehabilitation Scheme for Employee		
Opening Balance	**1.26**	1.31
Addition during the period	**(0.01)**	(0.03)
Amount paid / utilized during the year	**0.01**	0.02
Closing Balance	**1.24**	1.26
Bonus / Incentive/ Base line Compensation		
Opening Balance	**24.52**	16.33
Addition during the period	**17.73**	17.78
Amount paid / utilized during the period	**15.93**	9.59
Closing Balance	**26.32**	24.52
Baggage Allowances		
Opening Balance	**0.05**	0.05
Addition during the period	**0.02**	0.00
Amount paid / utilized during the period	**0.00**	0.00
Closing Balance	**0.07**	0.05
Service Award		
Opening Balance	**2.75**	2.10
Addition during the year	**0.58**	0.65
Amount paid / utilized during the period	**0.00**	0.00
Closing Balance	**3.33**	2.75
Income Tax		
Opening Balance	**2,215.13**	1,337.29
Addition during the period (including interest ₹ 4.90 crore u/s 234C)	**1,075.78**	898.99
Amount refunded / adjusted	**(1,290.08)**	21.15
Closing Balance	**2,000.83**	2,215.13
Fringe Benefit Tax		
Opening Balance	**0.80**	0.80
Addition during the year	**0.00**	0.00
Amount adjusted during the period	**0.80**	0.00
Closing Balance	**0.00**	0.80
Proposed Final Dividend		
Opening Balance	**197.99**	172.17
Addition during the period	**132.00**	197.99
Amount paid / utilized during the period	**197.99**	172.17
Closing Balance	**132.00**	197.99
Proposed Corporate Dividend Tax		
Opening Balance	**32.12**	29.26
Addition during the year	**21.41**	32.12
Amount paid / utilized during the period	**32.12**	29.26
Closing Balance	**21.41**	32.12

* **Pension:** The Company provides for defined contribution pension scheme introduced in line with guidelines of the Department of Public Enterprise (DPE).

22.2 The Company has formulated a Corporate Social Responsibility (CSR) policy in line with the Guidelines on Corporate Social Responsibility for Central Public Sector Enterprises issued by the Ministry of Heavy Industries and Public Enterprises (Department of Public Enterprises) vide Office Memorandum F.No.15(3)/2007 -DPE(GM)-GL-99 dated 09.04.2010.

As per the CSR policy approved by the Company, a minimum of 0.5% of the profit after tax of the previous year will be allocated every financial year for CSR Activities. Accordingly, an amount of ₹ 13.24 crore was provided for during the year ended 31.03.2012 (previous year ₹ 11.89 crore).

As at 31.03.2012, an amount of ₹ 32.22 crore has been sanctioned by the Company against CSR expenditure for various projects out of which an amount of ₹ 21.33 crore has been disbursed till 31.03.2012.

23. The Company has been paying income tax on perquisite to employees in earlier years and till current year. Pursuant to a decision by the Company, the income tax paid for the current year only has been recovered from the employees.

24. (i) Income on account of premium on premature repayment of loan, Income under the head, upfront fees, lead manager fees, facility agent fees, security agent fee and service charges etc. on loans was earlier accounted for in the year in which it was received by the Company. The Company has changed the accounting policy of recognition of all such income from cash basis to accrual basis in the financial year 2011-12.

Due to change in the accounting policy this year, the income on account of the above for the year is higher by ₹ 0.23 crore. (₹ 0.23 crore relates to the year 2010-11 and received in 2011-12)

(ii) Accounting policy under para 6 regarding Provision has been realigned to prudential norms / interpretation of prudential norms of the Company. Since the amendment is realignment / clarificatory in nature, there is no financial impact.

25. (i) During the year, the Company has sent letters seeking confirmation of balances as on 31.12.2011 to the borrowers. However, confirmations in a few cases were yet to be received.

(ii) Some of the designated bank accounts opened for making interest payment to bondholders / debenture holders have outstanding balance of ₹ 0.47 crore are subject to reconciliation / confirmation.

(iii) There are no unpaid / unclaimed bonds, interests on bonds and dividends, which are over 7 years as on 31.03.2012 (previous year ₹ Nil).

26. The Capital Funds, Risk Weighted Assets and Capital Risk Adjusted Ratio (CRAR) of the Company are given hereunder:-

	Items	FY 2011-12	FY 2010-11
i)	Capital Fund - a. Tier I (₹ in crore)	**19,544.65**	14,197.62
	- b. Tier II (₹ in crore)	**1,158.61**	984.88
ii)	Risk weighted assets (₹ in crore)	**1,27,066.12**	96,669.24
iii)	CRAR	**16.29%**	15.71%
iv)	CRAR – Tier I Capital	**15.38%**	14.69%
v)	CRAR – Tier II Capital	**0.91%**	1.02%

27. The Company has no exposure to real estate sector as on 31.03.2012.

28. The Company does not have more than one reportable segment in terms of Accounting Standard No. 17 on Segment Reporting.

29. Previous year's figures have been re-grouped / re-arranged, wherever practicable to make them comparable.

30. Figures have been rounded off to the nearest crore of rupees with two decimals.

Notes at Part A (A 1 to A 18), Part B and Part C form an integral part of Balance Sheet and Statement of Profit & Loss.

For and on behalf of the Board of Directors

J S AMITABH
Company Secretary

R NAGARAJAN
Director (Finance)

SATNAM SINGH
Chairman and Managing Director

Signed in terms of our report of even date

For N K Bhargava & Co.
Chartered Accountants
Firm Regd. No - 000429N

(N K BHARGAVA)
PARTNER
Membership No - 080624

For RAJ HAR GOPAL & Co.
Chartered Accountants
Firm Regd. No - 002074N

(G K GUPTA)
PARTNER
Membership No - 081085

Place : New Delhi
Date : 22.05.2012

POWER FINANCE CORPORATION LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

(₹ in crore)

	PARTICULARS		**Year ended 31.03.2012**		Year ended 31.03.2011
I.	**Cash Flow from Operating Activities :-**				
	Net Profit before Tax and Extraordinary items	**4,104.25**		3,544.14	
	ADD: Adjustments for				
	Loss on Sale of Assets (net)	**0.02**		0.06	
	Depreciation / Amortisation	**5.42**		5.05	
	Amortisation of Zero Coupon Bonds	**24.48**		22.52	
	Foreign Exchange Loss/Gain	**147.83**		(2.47)	
	Dimunition in value of investments	**(0.02)**		(0.06)	
	Provision for Contingencies	**142.79**		31.79	
	Dividend / Interest and profit on sale of investment	**(2.89)**		(3.49)	
	Provision for interest under IT Act	**4.90**		0.22	
	Provision for Retirement Benefits/Other Welfare Expenses/Wage revision	**3.10**		10.68	
	Operating profit before working Capital Changes:	**4,429.88**		3,608.44	
	Increase/Decrease :				
	Loans Disbursed (Net)	**(30,587.60)**		(19,755.37)	
	Other Current Assets	**(692.00)**		(492.16)	
	Foreign Currency Monetary Item Translation Difference A/c	**(515.41)**		0.00	
	Liabilities and provisions	**972.69**		901.54	
	Cash flow before extraordinary items	**(6,392.44)**		(15,737.55)	
	Extraordinary items	**0.00**		0.00	
	Cash Inflow/Outflow from operations before Tax	**(26,392.44)**		(15,737.55)	
	Income Tax paid	**(992.68)**		(865.72)	
	Income Tax Refund	**388.21**		0.00	
	Net Cash flow from Operating Activities		**(26,996.91)**		(16,603.27)
II.	**Cash Flow From Investing Activities :**				
	Sale / decrease of Fixed Assets	**0.12**		0.64	
	Purchase of Fixed Assets	**(7.14)**		(7.42)	
	Increase/decrease in Capital Works in Progress	**1.83**		(0.55)	
	Investments in Subsidiaries	**(5.12)**		0.00	
	Dividend / Interest and profit on sale of investment	**2.89**		3.49	
	Other Investments	**(34.15)**		(22.39)	
	Net Cash Used in Investing Activities		**(41.57)**		(26.23)
III.	**Cash Flow From Financial Activities :**				
	Issue of Equity Shares	**3,413.73**		0.00	
	Issue of Bonds	**33,165.07**		14,023.96	
	Short Term Loans (Net)	**(4,050.00)**		3,400.00	
	Loan Against Fixed Deposits (Net)	**1,830.16**		565.92	
	Raising of Long Term Loans	**2,200.00**		7,855.00	
	Repayment of Long Term Loans	**(3,863.50)**		(5,870.00)	
	Redemption of Bonds	**(5,406.66)**		(3,710.91)	
	Foreign Currency Loans (Net)	**461.46**		2,214.60	
	Interest Subsidy Fund	**(75.66)**		(211.62)	
	Unclaimed Bonds (Net)	**(1.25)**		(16.31)	
	Payment of Final Dividend (including Corporate Dividend Tax) of Previous year	**(230.11)**		(200.76)	
	Payment of Interim Dividend (including Corporate Dividend Tax) of Current year	**(767.03)**		(468.44)	
	Net Cash in-flow from Financing Activities		**26,676.21**		17,581.44

Net Increase/Decrease in Cash & Cash Equivalents	**(362.27)**	951.94
Add : Cash & Cash Equivalents at beginning of the period	**2,346.24**	1,394.30
Cash & Cash Equivalents at the end of the period	**1,983.97**	2,346.24
Details of Cash & Cash Equivalents at the end of the period:		
Cheques in hand,Imprest with Postal authority & Balances with Banks	**19.76**	248.21
Fixed Deposits with Scheduled Banks	**1,964.21**	2,098.03
	1,983.97	**2,346.24**

For and on behalf of the Board of Directors

J S AMITABH Company Secretary	**R NAGARAJAN** Director (Finance)	**SATNAM SINGH** Chairman and Managing Director

Signed in terms of our report of even date

	For N K Bhargava & Co. Chartered Accountants Firm Regd. No - 000429N	For RAJ HAR GOPAL & Co. Chartered Accountants Firm Regd. No - 002074N
Place : New Delhi **Date : 22.05.2012**	**(N K BHARGAVA)** PARTNER **Membership No - 080624**	**(G K GUPTA)** PARTNER **Membership No - 081085**

AUDITORS' REPORT

To

The Members of
Power Finance Corporation Limited,

1. We have audited the attached Balance Sheet of Power Finance Corporation Limited as at 31st March, 2012, and also the Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Statement on the Companies (Auditors' Report) Order, 2003 (as amended) issued by the Government of India in terms of sub-section (4A) Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

4. Further to our comments referred to in paragraph 3 above, we report that:

   a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

   b) In our opinion, proper books of account, as required by law, have been kept by the Company, so far as appears from our examination of those books;

   c) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;

   d) In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;

   e) Being a Government Company, pursuant to the Notification No. G.S.R.829 (E), dated 21.10.2003 issued by Department of Company Affairs, Government of India, the provisions of clause (g) of Sub-Section (1) of Section 274 of the Companies Act, 1956, are not applicable to the Company.

6. In our opinion and to the best of our information and according to the explanations given to us, the said Accounts read with Notes thereon in Part B & C, give the information required by the Companies Act, 1956, in the manner so required, and give a true and fair view in conformity with the accounting principles generally accepted in India:

   a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2012 ,

   b) in the case of the Statement of Profit and Loss, of the Profit of the Company for the year ended on that date, and

   c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For Raj Har Gopal & Co.
Chartered Accountants
Firm's Regn. No. : 002074N

G.K.Gupta
Partner
Membership No.: 081085

For N.K.Bhargava & Co.
Chartered Accountants
Firm's Regn. No. : 000429N

N.K.Bhargava
Partner
Membership No.: 080624

Place: New Delhi
Date: 22.05.2012

Annexure to Auditor's Report
(Referred to in Paragraph (3) of our report of even date)

1. (a) The Company has generally maintained proper records showing full particulars including quantitative details and situation of fixed assets on the basis of available information.

   (b) As explained to us, the management is carrying out the physical verification of fixed assets at the year end in a phased manner. In our opinion, the frequency of physical verification is reasonable having regard to the size of the Company and nature of its assets. As explained to us, no material discrepancies were noticed by the management on such physical verification.

   (c) The Company has not disposed off substantial parts of fixed assets during the year and the going concern status of the Company is not affected.

2. The main object of the company is to provide finance to power projects and does not involve carrying purchase/sale of goods and any inventories; hence clause (ii) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.

3. As explained to us, the Company has not taken nor granted any loans, secured or unsecured to/from Companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly clauses 4(iii) (a), (b), (c) and (d) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.

4. Having regard to the nature of Company's business and based on our scrutiny of Company's records and the information and explanations received by us, we report that Company's activities do not include purchase of inventory and sale of goods. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and nature of its business with regards to purchase of fixed assets. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls with regard to purchase of fixed assets.

5. Based on the audit procedures applied by us and the information and explanations provided by the management, we are of the opinion that there was no transaction during the year that need to be entered in the register maintained under Section 301 of the Companies Act, 1956.

6. The Company has not accepted any deposits from the public.

7. In our opinion and according to the informations and explanations given to us, the Company has an internal audit system commensurate with the size and nature of its business.

8. The Company is non-banking financial company, the provisions under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956 pertaining to maintenance of cost records, does not apply.

9. In respect of statutory dues, on the basis of information and explanations given to us and on the basis of our examination of the records of the company, we report that:

   (a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income tax, Wealth tax, etc. as applicable to it and there is no undisputed amounts payable in respect of aforesaid dues outstanding for a period of more than six months as on 31st March, 2012, as per the accounts of the company.

   (b) According to the records of the Company, there are no dues of Income tax / Wealth tax / Service tax, etc., which have not been deposited by the Company on account of any dispute, as per the accounts of the Company.

10. The Company has no accumulated losses and has not incurred any cash losses during the financial year covered by our audit and in the immediately preceding financial year.

11. Based on our audit procedures and according to the information and explanations given to us, we are of the opinion that the Company has not defaulted in repayment of dues to financial institutions, banks or debenture holders.

12. The Company has generally maintained adequate documents and records in respect of loans granted by it to various State Electricity Boards, State Generation Corporations, State Governments, CPSUs and Independent Power Producers.

13. The Company is neither a chit fund nor a nidhi / mutual benefit fund / society. Hence, the requirements of clause 4(xiii) of the 'Order' do not apply to the Company.

14. As per records of the Company and according to the information and explanations provided by the management, the Company has been maintaining proper and timely records of the transactions and contracts for the dealings or trading in shares, securities,

debentures and other investments. As per information and explanations provided we state that, all the Investments have been held by the Company in its own name.

15. The Company has given guarantees in connection with loans taken by others from banks or financial institutions. According to information & explanations given to us we are of the opinion that, the terms and conditions on the guarantee given are not prima-facie prejudicial to the interest of the Company.

16. According to the information and explanations given to us, the term loans taken by the Company have generally been utilized for the purpose for which they were raised.

17. According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we are of the opinion that no funds raised on short-term basis that have been used for long-term investment by the Company.

18. According to the records of the Company and the information and explanations given to us, the Company has not made any preferential allotment of shares, to parties and Companies covered in the Register maintained under Section 301 of the Companies Act, 1956. Therefore the provisions of clause 4(xviii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.

19. According to the information and explanations given to us, the company has created securities/charges in respect of secured bonds issued. However, security creation in respect of infrastructure bonds of ₹ 30.55 crores is under progress.

20. The company has disclosed the end use of the money raised in Public issue of Infrastructure Bonds and money raised in Public issue of equity shares and the same has been verified and found to be correct.

21. Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

For **Raj Har Gopal & Co.**
Chartered Accountants
Firm's Regn. No. : 002074N

G.K.Gupta
Partner
Membership No.: 081085

For **N.K.Bhargava & Co.**
Chartered Accountants
Firm's Regn. No. : 000429N

N.K.Bhargava
Partner
Membership No.: 080624

Place : New Delhi
Date: 22.05.2012

Annexure-IV

NON-BANKING FINANCIAL COMPANIES AUDITORS' REPORT

To

The Board of Directors
Power Finance Corporation Limited.
Urjanidhi, 1, Barakhamba Lane,
Connaught Place
New Delhi – 110001.

Dear Sir,

As required by the "Non-Banking Financial Companies Auditors' Report (Reserve Bank) Directions, 2008" issued by the Reserve Bank of India on the matters specified in Para 3 and 4 of the said Directions to the extent applicable to the Corporation, we report that:

1. The company is engaged in the business of non-banking financial institution, having valid certificate of registration from Reserve Bank of India issued on 28-07-2010 vide No. is B-14.00004 in lieu of earlier certificate no. 14.00004 dated 10.02.1998.

2. As per amendments to NBFC Regulations vide notification nos. 134 to 140, dated 13/01/2000, the Government Companies have been exempted from applicability of provisions of RBI Act relating to maintenance of liquid assets and creation of Reserve Funds and the directions relating to acceptance of public deposits and prudential norms. The exemption of Non Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 was also notified vide RBI Master Circular No. 145 dated 1st July 2009.

3. The Company has not accepted any public deposits during the year 2011-12.

4. For the Financial year ending 31st March 2012, the Corporation has complied with the Accounting Standards, Income recognition, Provisioning for Bad and Doubtful debts, and Exposure Norms as per the prudential norms formulated by the Company and approved by the Ministry of Power referred to / as stated in the Significant Accounting Policies.

For Raj Har Gopal & Co.
Chartered Accountants
Firm's Regn. No. : 002074N

Sd/-
G.K. Gupta
Partner
Mmbership No.: 081085

For N.K. Bhargava & Co.
Chartered Accountants
Firm's Regn. No. : 000429N

Sd/-
N.K. Bhargava
Partner
Mmbership No.: 080624

Place : New Delhi
Date :22.05.2012

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF POWER FINANCE CORPORATION LIMITED, NEW DELHI FOR THE YEAR ENDED 31 MARCH, 2012

The preparation of financial statements of Power Finance Corporation Limited, New Delhi, for the year ended 31 March, 2012 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the company. The statutory auditors appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956, are responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956 based on independent audit in accordance with the auditing and assurance standards prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 22nd May, 2012.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under section 619(3)(b) of the Companies Act, 1956, of the financial statements of Power Finance Corporation Limited, New Delhi, for the year ended 31 March 2012. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records. On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditors' report under section 619 (4) of the Companies Act, 1956.

For and on the behalf of the
Comptroller & Auditor General of India

Sd/-
(Praveen Kumar Singh)
Principal Director of Commercial Audit & Ex-officio Member Audit Board – III,
New Delhi

Place : New Delhi
Dated : 9 July, 2012

POWER FINANCE CORPORATION LIMITED
CONSOLIDATED BALANCE SHEET AS AT 31.03.2012

(₹ in crore)

Description	Note Part A		As at 31.03.2012		As at 31.03.2011
I. EQUITY & LIABILITIES					
(1) Share Holders' Funds					
(a) Share Capital	1	**1,319.93**		1,147.77	
(b) Reserves & Surplus	2	**19,473.02**	**20,792.95**	14,093.04	1,5240.81
(2) Non-Current Liabilities					
(a) Borrowing					
Long Term (Secured)	3	**5,361.55**		235.36	
Long Term (Unsecured)	3	**90,505.43**	**95,866.98**	69,748.67	69,984.03
(b) Deferred Tax Liabilities (Net) (Refer Note No. 16 of Part-C - Other Notes on Accounts)			**86.75**		82.90
(c) Other Liabilities	4		**550.64**		678.38
(d) Provisions	5		**28.95**		25.16
(3) Current Liabilities					
(a) Current Maturity of Long Term Borrowing (Unsecured)	3	**10,187.73**		9,323.50	
(b) Short -Term Borrowing (Unsecured)	3	**4,071.20**		6,291.04	
(c) Trade Payables		**1.22**		0.68	
(d) Other Liabilities	4	**3,805.30**		2,801.42	
(e) Provisions	5	**290.01**	**18,355.46**	297.52	18,714.16
Total			**1,35,681.73**		**1,04,725.44**
II. ASSETS					
(1) Non-Current Assets					
(a) Fixed Assets	6				
(i) Tangible Assets		**99.63**		94.92	
Less: Accumulated Depreciation		**27.29**	**72.34**	23.01	71.91
(ii) Intangible Assets		**6.88**		4.23	
Less: Accumulated Amortization		**2.61**	**4.27**	1.56	2.67
(iii) Capital Works in Progress			**0.45**		2.28
(b) Non-Current Investments	7		**23.00**		22.80
(c) Loans	8				
Long Term (Secured)		**73,480.17**		57,074.51	
Long Term (Un-Secured)		**38,536.75**	**1,12,016.92**	30,349.18	87,423.69
(d) Other Assets	9		**101.69**		157.00
(e) Foreign Currency Monetary Item Translation Difference A/c (Refer Note No. 14 of Part-C - Other Notes on Accounts)			**515.41**		0.00
(2) Current Assets					
(a) Current Investments	10		**3.83**		3.83
(b) Trade receivables			**4.05**		1.34
(c) Cash and Cash Bank Balances	11		**2,100.97**		2,444.19
(d) Current Maturity of Long Term Loans	8				
Secured		**9,411.32**		6,290.27	
Un-Secured		**2,465.71**	**11,877.03**	3,751.01	10,041.28
(e) Short Term Loans	8				
Secured		**2,267.02**		500.00	
Un-Secured		**3,910.85**	**6,177.87**	1,605.77	2,105.77
(f) Other Assets	9		**2,783.90**		2,448.68
Total			**1,35,681.73**		**1,04,725.44**
ACCOUNTING POLICIES	**Part B**				
OTHER NOTES ON ACCOUNTS	**Part C**				

Notes from part A to part C form integral part of Accounts.

For and on behalf of the Board of Directors

J S AMITABH	**R NAGARAJAN**	**SATNAM SINGH**
Company Secretary	Director (Finance)	Chairman and Managing Director

Signed in terms of our report of even date

	For N K Bhargava & Co. Chartered Accountants Firm Regd. No - 000429N	For RAJ HAR GOPAL & Co. Chartered Accountants Firm Regd. No - 002074N
Place : New Delhi **Date : 22.05.2012**	**(N K BHARGAVA)** PARTNER **Membership No - 080624**	**(G K GUPTA)** PARTNER **Membership No - 081085**

POWER FINANCE CORPORATION LIMITED
CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH, 2012

(₹ in crore)

	Description	Note Part A		Year ended 31.03.2012		Year ended 31.03.2011
I.	**Revenue from Operations**					
	(a) Interest Income	12		**12,985.09**		10,038.87
	(b) Other Financial Services	12		**87.08**		136.08
II.	**Other Income**					
	Other Income	13		**23.85**		39.15
III.	**Total (I+II)**			**13,096.02**		**10,214.10**
IV.	**EXPENSES**					
	Interest, Finance and Other Charges	14		**8,466.30**		6,426.46
	Bonds Issue expenses	15		**196.89**		63.05
	Employee benefit expenses	16		**81.68**		72.97
	Provision for contingency			**142.79**		31.79
	Provision for decline in value of investments			**(0.02)**		(0.06)
	Depreciation and Amortization expenses	6		**5.54**		5.08
	Other Expenses	17		**55.59**		29.14
	Preliminary Expenses written off			**2.27**		0.00
	Prior Period Items (net)	18		**(0.87)**		0.08
	Total			**8,950.17**		**6,628.51**
V.	**Profit before exceptional and extraordinary items and tax (III-IV)**			**4,145.85**		**3,585.59**
VI.	Exceptional items			**0.00**		0.00
VII.	**Profit before exceptional and extraordinary items and tax (V-VI)**			**4,145.85**		**3,585.59**
VIII.	Extraordinary items			**0.00**		0.00
IX.	**Profit Before Tax (VII-VIII)**			**4,145.85**		**3,585.59**
X.	**Tax Expenses**					
	(1) Current Tax					
	for current year		**1,085.96**		912.94	
	for earlier year		**(2.77)**	**1,083.19**	(10.45)	902.49
	(2) Deferred Tax			**3.81**		35.98
XI.	**Profit (Loss) for the period from continuing operations (IX-X)**			**3,058.85**		**2,647.12**
XII.	**Earnings per equity shares: (Refer Note No. 17 of Part-C - Other Notes on Accounts)**					
	(1) Basic			**23.62**		23.06
	(2) Diluted			**23.62**		23.06

ACCOUNTING POLICIES **Part B**

OTHER NOTES ON ACCOUNTS **Part C**

Notes from part A to part C form integral part of Accounts.

For and on behalf of the Board of Directors

J S AMITABH
Company Secretary

R NAGARAJAN
Director (Finance)

SATNAM SINGH
Chairman and Managing Director

Signed in terms of our report of even date

For N K Bhargava & Co.
Chartered Accountants
Firm Regd. No - 000429N

(N K BHARGAVA)
PARTNER
Membership No - 080624

For RAJ HAR GOPAL & Co.
Chartered Accountants
Firm Regd. No - 002074N

(G K GUPTA)
PARTNER
Membership No - 081085

Place : New Delhi
Date : 22.05.2012

NOTE - Part A -1
CONSOLIDATED SHARE CAPITAL

(₹ in crore)

Description	As at 31.03.2012	As at 31.03.2011
Authorised :		
200,00,00,000 Equity shares of ₹ 10/- each		
(Previous period 200,00,00,000 shares of ₹ 10/- each)	**2,000.00**	2,000.00
Issued, subscribed and paid up :		
114,77,66,700 Equity shares of ₹ 10/- each fully paid-up		
(Previous period 114,77,66,700 shares of ₹ 10/- each fully paid)	**1,147.77**	1,147.77
Add: 17,21,65,005 Equity shares of ₹ 10/- each fully paid-up		
(previous year Nil) (Refer Note No. 21 of Part-C - Other Notes on Accounts)	**172.16**	0.00
Total	**1,319.93**	**1,147.77**

Notes:-

1. Information on Shares in the company held by each shareholder holding more than 5 percent of paid -up equity share capital :

Name of Holders		31.03.2012	31.03.2011
President of India	% of Share Holding	**73.72**	89.78
	No. of Shares Held	**97,30,61,665**	103,04,50,000
	Amount (₹ in crore)	**973.06**	1,030.45
Life Insurance Corporation of India	% of Share Holding	**5.83**	-
	No. of Shares Held	**7,68,90,731**	
	Amount (₹ in crore)	**76.89**	

2. Pursuant to Shareholders' approval on 21st September 2010, 2,86,942 Equity Shares (rounded off) being 0.025% of the paid-up equity shares of the Company have been reserved for offer and issue at any time, to eligible employees of the Company under the Company's employees stock option plan titled as 'PFC-ESOP 2010', where each option shall vest after one year from the date of grant and can be exercised within a period of two years from the date of vesting, into one fully paid-up equity share of face value of ₹ 10 each in the Company, at the exercise price being equal to the face value of an equity share in the Company.

   Consequently, the Remuneration Committee of Directors in their meeting held on 23rd December, 2011 have given its approval for grant of 88,040 options effective from 29th July 2011 to regular employees of the Company through PFC Employees Welfare Trust, at a price of ₹ 176.05/- per option, exclusive of the face value of ₹ 10/- per share, convertible into equivalent number of equity shares of ₹ 10/- each on payment of ₹ 10 per share.

   Out of the above 88,040 options, during the year 2011-12, 87,888 options have been granted, effective from 29th July 2011 under the above ESOP plan to the regular employees of the Company through the PFC Employees Welfare Trust, which shall vest and can be exercised as per the above terms.

NOTE - Part A- 2
CONSOLIDATED RESERVES & SURPLUS

(₹ in crore)

Description	As at 31.03.2012		As at 31.03.2011	
(A) Securities Premium Reserve				
Opening balance	**851.10**		851.10	
Add : Addition during the year	**3,261.48**		0.00	
Less: Issue Exps (FPO)	**19.91**	**4,092.67**	0.00	851.10
(B) Debenture Redemption Reserve				
Opening balance	**0.06**		0.00	
Add : Transfer from Statement of Profit & Loss for the year (Refer Note No. 6 of Part-C - Other Notes on Accounts)	**55.73**	**55.79**	0.06	0.06
(C) Others				
(i) Reserve for Bad & doubtful debts u/s 36(1)(viia)(c) of Income-Tax Act,1961				
Opening balance	**984.88**		842.07	
Add : Transfer from Statement of Profit & Loss for the year	**173.73**		142.47	
Add : Transfer from Statement of Profit & Loss (Balance Sheet head)	**0.00**	**1,158.61**	0.34	984.88
(ii) Special Reserve created u/s 36(1)(viii) of Income Tax Act, 1961 upto Financial Year 1996-97		**599.85**		599.85
(iii) Special Reserve created and maintained u/s 36(1)(viii) of Income Tax Act, 1961 from Financial Year 1997-98				
Opening balance	**5,204.32**		4,574.64	
Add : Transfer from Statement of Profit & Loss for the year	**776.20**		634.32	
Add : Transfer from General Reserve *	**3.57**		0.00	
Add : Transfer from Statement of Profit & Loss (Balance Sheet head)	**0.00**		0.27	
Add : Transfer from Statement of Profit & Loss (Balance Sheet head)	**0.00**		7.92	
Less : Transfer to Statement of Profit & Loss (Balance Sheet head) **	**2.03**	**5,982.06**	12.83	5,204.32
(iv) General Reserve				
Opening balance	**2,293.97**		2,031.97	
Add : Transfer from Statement of Profit & Loss for the year	**304.00**		262.00	
Less: Transferred to Special Reserve *	**3.57**	**2,594.40**	0.00	2,293.97

(D)	**Surplus**						
	Opening balance	**4,158.86**			3,244.17		
	Add: Adjustments during the current year	**0.00**			0.67		
	Add: Transfers from Special Reserve under Income Tax Act, 1961 **	**2.03**			12.83		
	Less: Transfers to Reserve for Bad & doubtful debts and Special Reserve under Income Tax Act, 1961	**0.00**			0.61		
	Less : Transfers to Special Reserve under Income Tax Act, 1961 due to change in policy on claiming	**0.00**	**4,160.89**		7.92	3,249.14	
	Add : Profit after tax for the year	**3,058.85**			2,647.12		
	Less:- Transfer towards Reserve for Bad & Doubtful Debts u/s 36(1) (viia) (c) of Income Tax Act, 1961	**173.73**			142.47		
	Less:- Transfer to Special Reserve created and maintained u/s 36(1) (viii) of Income Tax Act, 1961	**776.20**			634.32		
	Less: Debenture Redemption Reserve	**55.73**			0.06		
	Less: General Reserve	**304.00**			262.00		
	Less:- Dividend & Corporate Dividend Tax :						
	Interim Dividend Paid	**659.97**			401.72		
	Proposed Final Dividend	**132.00**			197.99		
	Corporate Dividend Tax paid on Interim Dividend	**107.06**			66.72		
	Proposed Corporate Dividend Tax	**21.41**	**828.75**	4,989.64	32.12	909.72	4,158.86
	Total #			**19,473.02**			**14,093.04**
	Dividend & Corporate Dividend Tax :						
	Interim Dividend Paid		**659.97**			401.72	
	Proposed Final Dividend		**132.00**			197.99	
	Corporate Dividend Tax paid on Interim Dividend		**107.06**			66.72	
	Proposed Corporate Dividend Tax		**21.41**	**920.44**		32.12	**698.55**
				920.44			**698.55**

Additions during the year includes ₹ 1.02 crore net (Previous year ₹ 0.59 crore) share of Jointly controlled entities.

* Transferred to match the deduction claimed as per the Income tax return for the Assessment Year 2011-12.

** Special reserve claimed on some of the loan assets in earlier years withdrawn due to pre payment of such loan assets before five years.

NOTE - Part A - 3
CONSOLIDATED BORROWING

(₹ in crore)

	Description	**As at 31.03.2012 Current**	**Non-Current**	**Total**	As at 31.03.2011 Current	Non-Current	Total
A.	**Long Term Borrowing**						
I.	**Secured**						
a)	**Bonds**						
	Infrastructure Bonds (Refer note no. from 1 to 12	**0.00**	**361.55**	**361.55**	0.00	235.36	235.36
	Tax Free Bonds (Refer note no. from 13 to 18)	**0.00**	**5,000.00**	**5,000.00**	0.00	0.00	0.00
	Sub- Total (I)	**0.00**	**5,361.55**	**5,361.55**	**0.00**	**235.36**	**235.36**
II.	**UnSecured**						
a)	**Bonds**						
	Bonds Guaranteed by the Government of India	**0.00**	**0.00**	**0.00**	22.00	0.00	22.00
	Other Bonds / Debentures(Refer Note No. 19 and 20)	**9,753.90**	**68,804.44**	**78,558.34**	5,360.18	50,519.46	55,879.64
	Foreign Currency Notes (Refer Note No. 22)	**0.00**	**927.54**	**927.54**	0.00	812.52	812.52
		9,753.90	**69,731.98**	**79,485.88**	**5,382.18**	**51,331.98**	**56,714.16**
b)	**Foreign Currency Loans**						
	Foreign Currency Loans from Foreign banks / Institutions (Guaranteed by the Govt. of India)	**17.71**	**262.03**	**279.74**	77.82	253.72	331.54
	Syndicated Foreign Currency Loans from banks / Institutions	**0.00**	**4,176.92**	**4,176.92**	0.00	3,637.91	3,637.91
	Foreign Currency Loans (FCNR(B) from banks)	**206.12**	**0.00**	**206.12**	0.00	180.56	180.56
		223.83	**4,438.95**	**4,662.78**	**77.82**	**4,072.19**	**4,150.01**
c)	**Rupee Term Loans**						
	Rupee Term Loans (From Banks)	**210.00**	**14,704.50**	**14,914.50**	3,863.50	13,214.50	17,078.00
	Rupee Term Loans (From Financial Institutions)	**0.00**	**1,630.00**	**1,630.00**	0.00	1,130.00	1,130.00
		210.00	**16,334.50**	**16,544.50**	**3,863.50**	**14,344.50**	**18,208.00**
	Sub- Total (II)	**10,187.73**	**90,505.43**	**1,00,693.16**	**9,323.50**	**69,748.67**	**79,072.17**
B.	**Short Term Borrowing**						
	UnSecured						
	Rupee Term Loans						
	Rupee Term Loans from Banks	**0.00**	**0.00**	**0.00**	2,100.00	0.00	2,100.00
	Commercial Paper	**0.00**	**0.00**	**0.00**	1,950.00	0.00	1,950.00
	Working Capital Demand Loan / OD / CC / Loan against FD / Line of Credit	**4,071.20**	**0.00**	**4,071.20**	2,241.04	0.00	2,241.04
	Sub- Total (III)	**4,071.20**	**0.00**	**4,071.20**	**6,291.04**	**0.00**	**6,291.04**
	Total (A)+(B)	**14,258.93**	**95,866.98**	**1,10,125.91**	**15,614.54**	**69,984.03**	**85,598.57**

Notes:-

The details of Infrastructure Bonds and Tax Free Bonds outstanding as at 31.03.2012 are as follows:

	Bond Series	Date of allotment	Rate of Interest p.a.	Amount (₹ in crore)	Redemption details	Nature of Security
1	Infrastructure Bonds (2010-11) Series-1	31.03.2011	8.30%	66.80	On exercise of put option by the bondholders, redeemable at par, on a date, falling five years and one day from the date of allotment; otherwise, redeemable at par on a date falling ten years from the date of allotment.	Secured by charge on specific book debt of ₹ 5169.96 crore as on 31.03.2012 of the Company along with first charge on immovable property situated at Jangpura, New Delhi.
2	Infrastructure Bonds (2010-11) Series-2	31.03.2011	8.30%	139.68	On exercise of put option by the bondholders, redeemable at par with cumulative interest compounded annually, on a date, falling five years and one day from the date of allotment; otherwise, redeemable at par with cumulative interest compounded annually, on a date falling ten years from the date of allotment.	
3	Infrastructure Bonds (2010-11) Series-3	31.03.2011	8.50%	6.13	On exercise of put option by the bondholders, redeemable at par, on a date, falling seven years and one day from the date of allotment; otherwise, redeemable at par on a date falling fifteen years from the date of allotment.	
4	Infrastructure Bonds (2010-11)Series-4	31.03.2011	8.50%	22.75	On exercise of put option by the bondholders, redeemable at par with cumulative interest compounded annually, on a date, falling seven years and one day from the date of allotment; otherwise, redeemable at par with cumulative interest compounded annually on a date falling fifteen years from the date of allotment.	
5	Infrastructure Bonds (2011-12) Series-I	21.11.2011	8.50%	32.43	On exercise of put option by the bondholders, redeemable at par, on a date, falling five years and one day from the date of allotment; otherwise, redeemable at par on a date falling ten years from the date of allotment.	Secured by first pari-passu charge on total receivables of the Company (excluding those receivables on which specific charge already created) along with first pari- passu charge on immovable property situated at Guindy,Chennai.
6	Infrastructure Bonds (2011-12) Series-II	21.11.2011	8.50%	51.15	On exercise of put option by the bondholders, redeemable at per with cumulative interest compounded annually, on a date, falling five years and one day from the date of allotment; otherwise, redeemable at par with cumulative interest compounded annually, on a date falling ten years from the date of allotment.	
7	Infrastructure Bonds (2011-12) Series-III	21.11.2011	8.75%	3.23	On exercise of put option by the bondholders, redeemable at par, on a date, falling seven years and one day from the date of allotment; otherwise, redeemable at par on a date falling fifteen years from the date of allotment.	

8	Infrastructure Bonds (2011-12) Series - IV	21.11.2011	8.75%	8.83	On exercise of put option by the bondholders, redeemable at par with cumulative interest compounded annually, on a date, falling seven years and one day from the date of allotment; otherwise, redeemable at par with cumulative interest compounded annually, on a date falling fifteen years from the date of allotment.	
9	Infrastructure Bonds 86 A Series	30.03.2012	8.43%	9.04	On exercise of put option by the bondholders, redeemable at par, on a date, falling five years and one day from the date of allotment; otherwise, redeemable at par on a date falling ten years from the date of allotment.	Creation of security is under progress.
10	Infrastructure Bonds 86 B Series	30.03.2012	8.43%	17.81	On exercise of put option by the bondholders, redeemable at par, with cumulative interest compounded annually, on a date, falling five years and one day from the date of allotment; otherwise, redeemable at par with cumulative interest compounded annually, on a date falling ten years from the date of allotment.	
11	Infrastructure Bonds 86 C Series	30.03.2012	8.72%	0.95	On exercise of put option by the bondholders, redeemable at par, on a date, falling six years and one day from the date of allotment; otherwise, redeemable at par on a date falling fifteen years from the date of allotment.	
12	Infrastructure Bonds 86 D Series	30.03.2012	87.20%	2.75	On exercise of put option by the bondholders, redeemable at par with cumulative interest compounded annually, on a date, falling six years and one day form the date of allotment; otherwise, redeemable at par with cumulative interest compounded annually, on a date falling fifteen years from the date of allotment.	
13	Tax Free Bonds Series 79 A	15.10.2011	7.51%	205.23	15.10.2021	Secured by first pari-passu charge on present and future receivables (excluding those receivables which are specifically charged for infra bond issue during the FY 2010-11) along with first pari passu charge on immovable property situated at Guindy, Chennai.
14	Tax Free Bonds Series 79 B	15.10.2011	7.75%	217.99	15.10.2026	
15	Tax Free Bonds Series 80 A	25.11.2011	8.09%	334.31	25.11.2021	
16	Tax Free Bonds Series 80 B	25.11.2011	8.16%	209.34	25.11.2026	
17	Tax Free Bonds(2011-12) tranche -I - Series I	01.02.2012	8.20%	2,802.01	01.02.2022	Secured by first pari-passu charge on total receivables of the Company (excluding those receivables on which specifice charge already created) along with first pari- passu charge on immovable property situated at Guindy, Chennai.
18	Tax Free Bonds(2011-12) tranche -I - Series II	01.02.2012	8.30%	1,231.12	01.02.2027	
19	Zero Coupon unsecured Taxable Bonds 2022-XIX Series of ₹ 325.04 crore (previous period ₹ 300.56 crore) are redeemable at face value of ₹ 750.00 crore on 30.12.2022 [net of Unamortised Interest of ₹ 424.96 crore (previous period ₹ 449.44 crore)].					

20	The details of unsecured Taxable (Non cumulative) Bonds are as follows :			
	Bond Series	**Coupon Rate**	**Date of Redemption**	**Amount (₹ in crore)**
	LXXI - C Series	9.05%	15-Dec-30	192.70
	LXVI - C Series	8.85%	15-June-30	633.00
	LXXVII- B Series	9.45%	01-Sep-26	2,568.00
	LXXVI- B Series	9.46%	01-Aug-26	1,105.00
	LXXI - B Series	9.05%	15-Dec-25	192.70
	LXVI - B Series	3 year INCMTBMK + 84.25 bps	15-June-25	700.00
	LXVI - B Series	8.75%	15-June-25	832.00
	LXV - Series	1 year INCMTBMK + 63.5 bps	14-May-25	250.00
	LXV - Series	8.70%	14-May-25	1,087.50
	LXIV - Series	8.95%	30-Mar-25	492.00
	LXIII - Series	8.90%	15-Mar-25	184.00
	LXII - B Series	8.80%	15-Jan-25	1,172.60
	LXI - Series	8.50%	15-Dec-24	351.00
	LVII - B Series	8.60%	07-Aug-24	866.50
	LXXXV- D Series	9.26%	15-Apr-23	736.00
	LXXXVIII- C Series	9.48%	15-Apr-22	184.70
	LXXVIII- B Series	9.44%	23-Sep-21	1,180.00
	LXXVI- A Series	9.36%	01-Aug-21	2,589.40
	LXXV- C Series	9.61%	29-June-21	2,084.70
	LXXIV Series	9.70%	09-June-21	1,693.20
	XXVIII Series	8.85%	31-May-21	600.00
	LXXIII Series	9.18%	15-Apr-21	1,000.00
	LXXII - B Series	8.99%	15-Jan-21	1,219.00
	LXXI - A Series	9.05%	15-Dec-20	192.70
	LXX Series	8.78%	15-Nov-20	1,549.00
	LXVIII - B Series	8.70%	15-July-20	1,424.00
	LXVI - A Series	3 year INCMTBMK + 87.50 bps	15-June-20	500.00
	LXV - Series	8.70%	14-May-20	162.50
	LXV - Series	1 year INCMTBMK + 98 bps	14-May-20	1,175.00
	LXXXV- C Series	9.30%	15-Apr-20	79.50
	LXIV - Series	8.95%	30-Mar-20	492.00
	LXXXVII- D Series	9.42%	20-Mar-20	650.80
	LXIII - Series	8.90%	15-Mar-20	184.00
	LXII - A Series	8.70%	15-Jan-20	845.40
	LXI - Series	8.50%	15-Dec-19	351.00
	LX - B Series	1 year INCMTBMK + 179 bps	20-Nov-19	925.00
	LIX - B Series	8.80%	15-Oct-19	1,216.60
	LVII - B Series	8.60%	07-Aug-19	866.50
	LXXXII- C Series	9.70%	15-Dec-18	2,060.00
	LII - C Series	11.25%	28-Nov-18	1,950.60
	LI - C Series	11.00%	15-Sep-18	3,024.40
	XLIX - B Series	10.85%	11-Aug-18	428.60
	XLVIII - C Series	10.55%	15-July-18	259.70
	XLVII - C Series	9.68%	09-June-18	780.70
	LXXII - A Series	8.97%	15-Jan-18	144.00
	XL - C Series	9.28%	28-Dec-17	650.00
	XVIII Series	7.87%	13-Nov-17	25.00
	XVII Series	8.21%	03-Oct-17	25.00
	XIII Series	9.60%	24-May-17	65.00
	XXXV Series	9.96%	18-May-17	530.00
	XIII Series	9.60%	16-May-17	125.00
	LXXXVIII- B Series	9.66%	15-Apr-17	100.20
	XXXIV Series	9.90%	30-Mar-17	500.50
	LXXXVIII- A Series	9.61%	28-Mar-17	284.00
	XXXIII - B Series	9.90%	22-Mar-17	561.50
	LXXXVII- A Series	9.62%	20-Mar-17	1,267.00
	LXXXVII- B Series	9.72%	20-Mar-17	23.00
	LXXXVII- C Series	9.59%	20-Mar-17	217.50
	LXXXIV Series	9.33%	17-Feb-17	1,521.20
	LXXXII- B Series	9.64%	15-Dec-16	825.00
	XXXI - A Series	8.78%	11-Dec-16	1,451.20

	Bond Series	Coupon Rate	Date of Redemption	Amount (₹ in crore)
	LXXXI Series	9.49%	29-Nov-16	1,138.00
	XVIII Series	7.87%	13-Nov-16	25.00
	XVII Series	8.21%	03-Oct-16	25.00
	XXIX - A Series	8.80%	07-Sep-16	250.00
	LXXVII- A Series	9.41%	01-Sep-16	1,083.60
	LXXV- B Series	9.62%	29-June-16	360.00
	XXVII - A Series	8.20%	17-Mar-16	1,000.00
	XXVI Series	7.95%	24-Feb-16	1,261.80
	XXV Series	7.60%	30-Dec-15	1,734.70
	LII - B Series	1.13%	28-Nov-15	5.80
	XVIII Series	7.87%	13-Nov-15	25.00
	XVII Series	8.21%	03-Oct-15	25.00
	L - C Series	10.70%	25-Aug-15	80.80
	LXVIII - A Series	8.25%	15-July-15	147.00
	LXV - Series	8.70%	14-May-15	1,337.50
	LXXXV- A Series	9.51%	15-Apr-15	661.30
	LXIV - Series	8.95%	30-Mar-15	492.00
	LXIII - Series	8.90%	15-Mar-15	184.00
	LXXXIII Series	9.55%	13-Jan-15	1,292.30
	LXI - Series	8.50%	15-Dec-14	351.00
	LXXXII- A Series	9.63%	15-Dec-14	2,100.00
	XVIII Series	7.87%	13-Nov-14	25.00
	XXI B Series	7.00%	02-Nov-14	51.90
	LIX - A Series	8.45%	15-Oct-14	288.20
	XVII Series	8.21%	03-Oct-14	25.00
	LVIII - B Series	8.45%	17-Sep-14	331.10
	LVII - B Series	8.60%	07-Aug-14	866.50
	LXXV- A Series	9.64%	29-June-14	555.00
	LV - B Series	7.50%	11-May-14	146.90
	LIV - A Series	8.90%	16-Feb-14	196.50
	LII - A Series	11.40%	28-Nov-13	662.70
	XVIII Series	7.87%	13-Nov-13	25.00
	XVII Series	8.21%	03-Oct-13	25.00
	LXXVIII- A Series	9.43%	23-Sep-13	655.00
	LI - B Series	11.10%	15-Sep-13	594.00
	L - B Series	10.75%	25-Aug-13	78.40
	XLIX - A Series	10.90%	11-Aug-13	313.60
	XLVIII - B Series	10.70%	15-July-13	217.40
	XLVII - B Series	9.60%	09-June-13	495.30
	XLIV Series	9.40%	25-Mar-13	1,260.30
	XXVII - B Series	8.09%	17-Mar-13	850.00
	XLIII - B Series	9.30%	12-Mar-13	271.60
	XLII - B Series	9.03%	15-Feb-13	319.00
	XLI - B Series	8.94%	15-Jan-13	265.00
	XL - B Series	9.22%	28-Dec-12	510.00
	LX - A Series	1 year INCMTBMK + 135 bps	20-Nov-12	175.00
	XVIII Series	7.87%	13-Nov-12	25.00
	XVII Series	8.21%	03-Oct-12	25.00
	XXXVIII Series	9.80%	20-Sep-12	1,862.00
	LVIII - A Series	7.75%	17-Sep-12	100.00
	LXIX - Series	7.89%	15-Sep-12	950.00
	LXVII Series	7.10%	15-July-12	1,100.00
	LVI Series	7.20%	09-July-12	525.00
	XXIII Series	7.00%	05-July-12	202.70
	XXXVI - B Series	10.00%	15-June-12	436.30
	LV - A Series	6.90%	11-May-12	877.00
21	As at 31.03.2012, Bonds of ₹ 7.10 crore (previous period ₹ 3.40 crore) are held by PFC Ltd. Employees Provident Fund Trust and Bonds of ₹ 0.70 crore (previous period ₹ 0.70 crore) are held by PFC Ltd. Gratuity Trust.			
22	Foreign currency 6.61 % Senior Notes (USPP - I) of USD 180 million amounting to ₹ 927.54 crore (previous period ₹ 812.52 crore) are redeemable at par on 05.09.2017.			

NOTE - Part A - 4
CONSOLIDATED OTHER LIABILITIES

(₹ in crore)

Description	As at 31.03.2012					As at 31.03.2011				
	Current		Non-Current		Total	Current		Non-Current		Total
Interest Subsidy Fund from GOI (Refer Note No. 13 of Part-C - Other Notes on Accounts)		**49.39**		**326.82**	**376.21**		77.50		374.37	451.87
Interest Differential Fund - KFW (Refer Note No. 10 of Part-C - Other Notes on Accounts)		**0.00**		**52.01**	**52.01**		0.00		49.01	49.01
Advance received from Subsidiaries (including interest payable thereon) (Refer Note No. 8.3 of Part-C - Other Notes on Accounts)		**111.84**		**160.63**	**272.47**		0.00		247.79	247.79
Amount payable to GoI under R-APDRP (Refer Note No. 15(i) of Part-C - Other Notes on Accounts)		**11.09**		**0.00**	**11.09**		6.88		0.00	6.88
Interest Accrued but not due :										
On Bonds	**3,405.60**		**0.00**			2,302.77		0.00		
On Loans	**90.96**	**3,496.56**	**0.00**	**0.00**	**3,496.56**	120.80	2,423.57	0.00	0.00	2,423.57
Unpaid / unclaimed										
Bonds	**5.27**		**0.00**			6.52		0.00		
Interest on Bonds	**3.55**		**0.00**			3.65		0.00		
Dividend	**0.98**	**9.80**	**0.00**	**0.00**	**9.80**	0.60	10.77	0.00	0.00	10.77
Others		**126.62**		**11.18**	**137.80**		282.70		7.21	289.91
Total #		**3,805.30**		**550.64**	**4,355.94**		**2,801.42**		**678.38**	**3,479.80**

Additions during the year includes ₹ 3.64 crore net (Previous year ₹ 2.22 crore) share of Jointly controlled entities.

NOTE - Part A - 5
CONSOLIDATED PROVISIONS

(₹ in crore)

Description	As at 31.03.2012			As at 31.03.2011		
	Current	Non-Current	Total	Current	Non-Current	Total
Employee Benefits **						
Economic Rehabilitation of Employees	**0.09**	**1.15**	**1.24**	0.23	1.03	1.26
Leave Encashment	**0.95**	**16.79**	**17.74**	0.75	14.72	15.47
Staff Welfare Expenses	**0.72**	**11.01**	**11.73**	0.52	9.41	9.93
Gratuity / Superannuation Fund	**7.24**	**0.00**	**7.24**	5.78	0.00	5.78
Others						
Taxation - Income Tax (net)	**111.21**	**0.00**	**111.21**	47.47	0.00	47.47
Taxation - Fringe Benefit Tax	**0.00**	**0.00**	**0.00**	0.80	0.00	0.80
CSR Expenses (Refer Note No. 24.2 of Part-C - Other Notes on accounts)	**16.39**	**0.00**	**16.39**	11.86	0.00	11.86
Proposed Final Dividend	**132.00**	**0.00**	**132.00**	197.99	0.00	197.99
Proposed Corporate Dividend Tax	**21.41**	**0.00**	**21.41**	32.12	0.00	32.12
Total #	**290.01**	**28.95**	**318.96**	**297.52**	**25.16**	**322.68**

\# Additions during the year includes ₹ 0.65 crore net (Previous year ₹ 0.33 crore) share of Jointly controlled entities.
** (Refer Note No. 24.1 of Part-C - Other Notes on Accounts)

NOTE - Part A - 6
CONSOLIDATED FIXED ASSETS

(₹ in crore)

Description	GROSS BLOCK				DEPRECIATION					NET BLOCK	
	Opening Balance as at 01.04.2011	Additions / Adjustments	Deductions / Adjustments	Closing Balance as at 31.03.2012	Opening Balance as at 01.04.2011	For the Period 01.04.2011 to 31.03.2012	Charged to Prior period Adjustments	Withdrawn / Written back	Closing Balance as at 31.03.2012	As at 31.03.2012	As at 31.03.2011
I. **TANGIBLE ASSETS :** **<u>Owned Assets</u>**											
Land (Freehold)	2.59	0.00	0.00	2.59	0.00	0.00	0.00	0.00	0.00	2.59	2.59
Land (Leasehold)	37.87	0.00	0.00	37.87	0.00	0.00	0.00	0.00	0.00	37.87	37.87
Buildings	24.14	1.40	0.00	25.54	5.33	0.95	0.00	0.00	6.28	19.26	18.81
EDP Equipments	11.37	2.31	0.23	13.45	7.07	2.13	0.03	0.18	9.05	4.40	4.30
Office and other equipments	11.60	1.01	0.08	12.53	6.04	0.88	0.00	0.04	6.88	5.65	5.56
Furniture & Fixtures	7.22	0.33	0.03	7.52	4.46	0.52	0.00	0.02	4.96	2.56	2.76
Vehicles	0.13	0.00	0.00	0.13	0.11	0.01	0.00	0.00	0.12	0.01	0.02
Total #	**94.92**	**5.05**	**0.34**	**99.63**	**23.01**	**4.49**	**0.03**	**0.24**	**27.29**	**72.34**	**71.91**
Previous Year	90.90	5.62	1.59	94.92	19.65	4.31	0.01	0.96	23.01	71.91	71.24
II. **Intangible Assets :** Purchased Software(Useful Life - 5 years)	4.23	2.65	0.00	6.88	1.56	1.05	0.00	0.00	2.61	4.27	2.67
Total	**4.23**	**2.65**	**0.00**	**6.88**	**1.56**	**1.05**	**0.00**	**0.00**	**2.61**	**4.27**	**2.67**
Previous Year	2.41	1.92	0.10	4.23	0.82	0.77	0.00	0.03	1.56	2.67	1.59
III. **Capital Works in Progress -Intangible Assets ****	2.28	0.33	2.16	0.45	0.00	0.00	0.00	0.00	0.00	0.45	2.28
Total	**2.28**	**0.33**	**2.16**	**0.45**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.45**	**2.28**
Previous Year	1.73	0.55	0.00	2.28	0.00	0.00	0.00	0.00	0.00	2.28	1.73

Additions during the year includes ₹ 0.05 crore net (Previous year ₹ 0.09 crore) share of Jointly controlled entities.

** Software Applications - Purchased and under implementation.

NOTE - Part A 7
CONSOLIDATED NON- CURRENT INVESTMENTS

(₹ in crore)

	Description		As at 31.03.2012		As at 31.03.2011
I.	**Long Term Investments (Trade - Unless otherwise specified)**				
	- Valued at Cost				
	1,20,00,000 (Previous Year 1,20,00,000) Equity Shares of ₹ 10/- each fully paid up of PTC Ltd. (Quoted)		**12.00**		12.00
	17,50,000 (Previous Year 17,50,000) Equity Shares (Face value of ₹ 10/- each) of Power Exchange India Ltd. (Unquoted - Non Trade) (Refer Note No. 9 (ii) of Part-C - Other Notes on Accounts)		**2.80**		1.75
	450,000 (Previous Year 4,15,000) Equity Shares of ₹ 10/- each fully paid up of Subsidiaries / Associates (Unquoted - Non Trade)		**0.45**		0.42
II.	**Bonds / Debentures (Trade - Unless otherwise specified)**				
	8,330 (Previous Year 8,330) 4% Bonds of ₹ 100/- each of IMP Power Ltd. (Unquoted - Non Trade)		**0.08**		0.08
	3,40,02,868 (Previous Period Nil) OFCD of ₹ 10/- each of R S India Wind Energy Pvt. Ltd. (Unquoted - Non Trade)	**34.00**		0.00	
	Less : Provision for contingencies	**34.00**	**0.00**	0.00	0.00
III.	**Others (Trade - Unless otherwise specified)**				
	- Valued at Cost (Less diminution, if any, other than temporary)				
	78,25,127 (Previous Year 87,33,788) Units of "Small is Beautiful" Fund of KSK Investment Advisor Pvt. Ltd. (Face value per unit is ₹ 10) (Unquoted - Non Trade) (Refer Note No. 9 (i) of Part-C - Other Notes on Accounts)	**7.83**		8.73	
	Less : Provision for diminution	**0.16**	**7.67**	0.18	8.55
	Total		**23.00**		**22.80**

Particulars	Book Adjusted Value	Market Value
Aggregate of Quoted Investments	**12.00**	**73.68**
(previous year)	(12.00)	(100.08)
Aggregate of Un-Quoted (non trade) Investments	**11.00**	–
(previous year)	(10.80)	–
Total	**23.00**	**73.68**
(previous year)	(22.80)	(100.08)

NOTE - Part A - 8
CONSOLIDATED LOANS

(₹ in crore)

Description	As at 31.03.2012					As at 31.03.2011				
	Current maturities (Twelve Months)		Non Current		Total	Current maturities (Twelve Months)		Non Current		Total
Long Term										
I Secured Loans										
a) Considered Good										
Rupee Term Loans (RTLs) to State Electricity Boards, State Power Corporations,Central Public Sector Undertakings and State Governments		**8,836.12**		**65,533.38**	**74,369.50**		5,403.86		52,591.53	57,995.39
RTLs to Independent Power Producers		**406.77**		**6,674.03**	**7,080.80**		392.03		3,607.44	3,999.47
Foreign Currency Loans to Independent Power Producers		**25.83**		**92.36**	**118.19**		62.88		261.42	324.30
Buyer's Line of Credit		**4.89**		**0.00**	**4.89**		6.52		4.89	11.41
Lease Financing to Borrowers **		**35.96**		**63.00**	**98.96**		28.06		103.31	131.37
RTLs to Equipment Manufacturers		**1.25**		**0.00**	**1.25**		1.25		1.25	2.50
Incomes accrued & due on loans		**3.30**		**0.00**	**3.30**		8.54		0.00	8.54
b) Others										
RTL to Independent Power Producers - Projects under implementation	**0.00**		**0.00**			375.00		325.00		
Less: Provision for contingencies	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	1.50	373.50	1.30	323.70	697.20
RTL to Independent Power Producers - NPA	**62.05**		**864.97**			0.00		8.92		
Less: Provision for contingencies	**14.23**	**47.82**	**86.50**	**778.47**	**826.29**	0.00	0.00	8.92	0.00	0.00
Lease financing to Borrowers - NPA **	**5.55**		**222.07**			15.23		202.26		
Less: Provision for contingencies	**0.55**	**5.00**	**22.21**	**199.86**	**204.86**	1.60	13.63	21.29	180.97	194.60
FCL to Independent Power Producers - NPA	**49.31**		**154.52**			0.00		0.00		
Less: Provision for contingencies	**4.93**	**44.38**	**15.45**	**139.07**	**183.45**	0.00	0.00	0.00	0.00	0.00
Sub-Total I		**9,411.32**		**73,480.17**	**82,891.49**		**6,290.27**		**57,074.51**	**63,364.78**
II. Un-Secured Loans										
a) Considered Good										
Rupee Term Loans (RTLs) to State Electricity Boards, State Power Corporations,Central Public Sector Undertakings and State Governments		**2,205.03**		**32,781.57**	**34,986.60**		3,638.91		28,933.34	32,572.25
RTLs to Independent Power Producers		**79.37**		**4,924.35**	**5,003.72**		19.60		609.03	628.63
Foreign Currency Loans to Independent Power Producers		**11.56**		**44.06**	**55.62**		23.58		48.73	72.31
RTLs to Equipment Manufacturers		**166.75**		**786.77**	**953.52**		68.92		758.08	827.00
Incomes accrued & due on loans		**3.00**		**0.00**	**3.00**		0.00		0.00	0.00
b) Others										
RTLs to State Power Corporations - NPAs	**0.00**		**0.00**			4.24		0.00		
Less : Provision for contingencies	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	4.24	0.00	0.00	0.00	0.00
Sub-Total II		**2,465.71**		**38,536.75**	**41,002.46**		**3,751.01**		**30,349.18**	**34,100.19**
Total of Long Term		**11,877.03**		**1,12,016.92**	**1,23,893.95**		**10,041.28**		**87,423.69**	**97,464.97**

	Short Term							
I	**Secured** Working Capital Loans to State Electricity Boards and State Power Corporations		**2,267.02**	**0.00**	**2,267.02**	500.00	0.00	500.00
	Sub-Total I		**2,267.02**	**0.00**	**2,267.02**	**500.00**	**0.00**	**500.00**
II	**Un-Secured** Working Capital Loans to State Electricity Boards and State Power Corporations		**3,760.85**	**0.00**	**3,760.85**	1,605.77	0.00	1,605.77
	Working Capital Loans to Independent Power Producers		**150.00**	**0.00**	**150.00**	0.00	0.00	0.00
	Sub-Total II		**3,910.85**	**0.00**	**3,910.85**	**1,605.77**	**0.00**	**1,605.77**
	Total of Short Term		**6,177.87**	**0.00**	**6,177.87**	**2,105.77**	**0.00**	**2,105.77**
	Grand Total		**18,054.90**	**1,12,016.92**	**1,30,071.82**	**12,147.05**	**87,423.69**	**99,570.74**

** (Refer Note No. 12 (a) of Part-C - Other Notes on Accounts)

NOTE - Part A - 9
CONSOLIDATED OTHER ASSETS

(₹ in crore)

Description	As at 31.03.2012				As at 31.03.2011			
	Current		Non-Current		Current		Non-Current	
LOANS AND ADVANCES								
Loans (considered good)								
a) to Employees (Secured)	**2.06**		**13.24**		1.87		9.89	
b) to Employees (Unsecured)	**3.75**	**5.81**	**19.19**	**32.43**	3.07	4.94	12.90	22.79
Advances (Unsecured considered good)								
Advances recoverable in cash or in kind or for value to be received								
a) to Subsidiaries (including interest recoverable there on) (Refer Note No. 8.2 of Part-C - Other Notes on Accounts)	**103.48**		**68.64**		2.25		131.73	
b) to Employees	**0.98**		**0.00**		0.59		0.00	
c) Prepaid Expenses	**1.82**		**0.00**		2.19		0.00	
d) Unamortized financial charges on Commercial Paper	**0.00**		**0.00**		35.45		0.00	
e) Others	**62.48**		**0.33**		332.32		2.23	
f) Advance Income Tax and Tax Deducted at Source (net)	**45.71**		**0.00**		120.83		0.00	
g) Advance Fringe Benefit Tax	**0.00**		**0.00**		1.73		0.00	
h) Security Deposits	**12.29**	**226.76**	**0.29**	**69.26**	3.23	498.59	0.25	134.21
OTHER ASSETS								
Accrued but not due :								
a) Interest on Loan Assets	**2,474.01**		**0.00**		1,863.13		0.00	
b) Other charges on Loan Assets	**15.88**		**0.00**		60.98		0.00	
c) Interest on Employee advances	**6.72**		**0.00**		5.26		0.00	
d) Interest on Deposits and Investments	**19.99**	**2,516.60**	**0.00**	**0.00**	15.78	1,945.15	0.00	0.00
Loans & Advances (Unsecured - Others)								
Non Performing Assets (NPAs)	**39.53**		**0.00**		1.03		0.00	
Less : Provision for contingencies	**4.80**	**34.73**	**0.00**	**0.00**	1.03	0.00	0.00	0.00
Total #		**2,783.90**		**101.69**		**2,448.68**		**157.00**

Additions during the year includes ₹ 0.78 crore net (Previous year ₹ 0.83 crore) share of Jointly controlled entities.

NOTE - Part A 10
CONSOLIDATED CURRENT INVESTMENTS

(₹ in crore)

Description		As at 31.03.2012		As at 31.03.2011
Equity Instruments - Valued scrip wise at lower of cost or market Price (Trade - Unless otherwise specified)				
5,39,349 (Previous year 5,39,349) Equity Shares (Face value of ₹ 10/- each fully paid up) of PGCIL purchased at a cost of ₹ 52 (Quoted)	**2.80**		2.80	
Less : Provision for diminution	**0.00**	**2.80**	0.00	2.80
97,952 (Previous Year 97,952) Equity Shares (Face value of ₹ 10/- each fully paid up) of REC Ltd. purchased at a cost of ₹ 105 (Quoted)	**1.03**		1.03	
Less : Provision for diminution	**0.00**	**1.03**	0.00	1.03
Total		**3.83**		**3.83**

Particulars	Book Adjusted Value	Market Value
Aggregate of Quoted Investments	**3.83**	**7.84**
(previous year)	(3.83)	(7.98)
Total	**3.83**	**7.84**
(previous year)	(3.83)	(7.98)

NOTE - Part A 11
CONSOLIDATED CASH AND BANK BALANCES

(₹ in crore)

Description		As at 31.03.2012		As at 31.03.2011
CASH AND CASH EQUIVALENTS				
I a) Balance in Current account with:				
i) Reserve Bank of India	**0.05**		0.05	
ii) Scheduled Banks	**21.59**	**21.64**	249.16	249.21
b) Cheques in hand		**0.95**		0.38
c) Balances in current account with scheduled banks for payament of interest on bonds, dividend etc.		**0.98**		0.61
d) Imprest with postal authority		**0.01**		0.01
e) Fixed Deposits with Scheduled Banks (original maturity up to three months)		**1,965.32**		2,128.83
		1,988.90		**2,379.04**
II Other Bank Balances				
Fixed Deposits with Scheduled Banks (original maturity more than three months)		**112.08**		65.15
		112.08		**65.15**
Total #		**2,100.97**		**2,444.19**

Includes ₹ 31.64 crore (Previous year ₹ 28.78 crore) share of Jointly Controlled Entities.

NOTE - Part A - 12
CONSOLIDATED REVENUE FROM OPERATIONS

(₹ in crore)

	Description		Year ended 31.03.2012		Year ended 31.03.2011
(A)	**Interest**				
	Interest on Loans		**12,602.47**		9,760.51
	Prepayment Premium on Loans		**14.87**		27.85
	Upfront fees on Loans		**26.81**		41.72
	Service charges on Loans		**0.02**		0.07
	Management, Agency & Guarantee Fees		**65.37**		96.77
	Commitment charges on Loans	**2.60**		3.04	
	Less : Commitment charges on Loans waived	**0.00**	**2.60**	0.08	2.96
	Income from surplus funds		**254.36**		93.18
	Lease income		**18.59**		15.81
	Sub- Total (A)		**12,985.09**		**10,038.87**
(B)	**Other Financial Services**				
	Nodal Agency Fees under R-APDRP (Refer Note No. 15 (ii) of Part-C - Other Notes on Accounts)		**39.15**		89.62
	Income from consultancy assignemnt		**47.93**		0.00
	Advisory Fees - UMPPs		**0.00**		46.46
	Sub- Total (B)		**87.08**		**136.08**
	Total #		**13,072.17**		**10,174.95**

Includes ₹ 3.27 crore (Previous year ₹ 0.39 crore) share of Jointly Controlled Entity.

NOTE - Part A - 13
CONSOLIDATED OTHER INCOME

(₹ in crore)

Description	Year ended 31.03.2012	Year ended 31.03.2011
Dividend Income		
Dividend / Interest Income on Long term Investments	**1.84**	1.56
Dividend Income on Current Investments	**0.20**	0.15
Net gain/loss on sale of investments		
Profit on sale of Assets	**0.01**	0.00
Profit on sale of Long term Investments	**0.84**	1.78
Others		
Interest on Income Tax Refund	**16.58**	24.49
Miscellaneous Income	**4.30**	9.83
Excess Liabilities written back	**0.08**	1.34
Total #	**23.85**	**39.15**

Includes ₹ 0.01 crore (Previous year ₹ 1.18 crore) share of Jointly Controlled Entity.

NOTE - Part A - 14
CONSOLIDATED INTEREST, FINANCE AND OTHER CHARGES

(₹ in crore)

	Description		Year ended 31.03.2012		Year ended 31.03.2011
I.	**Interest**				
	On Bonds	6,213.02		4,835.41	
	On Loans	1,808.14		1,417.53	
	to GOI on Interest Subsidy Fund	36.02		56.22	
	Rebate for Timely Payment to Borrowers	181.29		157.05	
	Swap Premium (Net)	(8.19)	8,230.28	(153.05)	6,313.16
II.	**Other Charges**				
	Commitment & Agency Fees	1.04		0.67	
	Financial Charges on Commercial Paper	57.47		15.45	
	Guarantee, Listing & Trusteeship fees	1.64		1.71	
	Management Fees on Foreign Currency Loans	0.00		61.04	
	Bank/Other charges	0.19		0.12	
	Direct overheads for Consultancy Services	1.80	62.14	2.29	81.28
	Interest paid on advances received from subsidiaries	9.08		7.07	
	Less : Interest received on advances given to subsidiaries	2.80	6.28	1.43	5.64
III	**Net Translation / transactions Exchange Loss/gain (-)**		167.60		26.38
	Total		**8,466.30**		**6,426.46**

NOTE - Part A - 15
CONSOLIDATED BOND ISSUE EXPENSES

(₹ in crore)

Description	Year ended 31.03.2012	Year ended 31.03.2011
Interest on Application Money	123.76	37.42
Credit Rating Fees	2.85	1.57
Other Issue Expenses	63.64	20.83
Stamp Duty Fees	6.64	3.23
Total	**196.89**	**63.05**

NOTE Part A - 16
CONSOLIDATED EMPLOYEE BENEFIT EXPENSES

(₹ in crore)

Description	Year ended 31.03.2012	Year ended 31.03.2011
Salaries, Wages and Bonus	59.27	52.62
Contribution to Provident and other funds	6.63	5.06
Staff Welfare	9.23	8.40
Rent for Residential accomodation of employees (Refer Note No. 12 (b) of Part-C - Other Notes on Accounts)	6.55	6.89
Total *	**81.68**	**72.97**

* The expenses of ₹ 5.47 crore (previous period ₹ 5.07 crore) on account of reimbursement of amount incurred for R-APDRP scheme have been adjusted against the respective heads.

NOTE Part A - 17
CONSOLIDATED OTHER EXPENSES

(₹ in crore)

Description	Year ended 31.03.2012	Year ended 31.03.2011
Office Rent	**1.30**	0.72
Electricity & Water charges	**1.18**	1.29
Insurance	**0.12**	0.04
Repairs & Maintenance	**2.04**	2.46
Stationery & Printing	**0.81**	0.70
Travelling & Conveyance	**6.59**	6.00
Postage, Telegraph & Telephone	**0.97**	1.08
Professional & Consultancy charges	**2.02**	1.89
CSR Expenses	**13.24**	11.86
Miscellaneous	**20.97**	16.14
Loss on sale of assets	**0.03**	0.06
Auditors' remuneration	**0.64**	0.40
Service Tax	**4.30**	1.62
Rates & Taxes	**0.83**	0.77
Wealth Tax	**0.01**	0.00
Provision for Decline in value of Investment	**0.00**	0.00
Contribution to PMC (MoP)	**0.54**	0.00
Total *	**55.59**	**45.03**
Less : Re-imbursement of expenditure incurred for operationalization of R-APDRP scheme **	0.00	15.89
Total #	**55.59**	**29.14**

* The expenses of ₹ 2.83 crore (previous period ₹ 2.81 crore) on account of reimbursement of amount incurred for R-APDRP scheme have adjusted against the respective heads.

** The amount pertains re-imbursements related of FYs 2008-09 and 2009-10.

Includes ₹ 0.76 crore (Previous year ₹ 0.31 crore) share of Jointly Controlled Entity

Note :-

Description	Year ended 31.03.2012	Year ended 31.03.2011
1) Miscellaneous includes :		
Books & Periodicals	**0.03**	0.04
Advertisement	**6.50**	6.30
Membership & Subscription	**0.65**	0.85
Entertainment	**0.61**	0.45
Conference & Meeting Expenses	**1.50**	1.33
Security Expenses	**1.04**	0.97
Training	**0.35**	0.43
EDP Expenses	**1.23**	1.52
Business Promotion / Related Expenses	**0.14**	0.10
Equipment hiring charges	**0.11**	0.10
Interest on income tax U/S 234	**4.90**	0.22
2) Auditors' Remuneration includes :		
Audit fees	**0.19**	0.14
Tax Audit fees	**0.04**	0.04
Other certification services	**0.41**	0.25
Reimbursement of Expenses	**0.00**	0.01

Note - Part A -18
CONSOLIDATED PRIOR PERIOD ITEMS (NET)

(₹ in crore)

Description		Year ended 31.03.2012		Year ended 31.03.2011
Prior Period Income :				
Interest & Other charges		**0.34**		0.13
Prior Period Expenses :				
Depreciation	**0.03**		(0.03)	
Interest & Other charges	**0.44**		0.19	
Issue Expenses	**(0.23)**			
Personnel & Administration Expenses	**(0.77)**	**(0.53)**	0.05	0.21
Total #		**(0.87)**		**0.08**

Includes ₹ 0.01 crore (Previous year Nil) share of Jointly Controlled Entity.

Part – B

CONSOLIDATED SIGNIFICANT ACCOUNTING POLICIES

A. PRINCIPLES OF CONSOLIDATION

The Consolidated Financial Statements relates to Power Finance Corporation Limited (The Company), its subsidiary, Joint Venture entity and Associate. The Consolidated Financial Statements have been prepared on the following basis:-

i) The Financial Statements of the Company and its subsidiary are combined on a line by line basis by adding together the book values of like items of assets, liabilities, income and expenses after fully eliminating intra-group balances and intra-group transactions resulting in unrealized profits or losses in accordance with Accounting Standard (AS) 21 – Consolidated Financial Statements.

ii) The Financial Statements of Joint Venture entity has been combined by applying proportionate consolidation method on a line by line basis by adding together the book values of like items of assets, liabilities, income and expenses after eliminating proportionate share of unrealized profits or losses in accordance with Accounting Standard (AS) 27 – Financial Reporting of interests in Joint Ventures.

iii) The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the company's separate financial statements excepts as otherwise stated in the notes to the accounts.

iv) In case of Associates, where the company directly or indirectly through subsidiaries holds more than 20% of equity, investments in Associates are accounted for using equity method in accordance with Accounting Standard (AS) 23 – Accounting for Investments in Associates in Consolidated Financial Statements.

B. Investments in Subsidiaries and Associates which are not consolidated, are accounted for as per Accounting Standard (AS) 13 – Accounting for Investments, as per policy no. 6.3 infra.

C. OTHER SIGNIFICANT ACCOUNTING POLICIES

1 BASIS FOR PREPARATION OF FINANCIAL STATEMENTS

The Financial Statements have been prepared in accordance with historical cost convention on accrual basis in accordance with Generally Accepted Accounting Principles (GAAP) and Accounting Standards notified by the Companies (Accounting Standards) Rules, 2006 and relevant provisions of the Companies Act, 1956.

The preparation of Financial Statements requires the Management to make estimates and assumptions considered in the reported amounts of assets, liabilities (including contingent liabilities), revenues and expenses of the reporting period. The difference between the actual results and the estimates are recognized in the period in which the results are known and / or materialized.

2 RECOGNITION OF INCOME / EXPENDITURE

2.1 Income and expenses (except as stated below) are accounted for on accrual basis.

2.1.1 Income on non-performing assets and assets stated in the proviso to paragraph 7.2, infra is recognized in the year of its receipt. However, any unrealized income recognized before the asset in question became non-performing asset or the income recognized in respect of assets as stated in the proviso to paragraph 7.2, infra which remained due but unpaid for a period more than six months is reversed.

2.1.2 Income under the head carbon credit, is accounted for in the year in which it is received by the Company.

2.2 Rebate on account of timely payment by borrowers is accounted for, on receipt of entire amount due on time.

2.3 Discount / financial charges / interest on the commercial papers and zero coupon bonds (deep discount bonds) are amortized proportionately over the period of its tenure.

2.4 Expenditure on issue of shares is charged to the securities premium account.

2.5 Income from dividend is accounted for in the year of declaration of dividend.

2.6 Recoveries in borrower accounts are appropriated as per the loan agreements.

2.7 The Company raises demand for principal installments due, as per loan agreements. The repayment is adjusted against earliest disbursement, irrespective of the rate of interest being charged on various disbursements.

2.8 Prior period expenses / income and prepaid expenses upto ₹ 5,000/- are charged to natural heads of account.

2.9 (i) Nodal Agency Fees under Restructured Accelerated Power Development and Reforms Programme (R – APDRP) are accounted for @1% of the sanctioned project cost in three stages- 0.40% on sanction of the project, 0.30% on disbursement of the funds and remaining 0.30% after completion of the sanctioned project (for Part – A) and verification of AT&C loss of the project areas (for Part – B).

(ii) Actual expenditure incurred for operationalising the R– APDRP are reimbursed by Ministry of Power, Government of India and is accounted for in the period in which the expenditure is so incurred.

2.10 Income from consultancy service is accounted for on the basis of assessment by the management of actual progress of work executed proportionately with respect to the total scope of work in line with the terms of respective consultancy contracts. Consultancy fees calculated is net of Service Tax as payable under Finance Act, 1994.

2.11 Fees for advisory and professional services for developing ultra mega power projects (Special Purpose Vehicle of the Copmany) / independent transmission projects, becomes due only on transfer of projects to the success full bidders and is accordingly accounted for at the time of such transfer.

3 MISCELLANOUS EXPENDITURE (PRELIMINARY EXPENDITURE)

Expenditure which are not Intangible Assets in terms of AS-26 will be fully written off in the same year in which they are incurred.

4 FIXED ASSETS/DEPRECIATION

4.1 Fixed assets are shown at historical cost less accumulated depreciation, except for the assets retired from active use and held for disposal, which are stated at lower of the book value or net realizable value.

4.2 Additions to fixed assets are being capitalized on the basis of bills approved or estimated value of work done as per contracts in cases where final bills are yet to be received / approved.

4.3 Depreciation on assets is provided on written down value method, in accordance with the rates prescribed in Schedule XIV of the Companies Act, 1956.

4.4 Items of fixed assets acquired during the year costing up to ₹ 5,000/- are fully depreciated. However, Software individually costing less than ₹ 1,00,000/- is fully amortised in the year of acquisition.

5 INTANGIBLE ASSETS / AMORTIZATION

Intangible assets such as software are shown at the cost of acquisition, and amortization is done under straight-line method over the life of the assets estimated by the Company.

6 INVESTMENTS

6.1 Quoted current investments are valued scrip wise at lower of cost or fair value.

6.2 Unquoted current investments are valued at lower of cost or fair value.

6.3 Long term investments are valued at cost. Provision is made for diminution, other than temporary in the value of such investments. However, diminution in value is reversed, when there is rise in the value or if the reason for the reduction no longer exists.

6.4 Investments in mutual funds / venture capital funds are valued at cost, less diminution, if any, other than temporary. However, diminution in value is reversed, when there is rise in the value or if the reason for the reduction no longer exists.

7 PROVISIONS/WRITE OFF AGAINST LOANS AND ADVANCES

Prudential Norms

7.1 PFC being a Government owned Non Banking Financial Company (NBFC) is exempt from the RBI directions relating to Prudential Norms. The Company, however, has formulated its own set of Prudential Norms with effect from 01.04.2003, which has been revised from time to time.

In respect of private sector utilities, the Company applies RBI exposure norms, as advised by RBI, vide their letter of December, 2008. Further, RBI exempted PFC from its prudential exposure norms in respect of lending to State / Central entities in power sector till March'2012, vide their letter dated 18.03.2010.

RBI has accorded the status of Infrastructure Finance company (IFC) to PFC, vide their letter dated 28.07.2010. Accordingly, PFC maintains CRAR as applicable to IFC.

7.2 As per prudential norms approved by the Board of Directors and the Ministry of Power, an asset including a lease asset, in respect of which, interest, principal installment and / or other charges remain due but unpaid for a period of six months or more, a term loan inclusive of unpaid interest and other dues if any, when the principal installment and /or interest remains unpaid for a period of six months or more, any amount which remains due but unpaid for a period of six months or more under bill discounting scheme and any amount due on account of sale of assets or services rendered or reimbursement of expenses incurred which remains unpaid for a period of six months or more are classified as Non-Performing Assets (NPA).

However, the following assets would not be classified as non-performing assets and the income on these loans is recognized on realisation basis.

(i) Loans in respect of projects which are under implementation as per RBI Circular No. ref DBS.FID No. C-11/01.02.00/2001-02 dated February 1, 2002 read with D.O. letter DBS FID No 1285/01.02.00/2001-02 dated May 14, 2002 and RBI letter No.DBOD.BP.No.7675/21.04.048/2008-09 dated 11.11.2008 are classified in line with RBI guidelines for asset classification of Infrastructure projects, as applicable to banks from time to time.

(ii) A facility which is backed by the Central / State Government guarantee or by the State Government undertaking for deduction from central plan allocation or a loan to State department, for a period not exceeding 12 months from the date from which Company's dues have not been paid by the borrower.

(iii) A loan disbursed to an integrated power entity which is bifurcated on account of division of states, the company shall follow the government order issued for division of assets and liabilities, unless the same is stayed by any court and the case is pending in the court.

(iv) Non servicing of part of dues disputed by the borrower for a period not exceeding 12 months from the date from which the company's dues have not been paid by the borrower. The disputed income shall be recognized only when it is actually realized. Any such disputed income already recognized in the books of accounts shall be reversed. Disputed dues means amount on account of financial charges like commitment charges , penal interest etc. and the disputed differential income on account of interest reset not serviced by the borrower due to certain issues remains unresolved. A dispute shall be acknowledged on case to case basis with the approval of the Board of Directors.

7.3 NPA classification and provisioning norms for loans, other credits and lease assets are given as under

(i)	NPA for a period not exceeding 18 months	:	Sub-standard asset
(ii)	NPA exceeding 18 months	:	Doubtful asset
(iii)	When an asset is identified as loss asset or assets remain doubtful asset exceeding 36 months, which ever is earlier	:	Loss asset

7.4 Provision against NPAs is made at the rates indicated below: -

(i) Sub-standard assets : 10%

(ii) Doubtful assets:

(a) Secured portion / facility including that guaranteed by the state / central government or by the state government undertaking for deduction from central plan allocation or loan to state department.

Up to 1 year	:	20%
1 – 3 years	:	30%
More than 3 years	:	100%

(b) Unsecured : 100%

(iii) Loss asset : 100%

The entire loss assets shall be written off. In case, a loss asset is permitted to remain in the books for any reason, 100% of outstanding shall be provided for.

For the purpose of assets classification and provisioning –

(i) facilities granted to Government sector entities are considered loan-wise.

(ii) facilities granted to Private sector entities are considered borrower -wise.

(iii) Facilities falling under paragraph 6.2 (i), supra, shall be classified in line with RBI guidelines for asset classification of infrastructure projects, as applicable to banks from time to time, but provisioning for such facilities shall be as per PFC Prudential Norms applicable from time to time.

7.5 Restructuring, Reschedulement or Renegotiation of term(s) of loan:

(i) PFC may, not more than once (in each of the following three stages), restructure or reschedule or renegotiate the terms of infrastructure loan agreement as per the policy framework laid down by the Board of Directors of the company under the following stages:

a) Before commencement of commercial production

b) After commencement of commercial production but before the asset has been classified as sub-standard;

c) After the commencement of commercial production and the asset has been classified as sub-standard.

Provided that in each of the above three stages, the restructuring and/or rescheduling and/or renegotiation of principal and/or of interest may take place, with or without sacrifice, as part of the restructuring or rescheduling or renegotiating package evolved.

Provided further that in exceptional circumstance(s), for reasons to be recorded in writing, PFC may consider restructuring/reschedulement/renegotiation of terms of loan agreement second time before COD of the project with the approval of Board of Directors.

Provided further that extension of repayment schedule before COD* of the project in respect of Government Sector Entities, without any sacrifice** of either principal or interest, will not be considered as restructuring / rescheduling / renegotiation for the purpose of applicability of this section.

* Completion Date for projects where COD is not applicable.

**The term "sacrifice" shall mean waiver/reduction of principal and/or the interest dues and/or future applicable interest rate as a part of Restructuring / Reschedulement / Renegotiation package for the purpose of giving effect to the extant provision in respect of Government sector entities.

(ii) Provision for shortfall in security of Restructured / Rescheduled / Renegotiated Loans:

Where the asset is partly secured, a provision to the extent of shortfall in the security available, shall be made while restructuring and / or rescheduling and / or renegotiation of the loans, apart from the provision required on present value basis and as per prudential norms.

(iii) Treatment of Restructured / Rescheduled / Renegotiated Standard Loan:

The rescheduling or restructuring or renegotiation of the instalments of principal alone, at any of the aforesaid first two stages shall not cause a standard asset to be re-classified in the sub-standard category, if the project is re-examined and found to be viable by the Board of Directors of PFC or by a functionary at least one step senior to the functionary who sanctioned the initial loan for the project, within the policy framework laid down by the Board.

Provided that rescheduling or renegotiation or restructuring of interest element at any of the foregoing first two stages shall not cause a standard asset to be downgraded to sub-standard category subject to the condition that the amount of interest foregone, if any, on account of adjustment in the element of interest as specified later, is either written off or 100 per cent provision is made there against.

(iv) Treatment of Restructured / Rescheduled / Renegotiated sub-standard Asset:

A sub-standard asset shall continue to remain in the same category in case of restructuring or rescheduling or renegotiation of the instalments of principal until the expiry of one year and the amount of interest foregone, if any, on account of adjustment, including adjustment by way of write off of the past interest dues, in the element of interest as specified later, shall be written off or 100 per cent provision made there against.

(v) Adjustment of Interest:

Where rescheduling or renegotiation or restructuring involves a reduction in the rate of interest, the interest adjustment shall be computed by taking the difference between the rate of interest as currently applicable to the loan (as adjusted for the risk rating applicable to the borrower) and the reduced rate and aggregating the present value (discounted at the rate currently applicable to infrastructure loan, adjusted for risk enhancement) of the future interest payable so stipulated in the restructuring or rescheduling or renegotiation proposal.

(vi) Funded Interest:

In the case of funding of interest in respect of NPAs, where the interest funded is recognized as income, the interest funded shall be fully provided for.

(vii) Eligibility for Upgradation of Restructured / Rescheduled / Renegotiated Sub-standard Infrastructure loan:

The sub-standard asset subjected to rescheduling and / or renegotiation and / or restructuring, whether in respect of instalments of principal amount, or interest amount, by whatever modality, shall not be upgraded to the standard category until expiry of one year of satisfactory performance under the restructuring and / or rescheduling and / or renegotiation terms.

(viii) Reversal of Provision:

Reversal of provision made for a restructured / rescheduled / renegotiated NPA towards principal is permitted when the account becomes a standard asset. The provision made in a restructured / rescheduled / renegotiated account towards interest sacrifice may be reversed every year (NPV of interest sacrifice for the respective year) on receipt of all repayment obligations for the respective year.

(ix) Conversion of Debt into Equity:

Where the amount due as interest is converted into equity or any other instrument, and income is recognized in consequence, full provision shall be made for the amount of income so recognized to offset the effect of such income recognition:

Provided that no provision is required to be made, if the conversion of interest is into equity which is quoted;

Provided further that in such cases, interest income may be recognized at market value of equity, as on the date of conversion, not exceeding the amount of interest converted to equity.

(x) Conversion of Debt into Debentures:

Where principal amount and /or interest amount in respect of NPAs is converted into debentures, such debentures shall be treated as NPA, ab initio, in the same asset classification as was applicable to the loan just before conversion and provision shall be made as per norms.

(xi) These norms shall be applicable to the loans which have been restructured and / or rescheduled and / or renegotiated and which are fully or partly secured standard / sub-standard asset.

For the above paragraphs, Restructuring / Re-schedulement / Renegotiation shall cover terms of agreement relating to principal and interest.

However, this section shall not be applicable to the following set of assets:

a) A facility which is backed by Central / State Government Guarantee or by state government undertaking for deduction from central plan allocation or a loan to state department.

b) Loans falling under paragraph 6.2(i).

8 FOREIGN EXCHANGE TRANSACTIONS:

8.1 The following transactions are accounted for at the exchange rates prevailing on the date of the transaction as per Accounting Standard – 11.

(i) Expenses and income in foreign currency; and

(ii) Amounts borrowed and lent in foreign currency.

8.2 The following balances are translated in Indian Currency at the exchange rates prevailing on the date of closing of accounts as per Accounting Standard – 11.

(i) Foreign currency loan liabilities.

(ii) Funds kept in foreign currency account with banks abroad.

(iii) Contingent liabilities in respect of guarantees given in foreign currency.

(iv) Income earned abroad but not remitted / received in India.

(v) Loans granted in foreign currency.

(vi) Expenses and income accrued but not due on foreign currency loans / borrowing.

8.3 Where the Company has entered into a forward contract or an instrument that is, in substance a forward contract, the difference between the forward rate and the exchange rate on the date of transaction is recognized as income or expense over the life of the contract, as per Accounting Standard – 11.

8.4 In case of loan from KFW, Germany, exchange loss, if any, at the year-end is debited to Interest Differential Fund Account – KFW as per loan agreement.

8.5 In accordance with the paragraph 46A of the Accounting Standards (AS) 11, the exchange differences on the long term foreign currency monetary items are amortized over their balance period."

9 DERIVATIVE TRANSACTIONS

9.1 Derivative transactions include forwards, interest rate swaps, currency swaps, and currency and cross currency options to hedge on balance sheet assets or liabilities.

9.2 These derivative transactions are done for hedging purpose, and not for trading or speculative purpose. These are accounted for on accrual basis, and are not marked to market.

10 GRANTS FROM GOVERNMENT OF INDIA:

10.1 Where grants are first disbursed to the grantee, the same are shown as amount recoverable from the Govt. of India and are squared up on receipt of amount.

10.2 Where grants are received in advance from Govt. of India, the same are shown as current liabilities till the payments are released to the grantee.

11 INTEREST SUBSIDY FUND

11.1 Interest subsidy for eligible borrowers received from the Ministry of Power, Govt. of India under Accelerated Generation & Supply Programme (AG & SP) on net present value (NPV) basis is credited to Interest Subsidy Fund on receipt and is passed on to the borrowers over the eligible period of loan on respective dates of interest demands. Any excess / shortfall in the Interest Subsidy Fund is refunded or adjusted / charged off on completion of respective scheme.

11.2 Interest Subsidy Fund is credited at the year-end with interest on the outstanding balance in the subsidy fund by debiting Profit & Loss account, at rates specified in the Scheme.

12 R-APDRP FUND

Amounts received from the Government of India under Re-structured Accelerated Power Development & Reforms Programme (R – APDRP) as a Nodal agency for on lending to eligible borrowers are back to back arrangements with no profit or loss arising to the Company.

13 INCOME/RECEIPT/EXPENDITURE ON SUBSIDIARIES

13.1 Expenditure incurred on the subsidiaries is debited to the account "Amount recoverable from concerned subsidiary".

13.2 Expenses in respect of man days (employees) are allocated to subsidiaries and administrative overheads are apportioned to subsidiaries on estimated basis. Direct expenses are booked to respective subsidiaries.

13.3 Interest on amount recoverable from Subsidiaries is accounted for at the rate of interest applicable for project loan / scheme (generation) to state sector borrower (category A) as per the policy of the Company.

13.4 Amounts received by subsidiaries as commitment advance from power procurers are parked with the Company as inter-corporate loans and interest is provided on unused portion of these loans at the mutually agreed interest rates.

13.5 Request for Qualification (RFQ) document / Request for Proposal (RFP) document developed for subsidiaries (incorporated for UMPP) are provided to subsidiary companies at a price equivalent to sale proceeds of RFQ / RFP document received by the subsidiary companies from the prospective bidders. The same is accounted for as income of the company on receipt from subsidiary company.

13.6 The Company incurs expenditure for development work in the UMPPs. The expenditure incurred is shown as amount recoverable from the respective subsidiaries set up for development of UMPPs. Provisioning / write off is considered to the extent not recoverable, when an UMPP is abandoned by the Ministry of Power, Government of India.

14 EMPLOYEE BENEFITS

14.1 Provident Fund, Gratuity and post retirement benefits

Company's contribution paid / payable during the financial year towards Provident Fund is charged in the Profit and Loss Account. The Company's obligation towards gratuity to employees and post retirement benefits such as medical benefits, economic rehabilitation benefit, and settlement allowance after retirement are actuarially determined and provided for as per Accounting Standard – 15 (Revised).

14.2 Other Employee Benefits

The Company's obligation towards sick leave, earned leave, service award scheme are actuarially determined and provided for, as per Accounting Standard – 15 (Revised)

15 INCOME TAX

15.1. Income Tax comprising of current tax is determined in accordance with the applicable tax laws and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the period) in accordance with Accounting Standard – 22 on Accounting for Taxes on Income.

Deferred tax charge or credit and corresponding deferred tax liabilities or assets are recognized using tax rates that have been enacted or substantially established by the balance sheet date. Deferred Tax Assets are recognized and carried forward to the extent there is a reasonable certainty that sufficient future taxable income will be available against which such Deferred Tax Assets can be realized.

15.2. Since the Company has passed a Board resolution that it has no intention to make withdrawal from the Special Reserve created and maintained under section 36(1)(viii) of the Income Tax Act, 1961, the special reserve created and maintained is not capable of being reversed and thus it becomes a permanent difference. The Company does not create any deferred tax liability on the said reserve in accordance with the clarification of the Accounting Standard Board of the Institute of Chartered Accountants of India.

16 CASH FLOW STATEMENT

Cash flow statement is prepared in accordance with the indirect method prescribed in Accounting Standard – 3 on Cash Flow Statement.

Part – C

Other Notes on Accounts

1. The Company is a government company engaged in extending financial assistance to power sector.

2.0 The consolidated financial statements represent consolidation of accounts of the company (Power Finance Corporation Limited), its subsidiary companies and joint venture entities as detailed below:-

Name of the subsidiary companies / joint venture entities and associate company	Country of incorpo-ration	Proportion of shareholdings as on		Status of accounts & Accounting period
		31.03.2012	31.03.2011	
Subsidiary Companies				
PFC Consulting Limited (PFCCL)	India	100%	100%	Audited Accounts from 01.04.2011 to 31.03.2012
PFC Green Energy Ltd. (PFCGEL)	India	100%	-	Audited Accounts from 30.03.2011 to 31.03.2012
PFC Capital Advisory Services Limited (PFCCAS)	India	100%	-	Audited Accounts from 18.07.2011 to 31.03.2012
Power Equity Capital Advisors Private Limited (PECAP)	India	100%	30%	Audited Accounts from 01.04.2011 to 31.03.2012
Joint Venture entities				
National Power Exchange Limited	India	16.66%	16.66%	Audited Accounts from 01.04.2011 to 31.03.2012
Energy Efficiency Services Limited	India	25%	25%	Audited Accounts from 01.04.2011 to 31.03.2012

2.1 The financial statements of subsidiaries (incorporated in India) as mentioned below are not consolidated in terms of paragraph 11 of Accounting Standard – 21 which states that a subsidiary should be excluded from consolidation when control is intended to be temporary because the subsidiary is acquired and held exclusively with a view to its subsequent disposal to successful bidder on completion of the bidding process :-

Sl No.	Name of the Company	Proportion of Shareholding as on	
		31.03.2012	31.03.2011
	Subsidiary Companies:		
1.	Coastal Maharashtra Mega Power Limited	100%	100%
2.	Orissa Integrated Power Limited	100%	100%
3.	Coastal Karnataka Power Limited	100%	100%
4.	Coastal Tamil Nadu Power Limited	100%	100%
5.	Chhattisgarh Surguja Power Ltd.	100%	100%
6.	Sakhigopal Integrated Power Limited	100%	100%
7.	Ghogarpalli Integrated Power Limited	100%	100%
8.	Tatiya Andhra Mega Power Limited	100%	100%
9.	DGEN & Uttrakhand Transmission Company Ltd.	100%	—

The above subsidiary companies were incorporated as special purpose vehicle (SPVs) under the mandate from Government of India (GOI) for development of ultra mega power projects (UMPPs) and independent transmission projects (ITPs) with the intention to hand over them to successful bidder on completion of the bidding process. The Financial Statements of these subsidiaries are attached as required under Section 212 of the Companies Act, 1956, except DGEN & Uttrakhand Transmission Company Ltd. which has been incorporated on 15.11.2011. The subsidiary's financial statement is not attached, as the first financial year of the subsidiary has been fixed to be for the period from 15.11.2011 to 31.12.2012.

2.2 The Company promoted and acquired the shares at face value in the subsidiary companies. Therefore, goodwill or capital reserve did not arise.

3. Contingent liabilities:

(i) Default guarantees issued by the Company in foreign currency :

a) EURO Nil million equivalents ₹ Nil crore (as on 31.03.2011 EURO 0.355 million equivalents to ₹ 2.27 crore).

b) US $ 10.94 million equivalent to ₹ 56.40 crore (as on 31.03.2011 US $ 14.34 million equivalent to ₹ 64.75 crore).

(ii) Default guarantee issued by the Company in Indian Rupee ₹ 371.93 crore (as on 31.03.2011 ₹ 400.00 crore).

(iii) Bank guarantee issued by the Company in Indian Rupee ₹ 135.32 crore (as on 31.03.2011 ₹ 50.04 crore).

(iv) Additional demands raised by the Income Tax Department of ₹ 2.55 crore , ₹ 4.51 crore, ₹ 0.36 crore, ₹ 9.24 crore, ₹ 7.44 crore, ₹ 4.67 crore and ₹ 11.24 crore for Assessment Years 2000-01, 2001-02, 2002-03, 2005-06, 2007-08, 2008-09 and 2009-10 respectively are being contested. Further, the Income Tax Department has filed appeals before ITAT against the orders of CIT (A) allowing relief of ₹ 22.22 crore, ₹ 21.13 crore and ₹ 21.68 crore for AYs 2004-05 to 2006-07, respectively. The same are being contested. The Management does not consider it necessary to make any provision, as the probability of any tax liability devolving on the Company is negligible.

(v) Claims against the Company not acknowledged as debts are ₹ Nil crore (as on 31.03.2011 ₹ 7.80 crore).

(vi) Outstanding disbursement commitments to the borrowers by way of Letter of Comfort issued against loans sanctioned is ₹ 5,730.38 crore as on 31.03.2012 (as on 31.03.2011 ₹ 5,758.02 crore).

4. Estimated amount of contract remaining to be executed on account of capital contracts, not provided for, is ₹ 0.57 crore (as on 31.03.2011 ₹ 3.70 crore).

5. Additional demands raised by the Income Tax Department (net of relief granted by Appellate Authorities) amounting to ₹ 29.76 crore for Assessment Years 2001-02 to 2009-10 were provided for and are being contested by the Company.

6. The Company creates Debenture Redemption Reserve (DRR) upto 50% of the value of bonds / debentures issued through public issue, during the maturity period of such bonds / debentures.

The Company is not required to create Debenture redemption reserve in case of privately placed debentures as per circular No. 6 / 3 / 2001 – CL.V dated 18.04.2002 of the Government of India, Ministry of Law, Justice Company Affairs, and Department of Company Affairs.

The Company is not required to maintain reserve fund under section 45 – I C of the Reserve Bank of India Act, 1934 by transferring 20 % of its net profits, as it is exempted by RBI, vide RBI letter dated 24.01.2000.

7. Foreign currency actual outgo and earning:

(₹ in crore)

S.No.	Description	FY ended 31.03.2012	FY ended 31.03.2011
A.	**Expenditure in foreign currency**		
i)	Interest on loans from foreign institutions	**159.37**	108.40
ii)	Financial & Other charges	**11.08**	57.37
iii)	Traveling Expenses	**0.21**	0.16
iv)	Training Expenses	**0.12**	0.10
B.	**Earning in foreign currency**	**Nil**	Nil

8 Related party disclosures:

8.1 Key managerial personnel:

Name of the key managerial personnel	
Power Finance Corporation Ltd.	
Shri Satnam Singh, CMD	(with effect from 01.08.2008)
Shri M K Goel, Director	(with effect from 27.07.2007)
Shri Rajeev Sharma, Director	(from 09.03.2009 to 29.11.2011)
Shri R. Nagarajan, Director	(with effect from 31.07.2009)
Subsidiary company	
Shri N. D. Tyagi, CEO of PFC Consulting Limited.	
Shri A.K. Agarwal, CEO of PFC Green Energy Ltd.	
Shri A.Chakravarti, CEO of PFC Capital Advisory Services Limited	
Shri C. Ganopadhyay, Director Power Equity Capital Advisors Private Limited	
Joint Ventures entities	
Shri A.K. Agarwal, Chairman cum CEO of Energy Efficiency Services Limited	
Shri I. J. Kapoor, Chairman of National Power Exchange Limited	

Managerial remuneration:

(₹ in crore)

	Chairman & Managing Director		**Other Directors and CEO**	
	For FY ended 31.03.2012	**For FY ended 31.03.2011**	**For FY ended 31.03.2012**	**For FY ended 31.03.2011**
Salaries and allowances	**0.42**	0.23	**1.32**	1.00
Contribution to provident fund and other welfare fund	**0.02**	0.02	**0.05**	0.05
Other perquisites / payments	**0.13**	0.13	**0.39**	0.38
Total	**0.57**	**0.38**	**1.76**	**1.43**

In addition to the above perquisites, the Chairman & Managing Director and other Directors have been allowed to use staff car including private journey up to a ceiling of 1,000 kms per month on payment of ₹ 780/- per month.

8.2 The details of amount recoverable (including interest thereon) from the respective subsidiaries are given below:

(₹ in crore)

Name of the Subsidiary Companies	**Amount as on 31.03.2012**	**Amount as on 31.03.2011**	**Maximum during FY 2011-12**	**Maximum During FY 2010-11**
Coastal Maharashtra Mega Power Limited	**5.72**	4.88	**5.72**	4.95
Orissa Integrated Power Limited	**73.21**	58.40	**73.21**	58.40
Coastal Karnataka Power Limited	**2.40**	2.08	**2.40**	2.11
Coastal Tamil Nadu Power Ltd.	**29.75**	18.74	**29.75**	18.74
Chhattisgarh Surguja Power Limited	**50.85**	41.05	**50.85**	41.05
Sakhigopal Integrated Power Limited	**1.16**	0.65	**1.16**	0.65
Ghogarpalli Integrated Power Limited	**0.90**	0.53	**0.90**	0.53
Tatiya Andhra Mega Power Limited	**7.71**	5.40	**7.71**	5.40
PFC Green Energy Ltd.	**0.05**	2.25	**2.25**	2.25
PFC Capital Advisory Services Limited	**0.01**	0.00	**0.04**	0.00
Subsidiary of PFCCL	**0.36**	0.00	**0.36**	0.00
Total	**172.12**	**133.98**	**174.35**	**134.08**

8.3 The details of amounts payable to subsidiaries (including interest) in respect of amounts contributed by power procurers and other amounts payable are given below:

(₹ in crore)

Name of the Subsidiary Companies	Amount as on 31.03.2012	Amount as on 31.03.2011	Maximum during FY 2011-12	Maximum During FY 2010-11
Coastal Maharashtra Mega Power Limited	**49.39**	45.65	**49.39**	45.65
Orissa Integrated Power Limited	**57.49**	52.47	**57.49**	52.47
Coastal Tamil Nadu Power Limited	**54.35**	50.02	**54.35**	50.02
Chhattisgarh Surguja Power Limited	**51.08**	46.13	**51.08**	46.13
Sakhigopal Integrated Power Limited	**19.23**	17.74	**19.23**	17.74
Ghogarpalli Integrated Power Limited	**17.91**	16.52	**17.91**	16.52
Tatiya Andhra Mega Power Limited	**23.02**	19.26	**23.02**	19.26
Total	**272.47**	**247.79**	**272.47**	**247.79**

9. (i) Investment in "Small is Beautiful" Fund: -

The Company has outstanding investment of ₹ 7.83 crore (as on 31.03.2011 ₹ 8.73 crore) in units of Small is Beautiful Fund. The face value of the Fund is ₹ 10 per unit. The NAV as on 31.03.2011 was ₹ 10.08 per unit and as on 31.03.2012 is ₹ 10.33 per unit. As investment in Small is Beautiful Fund is long term investment, the fluctuation in NAV in the current scenario is considered as temporary.

(ii) Investment in equity (unquoted) in Power Exchange India Limited:-

Power Exchange India Ltd. (PXIL) has been promoted by National Stock Exchange (NSE) and National Commodity and Derivatives Exchange Limited (NCDEX). The authorized share capital is ₹ 100 crore as on 31.03.2012. The paid up capital of PXIL is ₹ 41.05 crore, as on 31.03.2012. The Company has subscribed ₹ 2.80 crore of the paid up capital of PXIL.

10. Interest Differential Fund (IDF) – KFW

The agreement between KFW and PFC provides that the IDF belongs to the borrowers solely and will be used to cover the exchange risk variations under this loan and any excess will be used in accordance with the agreement. The balance in the IDF fund has been kept under separate account head titled as Interest Differential Fund – KFW and shown as a liability. The total fund accumulated as on 31.03.2012 is ₹ 52.01 crore (as on 31.03.2011 ₹ 49.01 crore), after adjusting the exchange loss of ₹ 0.98 crore (as on 31.03.2011 ₹ 15.74 crore).

11. Foreign currency liabilities not hedged by a derivative instrument or otherwise:-

Liabilities in Foreign Currencies	Amount (in millions)	
	31.03.2012	**31.03.2011**
USD	**392.49**	381.76
EURO	**24.73**	26.66
JPY	**41,643.20**	42,551.04

12. (a) Asset under finance lease after 01.04.2001:

(i) The gross investment in the leased assets and the present value of the minimum value receivable at the balance sheet date and the value of unearned financial income are given in the table.

The future lease rentals are given below:-

(₹ in crore)

Particulars	As on 31.03.2012	As on 31.03.2011
Total of future minimum lease payments (Gross Investments)	**571.09**	541.19
Present value of lease payments	**326.58**	355.96
Unearned finance income	**244.51**	185.23
Maturity profile of total of future minimum lease payments (Gross Investment)		
Not later than one year	**70.77**	77.99
Later than one year and not later than 5 years	**172.61**	246.56
Later than five years	**327.71**	216.64
Total	**571.09**	541.19
Break up of present value of lease payments		
Not later than one year	**41.51**	43.28
Later than one year and not later than 5 years	**90.75**	155.19
Later than five years	**194.32**	157.49
Total	**326.58**	**355.96**

(ii) The Company had sanctioned an amount of ₹ 88.90 crore in the year 2004 as finance lease for financing wind turbine generator (commissioned on 19.07.2004). The sanction was reduced to ₹ 88.85 crore in December 2006. The gross investment stood at the level of ₹ 32.06 crore as on 31.03.2012. The lease rent is to be recovered within a period of 15 Years, starting from 19.07.2004, which comprises of 10 years as a primary period and 5 years as a secondary period.

(iii) The Company had sanctioned an amount of ₹ 98.44 crore in the year 2004 as finance lease for financing wind turbine generator (commissioned on 18.5.2004). The gross investment stood at ₹ 32.87 crore as on 31.03.2012. The lease rent is to be recovered within a period of 20 years, starting from 18.05.2004, which comprises of 10 years as a primary period and a maximum of another 10 years as a secondary period.

(iv) The Company had sanctioned an amount of ₹ 93.51 crore in the year 2004 as finance lease for financing wind turbine generator (commissioned on 09.06.2005). The gross investment stood at ₹ 49.94 crore as on 31.03.2012. The lease rent is to be recovered within a period of 19 years 11 months, starting from 09.06.2005, which comprises of 10 years as a primary period and a maximum of 9 years and 11 months as a secondary period.

(v) The Company had sanctioned an amount of ₹ 228.94 crore in the year 2008 as finance lease for financing wind turbine generator. The gross investment stood at ₹ 456.23 crore as on 31.03.2012. The lease rent is to be recovered within a period of 25 years, starting from 01.01.2012, which comprises of 18 years as a primary period and a maximum of 7 years as a secondary period.

(b) Operating Lease:

The Company's operating leases consists:-

Premises for offices and for residential use of employees are lease arrangements, and are usually renewable on mutually agreed terms, and are cancellable. Rent for residential accommodation of employees include ₹ 6.55 crore (during FY ended 31.03.2011 ₹ 6.89 crore) towards lease payments, net of recoveries in respect of premises for residential use of employees. Lease payments in respect of premises for employees are shown as rent for residential accommodation of employees in Note Part A 15 – Employee Benefit Expenses. Lease payments in respect of premises for offices are shown as office rent in Note Part A 15 – Employee Benefit Expenses.

13. Subsidy under Accelerated Generation & Supply Programme (AG&SP):

(i) The Company claimed subsidy from Govt. of India at net present value calculated at indicative interest rates in accordance with the GOI's letter vide D.O.No.32024 / 17 / 97 – PFC dated 23.09.1997 and O.M.No.32024 / 23 / 2001 – PFC dated 07.03.2003, irrespective of the actual repayment schedule, moratorium period and duration of repayment. The amount of interest subsidy received and to be passed on to the borrower is retained as Interest Subsidy Fund Account. The impact of difference between the indicative rate and period considered at the time of claims and at the time of actual disbursement can be ascertained only after the end of the respective schemes. However on the basis of the projections made for each project (based upon certain assumptions that these would remain same over the projected period of each loan / project), the Company estimated the net excess amount of ₹ 5.12 crore and ₹ 249.91 crore as at 31.03.2012 for IX and X Plan, respectively under AG&SP schemes, and there is no shortfall. 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. Any excess / shortfall in the interest subsidy fund will be refunded or adjusted / charged off on completion of the respective scheme.

(ii) The amount of ₹ 376.21 crore (as on 31.03.2011 ₹ 451.87 crore) under the head Interest Subsidy Fund, represents the amount of subsidy received from Ministry of Power, Govt. of India which is to be passed on to the borrowers against their interest liability arising in future, under Accelerated Generation & Supply Programme (AG&SP), which comprises of the following : -

(₹ in crore)

Particulars	As on 31.03.2012	As on 31.03.2011
Opening balance of Interest Subsidy Fund	**451.87**	663.49
Add : - Received during the period	**—**	—
: - Interest credited during the period	**36.01**	56.22
: - Refund by the borrower due to non – commissioning of project in time	**17.65**	—
Less : Interest subsidy passed on to borrowers	**77.67**	117.84
Refunded to MoP:		
(a) Estimated net excess against IX Plan	**34.00**	150.00
(b) Due to non- commissioning of project in time	**17.65**	—
Closing balance of Interest Subsidy Fund	**376.21**	**451.87**

14. Pursuant to the notification GSRNo.914 (E) dated 29.12.2011 issued by the Government of India, Ministry of Corporate Affairs amending Accounting Standard (AS) 11 – The Effects of Changes in Foreign Exchange Rates, the Company has exercised the option under 46A of the amended AS11 and changed the accounting policy to amortize the exchange differences on the long term foreign currency monetary items over the tenure. Consequently, as on 31.03.2012, ₹ 515.41crore has been carried forward in the Foreign Exchange Monetary Item Translation Difference Account.

Had the Company followed the earlier practice of accounting of exchange differences, the net profit for the year ended 31.03.2012 would have been lower by ₹ 352.53 crore (net of taxes).

15. (i) The Company has been designated as the Nodal Agency for operationalisation and associated service for implementation of the Re-structured Accelerated Power Development and Reforms Programme (R – APDRP) during XI Plan by the MoP, GoI under it's overall guidance.

Projects under the scheme are being taken up in two parts. Part – A includes the projects for establishment of baseline data and IT applications for energy accounting as well as IT based customer care centers. Part – B includes regular distribution strengthening projects.GoI provides 100% loan for Part A and up to 25% (up to 90% for special category States) loan for Part – B. Balance funds for Part – B projects can be raised by the utilities from PFC / REC / multi-lateral institutions and / or own resources. The loans under Part – A alongwith interest thereon is convertible into grant as per R – APDRP guidelines. Similarly, upto 50% (up to 90% for special category states) of the loan against Part –B project would be convertible in to grant as per R – APDRP guidelines. Enabling activities of the programe are covered under Part – C.

The loans under R – APDRP are routed through the Company for disbursement to the eligible utilities. The amount so disbursed but not converted in to grants as per R – APDRP guidelines will be repaid along with interest to the GoI on receipt from the borrowers.

The details are furnished below :

(₹ in crore)

Particulars	Amount recoverable from borrowers & payable to GOI		R – APDRP Fund		Amount payable to GOI (Interest earned on Fixed Deposit)	
	As at 31.03.2012	As at 31.03.2011	As at 31.03.2012	As at 31.03.2011	As at 31.03.2012	As at 31.03.2011
Opening balance	**3,902.88**	1,646.09	**0.00**	0.00	**6.88**	0.11
Additions during the year	**1,600.00**	2,256.79	**1,600.00**	2,256.79	**4.17**	6.29
Disbursements / changes during the year	**0.00**	0.00	**1,600.00**	2,256.79	**0.00**	0.00
Total	**5,502.88**	3,902.88	**0.00**	0.00	**11.05**	6.40
Interest accrued but not due	**775.24**	413.01	**0.00**	0.00	**0.04**	0.48
Closing balance	**6,278.12**	**4,315.89**	**0.00**	**0.00**	**11.09**	**6.88**

(ii) As on 31.03.2012, the total amount of nodal agency fee and reimbursement of expenditure received / receivable by PFC has been as under:-

(₹ in crore)

	During the FY ended	Cumulative up-to	
	31.03.2012	31.03.2012	31.03.2011
Nodal agency fee*	**39.15**	128.77	89.62
Reimbursement of expenditure	**22.66**	61.86	39.20
Total	**61.81**	**190.63**	**128.82**

*Exclusive of Service Tax

(iii) As per Office Memorandum No. 14 / 03 / 2008 – APDRP dated 20th August, 2010 of the MoP, GoI, the total amount receivable against the nodal agency fee plus the reimbursement of actual expenditure will not exceed ₹ 850 crore or 1.7 % of the likely outlay under Part A & B of R – APDRP, whichever is less.

16. The net deferred tax liabilities of ₹ 86.75 crore (as on 31.03.2011 ₹ 82.90 crore) have been computed as per Accounting Standard 22 Accounting for Taxes on Income.

The breakup of deferred tax liabilities is given below: -

(₹ in crore)

Description	As on 31.03.2012	As on 31.03.2011
(a) Deferred Tax Asset (+)		
(i) Provision for expenses not deductible under Income Tax Act	**16.49**	18.02
(ii) Preliminary expenses written off and brought forward losses	**0.73**	0.07
(b) Deferred Tax Liabilities (-)		
(i) Depreciation	**(1.01)**	(0.44)
(ii) Lease income on new leases	**(101.58)**	(99.69)
(iii) Amortization	**(1.38)**	(0.86)
Net Deferred Tax liabilities (-)/Assets (+)	**(86.75)**	(82.90)

17. In compliance with Accounting Standard – 20 on Earning Per Share issued by the Institute of Chartered Accountants of India, the calculation of Earning Per Share (basic and diluted) is as under:-

Particulars	FY ended 31.03.2012	Previous year 31.03.2011
Net Profit after tax used as numerator (₹ in crore)	**3,058.85**	2,647.12
Weighted average number of equity shares used as denominator (basic & diluted)	**129,50,00,707**	114,77,66,700
Earning per share (basic & diluted) (₹)	**23.62**	23.06
Face value per share (₹)	**10**	10

18. The Company has no outstanding liability towards Micro, Small and Medium enterprises.

19. Leasehold land is not amortized, as it is a perpetual lease.

20. Liabilities and assets denominated in foreign currency have generally been translated at TT selling rate of SBI at year end as given below: -

S. No.	Exchange Rates	31.03.2012	31.03.2011
1	USD / INR	**51.5300**	45.1400
2	JPY / INR	**0.6318**	0.5484
3	EURO / INR	**69.0500**	63.9900

In-case of specific provision in the loan agreement for a rate other than SBI TT selling rate, the rate has been taken as prescribed in the respective loan agreement.

21. During the period, the Company has made Follow on Public Offer (FPO) through book building process of 229,553,340 number of equity shares of ₹ 10/- each. The FPO comprised of fresh issue of 172,165,005 equity shares of ₹ 10/- each by the Company and an offer for sale of 57,388,335 equity shares of ₹ 10/- each by the President of India acting through the Ministry of Power, Government of India. The equity shares have been priced at ₹ 203.00 per equity share for qualified institutional bidders and non-institutional bidders and at ₹ 192.85 per equity shares (5% of discount on ₹ 203.00) for retail individual bidders and eligible employees. The Company has raised ₹ 3,433.65 crore from issue of fresh shares to the public. Post issue, the holding of Government of India in the paid up equity share capital of the Company has come down from 89.78% to 73.72%.The equity shares offered to the public including equity shares offered for sale by the Government of India have been allotted on 24.05.2011 and have been listed in the National Stock Exchange (NSE) and the Bombay Stock Exchange (BSE) on 27.05.2011. Accordingly, issued and paid up share capital has increased from ₹ 1147.77 crore to ₹ 1319.93 crore and an amount of ₹ 3,241.57 crore (net of issue expenses of ₹ 19.91) has been taken to securities Premium Reserve. The proceeds of the issue (net of issue expenses) have been utilized fully for the purpose mentioned in the offer document.

22. (i) The Company has made a public issue of 470,722 number of infrastructure bonds (secured) at the face value of ₹ 5,000/- each aggregating to ₹ 235.36 crore. The bonds have been allotted on 31.03.2011 and have been listed in the Bombay Stock Exchange (BSE) on 11.04.2011. The proceeds of the bond issue have been utilized for the purpose mentioned in the offer document.

(ii) The Company has made a public issue of 1,91,284 number of infrastructure bonds (secured) at the face value of ₹ 5,000/- each aggregating to ₹ 95.64 crore during the current year. The bonds have been allotted on 21.11.2011 and have been listed in the Bombay Stock Exchange (BSE) on 02.12.2011. The proceeds of the bond issue have been utilized for the purpose mentioned in the offer document.

(iii) The Company has made public issue of 4,03,31,300 number of tax free bonds (secured) at the face value of ₹ 1,000 each aggregating to ₹ 4,033.13 crore during the current financial year. The Bonds have been allotted on 01.02.2012 and have been listed in the BSE on 14.02.2012. The proceeds of the bond issue have been utilized for the purpose mentioned in the offer document.

23. Disclosures as per Accounting Standard –15 :-

A. Provident fund

The Company pays fixed contribution to provident fund at prescribed rates to a separate trust, which invests the funds in permitted securities. The contribution to the fund for the period is recognized as expense and is charged to the profit and loss account. The obligation of the Company is to make such fixed contribution and to ensure a minimum rate of return to the members as specified by GoI. Any short fall for payment of interest to members as per specified rate of return has to be compensated by the Company. The Company estimates that no liability will take place in this regard in the near future and hence no further provision is considered necessary.

B. Gratuity

The Company has a defined gratuity scheme and is managed by a separate trust. The provision for the same has been made on actuarial valuation based upon total number of years of service rendered by the employee subject to a maximum amount of ₹10 lakh.

C. Post Retirement Medical Scheme (PRMS)

The Company has Post-Retirement Medical Scheme (PRMS), under which retired employees and the dependent family member share provided medical facilities in empanelled hospitals. They can also avail of reimbursement of out-patient treatment subject to a ceiling fixed by the Company.

D. Terminal Benefits

Terminal benefits include settlement in home town for employees & their dependents.

E. Leave

The Company provides for earned leave benefit and half-pay leave to the credit of the employees, which accrue on half yearly basis @ 15 days and 10 days, respectively. 75% of the earned leave is encashable while in service and a maximum of 300 days earned leave can be accumulated, which is encashable on superannuation / separation. Half pay leave is encashable on separation after 10 years of service or at the time of superannuation subject to a maximum of 300 days. The liability for the same is recognized, based on actuarial valuation.

The above mentioned schemes (C, D and E) are unfunded and are recognized on the basis of actuarial valuation.

The summarised position of various defined benefits recognized in the profit and loss account, balance sheet are as under {Figures in brackets ( ) represents to as on 31.03.2011}

i) Expenses recognised in Profit and Loss Account

(₹ in crore)

	Gratuity	**PRMS**	**Leave**
Current service cost	0.99 (0.92)	0.29 (0.26)	1.57 (1.73)
Interest cost on benefit obligation	1.08 (0.84)	0.61 (0.49)	1.31 (0.96)
Expected return on plan assets	-0.94 (-0.69)	0.00 (0.00)	0.00 (0.00)
Net actuarial (gain) / loss recognised in the year	-0.49 (0.65)	0.60 (0.17)	0.46 (0.65)
Expenses recognised in Profit & Loss Account	*0.64 (1.72)	1.50 (0.92)	*3.34 (3.34)

(*) Includes ₹ 0.13 crore (as on 31.03.2011 ₹ 0.10 crore) and ₹ 0.30 crore (as on 31.03.2011 ₹ 0.15 crore) and ₹ 0.13 crore (as on 31.03.2011 ₹ Nil crore) for gratuity, leave and PRMS respectively allocated to subsidiary companies.

ii) The amount recognized in the Balance Sheet

(₹ in crore)

	Gratuity	PRMS	Leave
Present value of obligation as at 31.03.2012 (i)	14.03 (12.69)	8.33 (7.13)	17.74 (15.47)
Fair value of plan assets at 31.03.2012 (ii)	12.95 (10.57)	0.00 (0.00)	0.00 (0.00)
Difference (ii) – (i)	-1.08 (-2.12)	-8.33 (-7.13)	-17.74 (-15.47)
Net asset / (liability) recognized in the Balance Sheet	-1.08 (-1.72)	-8.33 (-7.13)	-17.74 (-15.47)

iii) Changes in the present value of the defined benefit obligations

(₹ in crore)

	Gratuity	PRMS	Leave
Present value of obligation as at 01.04.2011	12.69 (11.18)	7.13 (6.44)	15.47 (12.84)
Interest cost	1.08 (0.84)	0.61 (0.49)	1.31 (0.96)
Current service cost	0.99 (0.92)	0. 29 (0.26)	1.57 (1.73)
Benefits paid	-0.40 (-1.04)	-0.30 (-0.23)	-1.07 (-0.71)
Net actuarial (gain)/loss on obligation	-0.33 (0.79)	0.60 (0.17)	0.46 (0.65)
Present value of the defined benefit obligation as at 31.03.2012	14.03 (12.69)	8.33 (7.13)	17.74 (15.47)

iv) Changes in the fair value of plan assets

(₹ in crore)

	Gratuity	PRMS	Leave
Fair value of plan assets as at 01.04.2011	10.57 (7.92)	0.00 (0.00)	0.00 (0.00)
Expected return on plan assets	0.94 (0.69)	0.00 (0.00)	0.00 (0.00)
Contributions by employer	1.68 (2.86)	0.00 (0.00)	0.00 (0.00)
Benefit paid	-0.40 (-1.04)	0.00 (0.00)	0.00 (0.00)
Actuarial gain / (loss)	0.16 (0.14)	0.00 (0.00)	0.00 (0.00)
Fair value of plan assets as at 31.03.2012	12.95 (10.57)	0.00 (0.00)	0.00 (0.00)

v) One percent increase / decrease in the inflation rate would impact liability for medical cost of PRMS, as under:-

Cost increase by 1% ₹ 0.09 crore

Cost decrease by 1% ₹ 0.05 crore

vi) During the period, the Company has provided liability towards contribution to the Gratuity Trust of ₹ 0.64 crore, to PRMS of ₹ 1.50 crore, to leave ₹ 3.34 crore and to pension ₹ 2.54 crore (during the FY ended 31.03.2011 towards contribution to the Gratuity Trust of ₹ 1.79 crore, to PRMS of ₹ 0.92 crore, to leave ₹ 3.34 crore and to pension ₹ 2.28 crore).

F. Other Employee Benefits:-

During the period, provision of ₹ -0.01 crore (during the FY ended 31.03.2011 ₹ -0.03 crore) has been made for Economic Rehabilitation Scheme for Employees and provision of ₹ 0.58 crore has been made for Long Service Award for Employees (during the FY ended 31.03.2011 ₹ 0.65 crore) on the basis of actuarial valuation made at the end of the year by charging / crediting the profit and loss account.

G. Details of the Plan Asset:-

The details of the plan assets at cost, as on 31.03.2012 are as follows:-

(₹ in crore)

SL	Particulars	FY ended 31.03.2012	FY ended 31.03.2011
i)	Government Securities	**7.83**	6.33
ii)	Corporate bonds / debentures	**5.12**	4.24
	Total	**12.95**	**10.57**

H. Actuarial assumptions

Principal assumptions used for actuarial valuation are:-

Method used	Projected Unit Credit Method
Discount rate	8.50 %
Expected rate of return on assets – Gratuity	8.92 %
Future salary increase	6.00 %

The estimates of future salary increases considered in actuarial valuation, take into account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

24.1 Details of provision as required in Accounting Standard – 29.

(₹in crore)

Particulars	FY 2011-12	FY 2010-11
Post-Retirement Medical Scheme		
Opening Balance	**7.13**	6.44
Addition during the year	**1.50**	0.92
Amount paid / utilized during the period	**0.30**	0.23
Closing Balance	**8.33**	7.13
Gratuity		
Opening Balance	**1.72**	2.76
Addition during the year	**0.64**	1.79
Amount paid / utilized during the period	**1.72**	2.83
Closing Balance	**0.64**	1.72
Pension*		
Opening Balance	**4.06**	1.78

Addition during the period	**2.54**	2.28
Amount paid / utilized during the year	**0.00**	0.00
Closing Balance	**6.60**	4.06
Leave Encashment		
Opening Balance	**15.47**	12.84
Addition during the period	**3.34**	3.34
Amount paid / utilized during the year	**1.07**	0.71
Closing Balance	**17.74**	15.47
Wage Revision		
Opening Balance	**0.00**	6.20
Addition during the period	**0.00**	0.71
Amount paid / utilized during the year	**0.00**	6.91
Closing Balance	**0.00**	0.00
Economic Rehabilitation Scheme for Employee		
Opening Balance	**1.26**	1.31
Addition during the period	**(0.01)**	(0.03)
Amount paid / utilized during the year	**0.01**	0.02
Closing Balance	**1.24**	1.26
Bonus / Incentive / Base line Compensation		
Opening Balance	**24.52**	16.33
Addition during the period	**17.73**	17.78
Amount paid / utilized during the period	**15.93**	9.59
Closing Balance	**26.32**	24.52
Baggage Allowances		
Opening Balance	**0.05**	0.05
Addition during the period	**0.02**	0.00
Amount paid / utilized during the period	**0.00**	0.00
Closing Balance	**0.07**	0.05
Service Award		
Opening Balance	**2.75**	2.10
Addition during the year	**0.58**	0.65
Amount paid / utilized during the period	**0.00**	0.00
Closing Balance	**3.33**	2.75
Income Tax		
Opening Balance	**2,215.13**	1,337.29
Addition during the period (including interest ₹ 4.90 crore u/s 234C)	**1,075.78**	898.99
Amount refunded / adjusted	**(1,290.08)**	21.15
Closing Balance	**2,000.83**	2215.13
Fringe Benefit Tax		
Opening Balance	**0.80**	0.80
Addition during the year	**0.00**	0.00
Amount adjusted during the period	**0.80**	0.00
Closing Balance	**0.00**	0.80

Proposed Final Dividend		
Opening Balance	**197.99**	172.17
Addition during the period	**132.00**	197.99
Amount paid / utilized during the period	**197.99**	172.17
Closing Balance	**132.00**	197.99
Proposed Corporate Dividend Tax		
Opening Balance	**32.12**	29.26
Addition during the year	**21.41**	32.12
Amount paid / utilized during the period	**32.12**	29.26
Closing Balance	**21.41**	32.12

* Pension: The Company provides for defined contribution pension scheme introduced in line with guidelines of the Department of Public Enterprise (DPE).

24.2 The Company has formulated a Corporate Social Responsibility (CSR) policy in line with the Guidelines on Corporate Social Responsibility for Central Public Sector Enterprises issued by the Ministry of Heavy Industries and Public Enterprises (Department of Public Enterprises) vide Office Memorandum F.No.15(3)/2007 -DPE(GM)-GL-99 dated 09.04.2010.

As per the CSR policy approved by the Company, a minimum of 0.5% of the profit after tax of the previous year will be allocated every financial year for CSR Activities. Accordingly, an amount of ₹ 13.24 crore was provided for during the year ended 31.03.2012 (previous year ₹ 11.89 crore).

As at 31.03.2012, an amount of ₹ 32.22 crore has been sanctioned by the Company against CSR expenditure for various projects out of which an amount of ₹ 21.33 crore has been disbursed till 31.03.2012.

25. (i) Income on account of premium on premature repayment of loan, Income under the head, upfront fees, lead manager fees, facility agent fees, security agent fee and service charges etc. on loans was earlier accounted for in the year in which it was received by the Company. The Company has changed the accounting policy of recognition of all such income from cash basis to accrual basis in the financial year 2011-12.

Due to change in the accounting policy this year, the income on account of the above for the year is higher by ₹ 0.23 crore. (₹ 0.23 crore relates to the year 2010-11 and received in 2011-12)

.(ii) Accounting policy under para 6 regarding Provision has been realigned to prudential norms / interpretation of prudential norms of the Company. Since the amendment is realignment / clarificatory in nature, there is no financial impact.

26. (i) During the year, the Company has sent letters seeking confirmation of balances as on 31.12.2011 to the borrowers. However, confirmations in a few cases were yet to be received.

(ii) Some of the designated bank accounts opened for making interest payment to bondholders / debenture holders have outstanding balance of ₹ 0.47 crore are subject to reconciliation / confirmation.

(iii) There are no unpaid / unclaimed bonds, interests on bonds and dividends, which are over 7 years as on 31.03.2012 (previous year ₹ Nil).

27. Details of dues to micro and small enterprises as defined under the MSMED Act, 2006, in respect of one of the subsidiary company PFCCL as disclosed in the financial statement of PFCCL is as under:

(₹ in crore)

	2011-12	**2010-11**
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year -Principal amount due to micro and small enterprise -interest due on above	 **0.28** **-**	 - -
The amount of interest paid by the Company along with the amounts of the payment made to the supplier beyond the appointed day during the year	**-**	-
The amount of interest due and payable for the year of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act	**-**	-
The amount of interest accrued and remaining unpaid at the end of the year	**-**	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise.	**-**	-

28. Sundry Debtors (related to PFCCL) includes an amount of ₹ 0.61 crore which is due for over three years. Based on correspondence with clients in the recent past in this regard in the opinion of the management of the subsidiary, the above said debtors are good for recovery hence no provision has been made for bad and doubtful debts.

29. During the year PFCCL has incorporated a wholly owned subsidiary companies namely Nagapattinam Madhugiri transmission company limited (incorporated on 20.05.2011). Consequent to the selection of successful bidder (M/s Power Grid Corporation of India Limited) as per Tariff based competitive bidding guidelines for transmission services and guidelines encouraging competition in development of transmission project dated 13.04.2006 (as amended from time to time) and as per issued bidding documents the company was transferred to M/s Power Grid Corporation of India Limited (Successful bidder) vide share purchase agreement dated 29.03.2012 by the PFCCL (transferor). After transfer the company ceases to be a subsidiary of PFCCL. Further as per the Tariff based competitive bidding guidelines for transmission services and guidelines increasing competition in development of transmission project dated 13.04.2006 (as amended from time to time) and as per share purchase agreement, the said company was disinvested at par.

30. The Company has been paying income tax on perquisite to employees in earlier years and till current year. Pursuant to a decision by the Company, the income tax paid for the current year only has been recovered from the employees.

31. The value of invoices raised by PFCCL pursuant to execution of contract agreement / issue of letter of award in respect whereof no amount has been received amounted to ₹ 4.21 crore (previous year ₹ 7.19 crore has been set off from assets and liabilities respectively.

32. In opinion of the management the value of current assets loans and advances on realization in the ordinary course of business will not be less than the value at which these are stated in the Balance Sheet as at 31.03.2012.

33. Previous year Figures:

    During the year ended 31.03.2012 the revised Schedule VI notified under the companies act 1956 has become applicable to the company. The company has reclassified / regrouped previous year figures to confirm with current year classification.

34. The Company, its subsidiary and joint venture entities has no exposure to real estate sector as on 31.03.2012.

35. The Company its subsidiary and joint venture does not have more than one reportable segment in terms of Accounting Standard No. 17 on Segment Reporting.

36. The disclosure requirement in respect of subsidiary companies and Joint Venture entities has been disclosed to the extent available from their audited accounts.

37. Figures have been rounded off to the nearest crore of rupees with two decimals.

Notes at Part A (A 1 to A 18), Part B and Part C form an integral part of Balance Sheet and Statement of Profit & Loss.

For and on behalf of the Board of Directors

J S AMITABH	**R NAGARAJAN**	**SATNAM SINGH**
Company Secretary	Director (Finance)	Chairman and Managing Director

Signed in terms of our report of even date

	For N K Bhargava & Co. Chartered Accountants Firm Regd. No - 000429N	For RAJ HAR GOPAL & Co. Chartered Accountants Firm Regd. No - 002074N
Place : New Delhi **Date : 22.05.2012**	**(N K BHARGAVA)** PARTNER **Membership No - 080624**	**(G K GUPTA)** PARTNER **Membership No - 081085**

POWER FINANCE CORPORATION LIMITED
CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2012

(₹ in crore)

	PARTICULARS		Year ended 31.03.2012		Year ended 31.03.2011
I.	**Cash Flow from Operating Activities :-**				
	Net Profit before Tax and Extraordinary items	**4,145.85**		3,585.59	
	ADD: Adjustments for				
	Loss on Sale of Assets (net)	**0.02**		0.06	
	Depreciation / Amortisation	**5.54**		5.08	
	Amortisation of Zero Coupon Bonds	**24.48**		22.52	
	Foreign Exchange Loss/Gain	**147.83**		(2.47)	
	Dimunition in value of investments	**(0.02)**		(0.06)	
	Provision for Contingencies	**142.79**		31.79	
	Dividend / Interest and profit on sale of investment	**(12.33)**		(6.32)	
	Provision for interest under IT Act	**4.90**		0.22	
	Provision for Retirement Benefits/Other Welfare Expenses/Wage revision	**3.10**		10.68	
	Interest paid	**0.01**		0.27	
	Preliminary expenses written off	**0.00**		0.00	
	Operating profit before working Capital Changes:	**4,462.17**		3,647.36	
	Increase/Decrease :				
	Loans Disbursed (Net)	**(30,587.60)**		(19,755.37)	
	Other Current Assets	**(743.52)**		(554.04)	
	Foreign Currency Monetary Item Translation Difference A/c	**(515.41)**		0.00	
	Liabilities and provisions	**970.89**		901.05	
	Cash flow before extraordinary items	**(26,413.47)**		(15,761.00)	
	Extraordinary items	**0.00**		0.00	
	Cash Inflow/Outflow from operations before Tax	**(26,413.47)**		(15,761.00)	
	Income Tax paid	**(1,005.54)**		(879.60)	
	Income Tax Refund	**388.21**		0.00	
	Net Cash flow from Operating Activities		**(27,030.80)**		(16,640.60)
II.	**Cash Flow From Investing Activities :**				
	Sale / decrease of Fixed Assets	**0.12**		0.64	
	Purchase of Fixed Assets	**(7.71)**		(7.55)	
	Increase/decrease in Capital Works in Progress	**1.83**		(0.55)	
	Investments in Subsidiaries	**(0.08)**		0.10	
	Dividend / Interest and profit on sale of investment	**6.79**		7.18	
	Other Investments	**(36.49)**		(21.03)	
	Net Cash Used in Investing Activities		**(35.54)**		(21.21)
III.	**Cash Flow From Financial Activities :**				
	Issue of Equity Shares	**3,413.73**		0.00	
	Issue of Bonds	**33,165.07**		14,023.96	
	Short Term Loans (Net)	**(4,050.00)**		3,400.00	
	Loan Against Fixed Deposits (Net)	**1,830.16**		565.92	
	Raising of Long Term Loans	**2,200.00**		7,855.00	
	Repayment of Long Term Loans	**(3,863.50)**		(5,870.00)	
	Redemption of Bonds	**(5,406.66)**		(3,710.91)	
	Foreign Currency Loans (Net)	**461.46**		2,214.60	
	Interest Paid	**(0.01)**		(0.98)	
	Interest Subsidy Fund	**(75.66)**		(211.62)	
	Unclaimed Bonds (Net)	**(1.25)**		(16.31)	
	Payment of Final Dividend (including Corporate Dividend Tax) of Previous year	**(230.11)**		(200.76)	
	Payment of Interim Dividend (including Corporate Dividend Tax) of Current year	**(767.03)**		(468.44)	
	Net Cash in-flow from Financing Activities		**26,676.20**		17,580.46

Net Increase/Decrease in Cash & Cash Equivalents	**(390.14)**	918.65
Add : Cash & Cash Equivalents at beginning of the period	**2,379.04**	1,460.39
Cash & Cash Equivalents at the end of the period #	**1,988.90**	2,379.04
Details of Cash & Cash Equivalents at the end of the period:		
Cheques in hand,Imprest with Postal authority & Balances with Banks	**23.58**	250.21
Fixed Deposits with Scheduled Banks	**1,965.32**	2,128.83
	1,988.90	**2,379.04**

Includes ₹ 3.60 crore (Previous year ₹ 28.78 crore) share of Jointly Controlled Entity.

For and on behalf of the Board of Directors

J S AMITABH	**R NAGARAJAN**	**SATNAM SINGH**
Company Secretary	Director (Finance)	Chairman and Managing Director

Signed in terms of our report of even date

	For N K Bhargava & Co.	For RAJ HAR GOPAL & Co.
	Chartered Accountants	Chartered Accountants
	Firm Regd. No - 000429N	Firm Regd. No - 002074N
	(N K BHARGAVA)	**(G K GUPTA)**
Place : New Delhi	PARTNER	PARTNER
Date : 22.05.2012	**Membership No - 080624**	**Membership No - 081085**

Auditors' Report on Yearly Consolidated Financial Statements of Power Finance Corporation Ltd, its Subsidiaries and Joint Ventures

To,

The Board of Directors of Power Finance Corporation Ltd.

1. We have audited the attached consolidated Balance Sheet of Power Finance Corporation Ltd. (the company), its subsidiaries and joint ventures (The PFC Group) as at 31st March, 2012 and also Consolidated Statement of Profit & Loss and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management and have been prepared by the management on the basis of separate financial statements. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
2. We conducted our audit in accordance with auditing Standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.
3. In respect of financial statements of the subsidiaries and joint ventures, we did not carry out the audit. These financial statements have been audited by other auditors whose reports have been furnished to us, and our opinion, in so far as it relates to the amounts included in respect of the subsidiaries and joint ventures is based solely on the reports of the other auditors'. The details of Total Assets, Total Revenues and Net Cash Flow in respect of the subsidiaries and joint ventures to the extent to which they are reflected in consolidated financial statements are given below.

   Audited by other Auditors.

(₹ in crore)

Company	Total Assets	Total Revenues	Net Cash Flow
PFC Consulting Limited (100% wholly owned subsidiary)	106.63	56.04	(3.38)
PFC Green Energy Limited (100% wholly owned subsidiary)	3.46	0.07	0.30
Power Equity Capital Advisors Private Limited (100% wholly owned subsidiary)	0.05	0.00	0.00
PFC Capital Advisory Services Limited (100% wholly owned subsidiary)	0.21	0.16	0.16
National Power Exchange Limited (Joint Venture)	1.46	0.12	(0.30)
Energy Efficiency Private Limited (Joint Venture)	31.17	3.17	3.15

1. We report that the Consolidated Financial Statements have been prepared by the Company's management in accordance with the requirement of Accounting Standard (AS)-21 "Consolidated Financial Statements', Accounting Standard (AS)-23 "Accounting for investments in Associates in Consolidated Financial Statements", Accounting Standard (AS)-27 "Financial reporting of interest in joint venture" of the Companies (Accounting Standard), Rules 2006.
2. We report that on the basis of the information and explanations given to us and on due consideration of the separate audit reports on individual audited Financial Statements of the PFC Group, we are of the opinion that the said Consolidated Financial Statements give a true and fair view in conformity with accounting principles generally accepted in India:
   - i. In the case of the Consolidated Balance Sheet, of the Statement of Affairs of the PFC group as at 31st March 2012,
   - ii. In the case of the Consolidated Statement of Profit and Loss, of the profit for the year ended on that date, and
   - iii. In the case of the Consolidated Cash Flow Statement, of the Cash Flow for the year ended on that date.

For **Raj Har Gopal & Co.**
Chartered Accountants
Firm's Regn. No. : 002074N

G.K.Gupta
Partner
Membership No.: 081085

For **N.K.Bhargava & Co.**
Chartered Accountants
Firm's Regn. No. : 000429N

N.K.Bhargava
Partner
Membership No.: 080624

Place: New Delhi
Date: 22.05.2012

Statement Pursuant to Section 212 of the Companies Act, 1956 relating to companies interest in the Subsidiary companies

Sl. No.	Name of the Subsidiary Company	PFC Consulting Limited	Chhattisgarh Surguja Power Ltd.	Coastal Karnataka Power Ltd.	Coastal Maharashtra Mega Power	Orrisa Integrated Power Ltd.	Coastal Tamil Nadu Power Ltd.	Sakhigopal Integrated Power Company Limited	Ghogarpalli Integrated Power Company Limited	Tatiya Andhra Mega Power Ltd.	PFC Green Energy Ltd.	PFC Capital Advisory Services Limited	Power Equity Capital Advisors Private Limited
1.	The Financial Year of the Subsidiary Company ended on.	31st March, 2012	31st March, 2012	31st March, 2012	31st March, 2012	31st March, 2012	31st March, 2012	31st March, 2012	31st March, 2012	31st March, 2012	31st March, 2012	31st March, 2012	31st March, 2012
2.	Date from which it became Subsidiary Companies.	25th March, 2008	10th February, 2006	10th February, 2006	01st March, 2006	24th August, 2006	9th January, 2007	21st May, 2008	22nd May, 2008	17th April, 2009	30th March, 2011	18th July, 2011	11th October, 2011
3.	a) Number of shares held by Power Finance Corporation Ltd. along with its nominees in the Subsidiary at the end of the financial year of the Subsidiary Companies.	50000 Equity shares of ₹10 each	50000 Equity shares of ₹10 each	50000 Equity shares of ₹10 each	50000 Equity shares of ₹10 each	50000 Equity shares of ₹10 each	50000 Equity shares of ₹10 each	50000 Equity shares of ₹10 each	50000 Equity shares of ₹10 each	50000 Equity shares of ₹10 each	4990000 Equity shares of ₹10 each	100000 Equity shares of ₹10 each	50000 Equity shares of ₹10 each
	b) Extent of interest of Holding Company at the end of the financial year of the Subsidiary Companies.	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
4.	The net aggregate amount of the Subsidiary Company's Profit / (Loss) so far as it concerns the members of the Holding Company.	₹ 85.99 cr.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	(₹1.62 cr.)	₹0.05 cr.	₹0.00 cr.
	a) Dealt within the Holding Company's Accounts: i) For the Financial year ended 31st March 2012. ii) For the previous financial year(s) of the Subsidiary Companies since it became the Holding Company's Subsidiary.	₹ 85.99 cr.									(₹1.62 cr.)	₹0.05 cr.	₹0.00 cr.
	b) Not dealt within the Holding Company's Accounts: i) For the Financial year ended 31st March 2012. ii) For the previous financial year(s) of the Subsidiary Companies since it became the Holding Company's Subsidiary.												

Pursuant to the requirement of Section 212 of the Companies Act, 1956, Annual Accounts, Directors' Report and Auditort's Report of the Subsidiary Companies whose Financial Year has ended on 31st March, 2012, have been attached

SUBSIDIARIES

PFC CONSULTING LIMITED

(A wholly owned subsidiary of Power Finance Corporation Limited)

DIRECTORS' REPORT 2011-2012

To

The Members,

The Directors of your Company have pleasure in presenting the 4th Annual Report on the performance of your Company for the financial year 2011-12 together with Audited Statements of Accounts and Auditor's Report thereon for the financial year ended 31st March, 2012.

FINANCIAL HIGHLIGHTS

(Figures in ₹ Lakh)

Sl. No.	Particulars	2011-12	2010-11	% Change
1.	Total Income	5,603.77	5,259.74	6.54 ↑
2.	Total Expenditure	1,397.21	1,198.93	16.54 ↑
3.	Profit Before Tax and Prior Period Items	4,206.56	4,060.81	3.59 ↑
4.	Prior Period Income/(Expenses)	4.54	(1.31)	—
5.	Profit Before Tax	4,211.10	4,059.50	3.73 ↑
6.	Provision for Tax			
	- Current Tax	1,441.18	1,363.64	—
	- Deferred Tax	4.07	0.27	—
7.	Profit After Tax	2,765.85	2,695.59	2.61 ↑
8.	Profit brought forward from previous years	5,833.06	3,137.47	—
9.	Accumulated Profit carried to Balance Sheet	8,598.91	5,833.06	—

FINANCIAL PERFORMANCE

i) Revenue

During the financial year under review, the total income of the Company has increased from ₹ 5259.74 Lakh to ₹ 5603.77 Lakh showing an increase of 6.54%. During the year, the Company has earned other income of ₹ 697.53 Lakh which includes interest on deposit of surplus funds with banks amounting to ₹ 661.30 Lakh and miscellaneous income of ₹ 36.23 Lakh.

ii) Expenses

During the financial year 2011-12, the Company incurred total expenditure of ₹ 1397.21 Lakh as against the total expenditure of ₹ 1198.93 Lakh incurred last year. Total expenditure for the current year accounted 24.93% of the total income earned by the Company during the year.

iii) Profit

During the financial year 2011-12, your Company earned Profit before Tax of ₹ 4211.10 Lakh as compared to ₹ 4059.50 Lakh for the financial year 2010-11 registering an increase of 3.59%. The Profit after Tax also grew from ₹ 2695.59 Lakh to ₹ 2765.85 Lakh showing an increase of 2.61%.

iv) Dividend

To conserve the resources for the business of the Company, your Directors have decided not to declare any dividend for the financial year 2011-12 and to carry forward the profits to the Reserves and Surplus of the Company.

v) Share Capital

The paid-up share capital of the Company is ₹ 5,00,000/- (₹ Five Lakh only) comprising of 50,000 equity shares of ₹ 10/- each. The entire paid up share capital of the Company is held by Power Finance Corporation Limited (PFC) and its nominees.

OPERATIONAL HIGHLIGHTS

Your company has been established to provide Consultancy Services in Power Sector including development of UMPPs and ITPs. The operational highlights in chronological order are as follows:

- PFCCL received a new assignment for implementation of Reforms in Power Sector of Meghalaya in May 2011.
- Expression of Interest (EoI) Conference for NMDC assignment held at Hyderabad in May 2011.
- Request for Proposal (RfP) Bids for 70 MW TPP linked to Gurha (West) Mines in Distt. Bikaner, Rajasthan received in June 2011.
- PFCCL received a new assignment for providing consultancy services to Mahanadi Coalfields Limited (MCL) for Selection of Joint Venture Partner for setting up a Thermal Power Plant linked to Basundhara Coal Fields through Tariff based Competitive Bidding in June 2011 .
- Conference held on 19th July, 2011 with Stakeholders/ investors/ developers on the proposed modifications in the SBDs for Case 2.
- RfQ responses for Sundargarh UMPP in Odisha received in August 2011.
- Revised RfP and PPA documents submitted to RREC in August 2011 for the selection of developer for 50 MW Solar and Photovoltaic Thermal Power Plant.
- PFCCL was appointed as 'Bid Process Coordinator' by MoP, GoI, to undertake work on new Independent Transmission Project viz. Transmission Project Associated with DGEN TPS (1200MW) of Torrent Power Ltd and Interconnection between Srinagar and Tehri in August 2011.
- Expression of Interest (EOI) Conference held for the MCL project at Bhubaneswar, in August 2011.
- PFCCL received a new assignment for Restructuring of BSEB under the provision of the Electricity Act, 2003 in November 2011.
- LOI issued to successful bidder for 70 MW TPP linked to Gurha (West) Mines in Distt. Bikaner, Rajasthan in December, 2011.
- Revised SBDs for UMPPs based on feedback/suggestions was uploaded on PFC & MoP website on 14th February, 2012 for seeking comments of the stakeholders. Various presentations made to MoP on the feedback received on SBDs for UMPPs.
- Nagapattinam-Madhugiri Transmission Company Ltd., the ITP SPV transferred to M/s Powergrid Corporation of India Limited, the successful bidder after completion of bid process in March 2012.
- Draft Guidelines for Short-term Procurement of Power after considering the suggestions/comments from various stakeholders submitted to Ministry of Power (MoP) on 4th April, 2012 and notified by MoP on 15th May, 2012.

ULTRA MEGA POWER PROJECTS (UMPPs)

Government of India through Ministry of Power launched the initiative of Ultra Mega Power Projects (UMPPs) i.e. 4000 MW super thermal power projects (both pit head and imported coal based) in November 2005 with the objective to develop large capacity power projects in India. Power Finance Corporation Ltd (PFC) has been appointed as the Nodal Agency for development of these projects. PFC has authorized PFC Consulting Ltd. to undertake the entire work of UMPPs.

The UMPPs are to be developed under 'Case 2' scenario of "Guidelines for Determination of Tariff by Bidding Process for Procurement of Power by Distribution Licensees" issued by MoP, GoI. These projects will have the advantage of economies of scale on account of large capacity at single location, reduction in emissions on account of Super Critical Technology and lower tariff on account of the above and tariff based international competitive bidding adopted for selection of developer.

So far 17 UMPPs have been identified to be located in the States of Madhya Pradesh, Gujarat, Andhra Pradesh, Jharkhand, Karnataka, Maharashtra, Orissa, Chhattisgarh, Tamil Nadu and Bihar.

As on date, Thirteen (13) Special Purpose Vehicles (SPVs) have been incorporated for UMPPs to undertake the work of obtaining statutory clearances such as environment and forest clearance, airport authority clearance, coastal regulation zone clearance, defense clearance and necessary linkages such as water, fuel (in case of pit head projects) in the name of the respective SPVs. The SPV would also carry out the bid process for handing over of the SPV to the Successful Bidder selected through Tariff Based International Competitive Bidding Process in accordance with the above Guidelines. One of UMPP identified as 3rd UMPP in Andhra Pradesh was shelved due to want of clarity on the site for the project. Out of these 13 SPVs, four (4) SPVs have been transferred to Successful Bidders. The work of 12 UMPPs is in progress.

Request for Qualification (RfQ) for Chhattisgarh and Orissa UMPPs were issued in March 2010 and June 2010 respectively. Responses for RfQ for Orissa UMPP were received on August 01, 2011. RfP for this project would be issued once SBDs to be followed are approved by Ministry of Power.

UMPPs in Progress

Sl. No.	UMPP	Type
1.	Orissa Integrated Power Ltd., Sundergarh UMPP, Orissa	Domestic Coal Based
2.	Chhattisgarh Surguja Power Ltd., Chhattisgarh UMPP	Domestic Coal Based
3.	Sakhigopal Integrated Power Ltd., Orissa Additional UMPP 1	Domestic Coal Based
4.	Ghogarpalli Integrated Power Ltd., Orissa Additional UMPP 2	Domestic Coal Based
5.	Deoghar Mega Power Ltd., Jharkhand 2nd UMPP	Domestic Coal Based
6.	Bihar UMPP	Domestic Coal Based
7.	Coastal Tamil Nadu Power Ltd., Cheyyur UMPP, Tamil Nadu	Imported Coal Based
8.	Tatiya Andhra Mega Power Ltd., Andhra Pradesh 2nd UMPP	Imported Coal Based
9.	Coastal Maharashtra Mega Power Ltd., Maharashtra UMPP	Imported Coal Based
10.	Coastal Karnataka Power Ltd., Karnataka UMPP Based	Imported Coal
11.	Gujarat 2nd UMPP	Imported Coal Based
12.	Tamil Nadu 2nd UMPP	Imported Coal Based

INDEPENDENT TRANSMISSION PROJECTS (ITPs)

Ministry of Power has also initiated Tariff Based Competitive Bidding Process for development and strengthening of Transmission System with an objective to promote competitive procurement of transmission services and encourage private investments in transmission lines.

Ministry of Power appoints Bid Process Coordinator (BPC) for each of the transmission project. The BPC undertakes preliminary survey work, identification of route, preparation of survey report, initiation of process of land acquisition for sub-stations, if any, initiation of process of seeking forest clearance, if required and bidding process for selection of the developer for the project.

During the Financial Year 2011-12, your Company has successfully completed the bid process for the development of Independent Transmission System associated with IPPs of Nagapattinam/Cuddalore Area-Package A and the SPV namely Nagapattinam-Madhugiri Transmission Company Limited, incorporated by the Company for the above projects was transferred to successful bidder, M/s Power Grid Corporation of India Limited on 29th March, 2012.

Ministry of Power has also appointed your Company as 'Bid Process Coordinator' for new Independent Transmission Projects (ITPs) viz., 'Transmission Project associated with DGEN TPS (1200MW) of Torrent Power Ltd and Interconnection Between Srinagar and Tehri. The activities for the above project has been initiated and the Company has incorporated an SPV namely DGEN & Uttrakhand Transmission Company Limited on 15th November, 2011.

The activities for the Independent Transmission Project for Transmission System associated with IPPs of Nagapattinam/Cuddalore Area- Package C (Madhugiri-Narendra 765kV D/c line, Kolhapur-Padghe 765kV D/c line (one ckt. via Pune)) have been kept on hold as intimated by CEA & CTU in view of the fact that associated generation projects by IPPs have not made sufficient progress.

CLIENT BASE

Your company is on its path to become a premier consulting organisation in the Power Sector. On the basis of satisfaction in terms of quality of services rendered, clients reposed confidence by awarding of repeat orders. The Client base includes Public i.e. State/Central owned Power Sector Utilities (SPSUs/CPSUs) as well as Private entities (IPPs), State Electricity Regulatory Commissions and State Governments. The numbers of States where PFCCL has rendered its services including the profile of clients are as follows:

Clients	No.
States Utilities	18
Licensees/ IPPs	7
Public Sector Undertakings	6
State Governments	4
Regulatory Commissions	3
Central Govt. Departments/Ministries	1
Total	**39**

PFCCL has worked on over 70 assignments for 39 Clients spread across 21 States/UTs of India namely Andhra Pradesh, Assam, Bihar, Chhattisgarh, Delhi, Haryana, Himachal Pradesh, Jammu & Kashmir, Jharkhand, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Meghalaya, Odisha, Puducherry, Punjab, Rajasthan, Tripura, Uttar Pradesh and West Bengal.

Presently, PFCCL is associated with projects having aggregate capacity of over 60,000 MW (including UMPPs) and handling significant consultancy assignments under Procurement of Power for Government of Punjab, Rajasthan & Jharkhand through 'Case 2' bidding as per the "Guidelines for Determination of Tariff by Bidding Process for Procurement of Power by Distribution Licensees", issued by MoP, GoI.

PFCCL has ventured into a related area of tariff based competitive bidding i.e. Selection of Joint Venture Partner for setting up Thermal Power Plants through tariff based competitive bidding for NMDC and MCL.

PFCCL has also been awarded assignments for Reform & Restructuring of the State Electricity Boards (SEBs) in the States of Jharkhand, Kerala, Bihar and Meghalaya.

SUBSIDIARIES

Incorporation of Subsidiary

Since the date of last Directors' Report, DGEN & Uttrakhand Transmission Company Ltd. has been incorporated as wholly owned subsidiary of the Company on 15h November, 2011 for the development of the Transmission Project Associated with DGEN TPS (1200MW) of Torrent Power Ltd and Interconnection between Srinagar and Tehri.

Transfer of Subsidiaries

Your Company has transferred its wholly owned subsidiary namely Nagapattinam-Madhugiri Transmission Company Ltd., incorporated for development of Independent Transmission Project, to M/s Powergrid Corporation of India Ltd on 29th March, 2012.

FIXED DEPOSITS

The Company has not accepted any fixed deposit during the year ending 31st March, 2012 as covered under the provisions of Section 58A of the Companies Act, 1956 read with the Companies (Acceptance of Deposits) Rules, 1975.

HUMAN RESOURCES DEVELOPMENT

The management lays increasing emphasis on Human Resources Development. The employees being the main asset of the Company were continuously trained to keep pace with the fast changing environment by continuously assessing their training needs.

AUDITOR'S REPORT

M/s. Jain Chopra & Co., Chartered Accountants, were appointed as Statutory Auditors of the Company for the financial year 2011-2012 by the Comptroller & Auditor General of India.

Pursuant to the provisions of Section 217(3) of the Companies Act, 1956 the information to the observations of Statutory Auditors are submitted as under:

	Observations	Replies
4(i)	A sum of Rs. 38.95 Lacs has been charged to the statement of Profit & Loss being the amount of interest paid by the Holding Company on account of default committed by it in complying with the provisions of the Service Tax in respect of employees deployed to the Company by Holding Company. The amount representing cost of non compliance, in our opinion should be borne by the Company in default. The Profit before Tax for the year is thus understated to the extent of the said amount with consequential effect on provision for tax and other items as appearing in the Balance Sheet.	The interest on service tax claimed by PFC Ltd is towards the service tax liability for the reimbursement of employee cost of PFCCL deployed by PFC Ltd for the financial year 2008-09 to 2010-11. The liability arose on receipt of a notice from Service Tax Department by PFC Ltd. The expenditure of interest on service tax was admitted by the Company considering that this cost was related to employees deployed to PFCCL. As per the arrangement with PFC, cost of employees deployed in PFCCL and related expenditure on this account is to be borne by PFCCL. Accordingly the claim was accepted and charged to statement of Profit & Loss for the financial year 2011-12. Based on the explanation given above, there is no understatement of profit and there is no impact on provision for tax.
4(ii)	In absence of complete details the effect on statement of income of non recovery of income tax paid on perquisites for earlier years could not be ascertained. (Refer Note No. 40)	Pursuant to a decision by the Holding Company the income tax on perquisite for current year has been recovered from employees. Since the decision for the recovery was for current year only, no accounting for the amount relating to perquisite tax for earlier year has been accounted for. A note in this regard is given at Note No. 40 of Notes to Financial Statements which is self explanatory.
4(iii)	In absence of any confirmations received, we are unable to comment on the balances outstanding in personal accounts. (Refer Note No. 41)	The Company have received the confirmation from debtors and creditors in most of the cases. No material discrepancy has been noticed in the balances. The disclosure that the Company has sought confirmations has been made in Note No. 41 of the Notes to Financial Statements.
4(iv)	In absence of complete information available, details of dues towards MSME entities could not be verified. (Refer Note No. 29)	The company has sought information through letters/e-mails from parties. The information available with the Company was provided to Auditors. Sufficient disclosure is given at Note No. 29 of Notes to Financial Statements which is self explanatory.
4(v)	No provision for debts has been made in respect of such dues being older than three years. (Refer Note No.32)	The outstanding amount which are due for more than three years are with Govt Companies/State Government Departments and the claim is duly recognised by these entities as per communication with them during last financial year. As such there was no provision made in respect of dues from Government Entities. Sufficient disclosure is given at Note No. 32 of Notes to Financial Statements which is self explanatory.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNING & OUTGO

As the Company's operations do not involve any manufacturing or processing activities, the particulars as per the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, regarding conservation of energy and technology absorption, are not applicable. During the year under review, there is no foreign exchange earning and outgo.

PARTICULARS OF EMPLOYEES U/S 217 (2A) OF THE COMPANIES ACT, 1956

The Company is a wholly owned subsidiary of PFC and all the employees working for the Company are the employees of PFC. However, w.e.f. 1st April, 2011 all payments related to the employees working for the Company are being made directly by the Company.

No employee in the Company has received remuneration equal to or exceeding the limits prescribed under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Amendment Rules, 2011. Accordingly, no statement containing details of employees is required to be attached.

DIRECTORS

Presently the Board of Directors of the Company comprises of the following:

1. Shri Satnam Singh : Chairman / Chairman & Managing Director, PFC
2. Shri M. K. Goel : Director / Director (Commercial), PFC
3. Shri R. Nagarajan : Director / Director (Finance), PFC

In accordance with provisions of Companies Act, 1956, Shri Satnam Singh, Chairman shall retire by rotation at the ensuing Annual General Meeting of the Company and being eligible offers himself for re-appointment.

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL (C&AG) OF INDIA

C&AG vide their letter dated 7th June, 2012 mentioned that they have decided not to review the report of the Statutory Auditors on the accounts of the Company for the year ended 31st March, 2012 and as such have no comments to make under Section 619(4) of the Companies Act, 1956. A copy of the letter issued by C&AG in this regard is placed at Annexure-I.

DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 217(2AA) of the Companies Act, 1956, your Directors confirm that:

- In the preparation of Annual Accounts for the financial year 2011-12, the applicable accounting standards had been followed along with proper explanation relating to material departure.
- The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year 2011-12 and of the profits of the Company for that period.
- The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provision of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- The Directors had prepared the annual accounts on a going concern basis.

ACKNOWLEDGEMENT

The Directors put on record their gratitude to the Central Government, various State Governments and their respective agencies for the assistance, co-operation and encouragement they extended to the Company. The Company, in particular, is thankful to the Comptroller & Auditor General of India, the Ministry of Power, Government of India, the Statutory Auditors, Bankers, Power Finance Corporation Limited and the employees for their unstinted co-operation and guidance without whose active support the achievement of the Company during the year under review would not have been possible.

For and on behalf of the Board of Directors

Sd/-
(Satnam Singh)
Chairman

Place: New Delhi
Date: 16th August, 2012

Annexure-I

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF PFC CONSULTING LIMITED, NEW DELHI, FOR THE YEAR ENDED 31 MARCH 2012

The preparation of financial statements of PFC Consulting Limited, New Delhi for the year ended 31 March 2012 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the Company. The statutory auditors appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 are responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956 based on independent audit in accordance with the auditing and assurance standards prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 18 May, 2012.

I, on behalf of the Comptroller and Auditor General of India, have decided not to review the report of the Statutory Auditors on the accounts of PFC Consulting Limited, New Delhi for the year ended 31 March 2012 and as such have no comments to make under Section 619(4) of the Companies Act, 1956.

For and on the behalf of the
Comptroller & Auditor General of India

(Praveen Kumar Singh)
Principal Director of Commercial Audit &
Ex-officio Member Audit Board – III,
New Delhi

Place: New Delhi
Dated: 07 June 2012

AUDITORS' REPORT

TO THE MEMBERS OF
PFC CONSULTING LIMITED

1. We have audited Balance Sheet of **PFC CONSULTING LIMITED**, New Delhi as at **31st March 2012** and also the Statement of Profit and Loss and Cash Flow Statement for the period ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditor's Report) order, 2003 and read together with the Companies (Auditor's Report) Amendment Order, 2004, issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order:

4. Further to our comments in the annexure referred to in paragraph-3 above we report that;

   (i) A sum of Rs. 38.95 lacs has been charged to the Statement of Profit & Loss being the amount of interest paid by the Holding company on account of default committed by it in complying with the provisions of the Service tax in respect of employees deployed to the Company by Holding Company . The amount representing cost of non compliance, in our opinion, should be borne by the company in default. The profit before tax for the year is thus understated to the extent of the said amount with consequential effect on provision for tax and other items as appearing in the Balance Sheet.

   (ii) In absence of complete details the effect on statement of income of non recovery of income tax paid on perquisites for earlier years could not be ascertained. (Refer Note No. 40)

   (iii) In absence of any confirmations received, we are unable to comment on the balances outstanding in personal accounts. (Refer Note No.41)

   (iv) In absence of complete information available, details of dues towards MSME entities could not be verified. (Refer Note No. 29)

   (v) No provision for debts has been made in respect of such dues being older than three years. (Refer Note No. 32)

Subject to the above we further report that;

   a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;

   b) In our opinion proper books of accounts as required by Law have been kept by the company so far as it appears from our examination of those books;

   c) The Balance Sheet, Statement of Profit & Loss and Cash Flow Statement dealt by this report are in agreement with the books of Accounts;

   d) In our opinion, the Balance Sheet, Statement of Profit & Loss and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;

   e) The requirement of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956 relating to disqualification of directors are not applicable to the Company, being a wholly owned subsidiary company of a Government Company, in term of Notification No. G.S.R.829(E), dated 21.10.2003 issued by Ministry of Finance, Department of Company Affairs.

   f) In our opinion and to the best of our information and according to the explanations given to us, the said Financial Statements read together with Notes appearing under Note no 1 to 43 and *subject to the profit before tax for the year being lower by Rs. 38.95 lacs as stated in 4(i) above and its consequential effect on other items in Balance Sheet and further the effect that may arise out of our comments at 4(ii) to 4(v) as stated above, if any, on financial statement which cannot be determined,* give the information required by the Companies Act, 1956, in the manner so required and give a true & fair view in conformity with the accounting principles generally accepted in India:

      i) In case of the Balance Sheet, of the State of Affairs of the company as at 31st March 2012.

      ii) In case of the Statement of Profit & Loss, of the profit of the Company for the year ended on that date and

      iii) In case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Ashok Chopra
Partner
M. No. 017199

For Jain Chopra & Company
Chartered Accountants
FRN 002198N

Place: New Delhi
Date: 18th May 2012

ANNEXURE TO AUDITORS' REPORT OF PFC CONSULTING LIMITED
(REFERRED TO IN PARAGRAPH 3 OF OUR REPORT OF EVEN DATE)

1. a) The company has maintained proper records showing full particulars, including details and situation of fixed assets on the basis of information available.

   b) According to the information and explanations given to us, the fixed assets are physically verified by the management during the period. In our opinion, the frequency of verification of the fixed assets is reasonable, having regard to the size of the company and nature of the assets.

   c) As per information no material discrepancies were noticed on such verification as compared to book records.

   d) There was no disposal of any fixed assets during the period.

2. The Company is in the business of Consultancy Services and does not have inventories; hence clause (ii) of paragraph 4 of the Order is not applicable to the Company.

3. The company has neither taken nor granted any loans or advances in the nature of loan to parties covered in the register maintained under Section 301 of the Companies Act, 1956.

4. In our opinion and according to the information and explanation given to us, there is an adequate internal control system commensurate with the size of the company and nature of its business with regards to purchase of fixed assets and for the sale of services. However in case of assets bought by the employees and amounts reimbursed to them the internal controls otherwise prescribed for purchase of assets by the company are not followed in such cases for which the company has prescribed a separate procedure There are no purchases of inventory and sale of goods. On the basis of our examination of the books and records of the company, carried out in accordance with the accounting standards generally accepted, we have not observed any continuing failure to correct major weaknesses in the aforesaid internal control system.

5 Based on the audit procedure applied by us and the information and the explanation provided by the management, we are of the opinion that there were no transactions during the period that need to be entered in the register maintained under section 301 of the Companies Act, 1956.

6. Based on our scrutiny of the company's records and according to the information and explanations given to us, in our opinion, the Company has not accepted deposit from the public with in the meaning of Section

58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed there under.

7. In our opinion and according to the information and explanation given to us, the company has an internal audit system, which is commensurate with the size and nature of business of the company.

8. According to the information and explanations given to us, the maintenance of cost records has not been prescribed by the Central Government under section 209(1)(d) of the Companies Act, 1956, for any of the activities of the company.

9. a). The company is generally regular in depositing undisputed statutory dues with appropriate authorities including Income Tax, Vat, Wealth-Tax, Service Tax, Custom Duty, Excise-Duty/ Education Cess and other statutory dues applicable to it.

   b). According to the information and explanations given to us, there are no undisputed statutory dues payable in respect of, Income-tax, Sales-tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess which are outstanding as at 31st March 2012 for a period of more than six months from the date they became payable except that differential amount of installments of advance tax remaining unpaid for over six months as on 31st March 2012 was Rs. 98.38 lacs.

10. The Company is a profit making company hence clause (x) of paragraph 4 of the Order is not applicable to the Company.

11. According to the records made available to us and information and explanations given by the management, the company has not taken any loan, from any financial institution or bank or debenture holder, hence clause (xi) of paragraph 4 of the Order is not applicable to the Company.

12. The company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

13. The company is not a Chit Fund or a Nidhi/ mutual benefit fund/ Society, hence, clause (xiii) of paragraph 4 of the order is not applicable to the company.

14. The company is not dealing in or trading in shares, securities, debentures and other investments, hence, clause (xiv) of paragraph 4 of the order is not applicable to the company.

15. According to the information and explanations given to us, the company has not given any guarantee for loans taken by others from bank or financial institutions.

16. Since the company has not taken loan from any, financial institution or bank or debenture holder, hence clause (xvi) of paragraph 4 of the Order is not applicable to the company.

17. According to the information and explanations given to us, and on an overall examination of the balance sheet of the company, we report that the company has not raised any short term or long term funds during the period.

18. According to the information and explanations given to us, no preferential allotment of shares have been made by the company to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956.

19. The company has not issued any debentures hence clause (xix) of paragraph 4 of the Order is not applicable to the company.

20. The Company has not raised any capital during the period hence clause (xx) of paragraph 4 of the Order is not applicable to the company.

21. Based upon the audit procedures performed and information and explanations given by the Management, we report that no fraud on or by the company has been noticed or reported during the period under audit.

Ashok Chopra
Partner
M. No. 017199

For Jain Chopra & Company
Chartered Accountants
FRN 002198N

Place: New Delhi
Date: 18th May 2012

PFC CONSULTING LIMITED
(A Wholly Owned Subsidiary of Power Finance Corporation Limited)
BALANCE SHEET AS AT 31.03.2012

(Amount in ₹)

Description	Note No.	As at 31.03.2012	As at 31.03.2011
I . EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
(a) Share Capital	3	**5,00,000**	5,00,000
(b) Reserves & Surplus	4	**85,98,91,233**	58,33,06,087
		86,03,91,233	58,38,06,087
(2) Non-current Liabilities			
Deferred Tax Liabilities (Net)	5	**4,47,153**	39,859
(3) Current Liabilities			
(a) Trade Payables	6	**1,10,40,344**	68,84,701
(b) Other Current Liabilities	7	**5,03,45,839**	8,89,14,770
(c) Short-Term Provisions	8	**14,40,44,831**	13,61,57,122
		20,54,31,014	23,19,56,593
Total		**1,06,62,69,400**	81,58,02,539
II . ASSETS			
(1) Non-current Assets			
(a) Fixed Assets	9		
(i) Tangible assets		**48,95,244**	7,73,462
(ii) Intangible assets			
(b) Non-Current Investments	10	**5,00,000**	-
(c) Long term loans and advances	11	**35,35,908**	-
		89,31,152	7,73,462
(2) CURRENT ASSETS			
(a) Trade Receivables	12	**7,02,78,955**	1,05,40,233
(b) Cash and cash equivalents	13	**78,25,70,808**	65,15,07,617
(c) Short-term loans and advances	11	**14,67,69,186**	15,01,87,407
(d) Other Current Assets	14	**5,77,19,299**	27,93,820
		1,05,73,38,248	81,50,29,077
Total		**1,06,62,69,400**	81,58,02,539

Corporate Information	1
Summary of Significant accounting policies	2

The accompanying notes are an integral part of the financial statements

For and on behalf of Board of Directors

(N.D. TYAGI) **CEO**	**(R. NAGARAJAN)** **Director**	**(SATNAM SINGH)** **Chairman**

(RACHNA GUPTA SINGH)
Company Secretary

SIGNED IN TERMS OF OUR REPORT OF EVEN DATE
For Jain Chopra & Company
Chartered Accountants
(Firm Registration No:002198N)

(ASHOK CHOPRA)
Partner
M. No. 017199

Place: New Delhi
Date: 18th May, 2012

PFC CONSULTING LIMITED
(A Wholly Owned Subsidiary of Power Finance Corporation Limited)
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31.03.2012

(Amount in ₹)

	Description	Note No.	Year ended 31.03.2012	Year ended 31.03.2011
I.	Revenue from Operations	15	49,06,24,697	49,89,57,323
II.	Other Income	16	6,97,52,794	2,70,16,290
III.	**Total Revenue (I+II)**		56,03,77,491	52,59,73,613
IV.	**Expenses**			
	Direct Expenses for Consultancy	17	1,79,80,771	2,28,33,608
	Employee benefits expense	18	8,67,85,210	5,51,42,247
	Finance cost	19	-	21,97,061
	Depreciation and Amortization expenses	9	8,22,080	2,44,129
	Other Expenses	20	3,41,33,226	3,94,75,707
	Total Expenses		13,97,21,287	11,98,92,752
V.	**Profit before exceptional and extraordinary items and tax (III-IV)**		42,06,56,204	40,60,80,861
VI.	Exceptional items/ Prior Period Income (Expense)	21	4,54,238	(1,30,989)
VII.	**Profit before extraordinary items and tax (V-VI)**		42,11,10,442	40,59,49,872
VIII.	Extraordinary itmes		-	-
IX.	**Profit Before Tax (VII-VIII)**		42,11,10,442	40,59,49,872
X.	**Tax Expense**			
	(1) Current Tax			
	for current year		14,40,44,831	13,61,57,122
	for earlier year		73,171	2,06,894
			14,41,18,002	13,63,64,016
	(2) Deferred Tax		4,07,294	27,041
XI.	**Profit (Loss) for the period from continuing operations (IX-X)**		27,65,85,146	26,95,58,815
XII.	**Profit (Loss) from discontinuing operations**		-	-
XIII.	**Tax Expense of discontinuing operations**		-	-
XIV.	**Profit (Loss) from discontinuing operations (after Tax) (XII-XIII)**		-	-
XV.	**Profit (Loss) for the period (XI +XIV)**		27,65,85,146	26,95,58,815
XVI.	**Earnings per equity share:**			
	(1) Basic	38	5,532	5,391
	(2) Diluted	38	5,532	5,391

Corporate Information **1**

Summary of Significant accounting policies **2**

The accompanying notes are an integral part of the financial statements

For and on behalf of Board of Directors

(N.D. TYAGI) **CEO** | **(R. NAGARAJAN)** **Director** | **(SATNAM SINGH)** **Chairman**

(RACHNA GUPTA SINGH)
Company Secretary

SIGNED IN TERMS OF OUR REPORT OF EVEN DATE
For Jain Chopra & Company
Chartered Accountants
(Firm Registration No:002198N)

(ASHOK CHOPRA)
Partner
M. No. 017199

Place: New Delhi
Date: 18th May, 2012

PFC CONSULTING LIMITED
(A Wholly Owned Subsidiary of Power Finance Corporation Limited)
CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2012

Amount in ₹

Description	Year Ended 31.03.2012	Year Ended 31.03.2011
A. Cash Flow from Operating Activities:		
Profit before tax	42,11,10,442	40,59,49,872
Adjustments		
Add: Depreciation	8,22,080	2,44,129
Less: Interest Income	(6,77,41,894)	(2,70,15,689)
Add:Interest Expenses	-	21,97,061
Operating profit before working capital changes	35,41,90,628	38,13,75,373
Adjustment For Increase/Decrease in:		
Increase in Sundry Debtors	(5,97,38,722)	5,05,90,566
Increase in Other Current Assets	(16,50,54,144)	(17,22,07,710)
Increase in Loans & Advances	(1,45,45,764)	85,29,981
Decrease in Current Liabilities & Provisions	(3,44,13,288)	(20,49,56,598)
Cash Inflow/Outflow from operations before Tax	8,04,38,709	6,33,31,611
Less: Taxes Paid	(12,18,02,216)	(13,56,25,875)
Net Cash Flow from Operating Activities **(A)**	(4,13,63,507)	(7,22,94,264)
B. Cash Flow from Investing Activities:		
Purchase of Fixed Assets	(49,43,862)	(3,87,661)
Interest Income	1,30,30,965	3,55,98,314
Investments in Shares of subsidiaries companies	(10,00,000)	-
Sale of Investments in Shares of subsidiaries companies (Refer Note no.36)	5,00,000	10,00,000
Net Cash Flow from Investing Activities **(B)**	75,87,103	3,62,10,653
C. Cash Flow from Financing Activities:		
Interest paid	-	(93,88,455)
Net Cash Flow from Financing Activities **(C)**	-	(93,88,455)
Net Increase/Decrease in Cash and Cash Equivalents (A+B+C)	(3,37,76,404)	(4,54,72,066)
Add: Cash and Cash Equivalents as on the beginning of the Period*	4,22,07,617	8,76,79,683
Cash and Cash Equivalents as on the end of the Period	84,31,214	4,22,07,617
Cash and Cash Equivalents as per balance sheet*	84,31,214	4,22,07,617

* Cash and Cash Equivalents include Cash in Hand ₹ Nil (PY: ₹ Nil), Balance with Bank in current account ₹ 3,68,671/- (PY: ₹ 6,07,617/-,Bank Deposits with maturity upto 3 months ₹ 80,62,543/- (PY: ₹4,16,00,000/-) and excludes bank deposits having maturity of more than 3 months ₹ 77,41,39,594/- (PY: ₹ 60,93,00,000/-).

For and on behalf of Board of Directors

(N.D. TYAGI) **CEO** | **(R. NAGARAJAN)** **Director** | **(SATNAM SINGH)** **Chairman**

(RACHNA GUPTA SINGH)
Company Secretary

SIGNED IN TERMS OF OUR REPORT OF EVEN DATE
For Jain Chopra & Company
Chartered Accountants
(Firm Registration No:002198N)

(ASHOK CHOPRA)
Partner
M. No. 017199

Place: New Delhi
Date: 18th May, 2012

PFC CONSULTING LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.03.2012

1. Corporate Information

"PFC Consulting Limited" (PFCCL) was incorporated under Companies Act, 1956 as a wholly owned subsidiary of Power Finance Corporation Limited (PFC) on 25.03.2008 for providing Consultancy Services to Power Sector including development of Independent Transmission Projects (ITPs). The Certificate for Commencement of Business was obtained by the Company on 25.04.2008.

2. Summary of Significant Accounting Policies

a. Basis of Preparation

The financial statements are prepared as per going concern assumption under the historical cost convention on accrual basis and in accordance with the generally accepted accounting principles and relevant provisions of the Companies Act, 1956 complying with Accounting Standards notified therein. Accounting policies have been consistently applied except where an accounting standard is newly adopted or an accounting policy is revised by the company.

b. Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities), revenues and expenses of the reporting period. The difference between the actual results and estimates are recognized in the period in which the results are known and/or materialised.

c. Fixed Assets

Fixed Assets are shown at historical cost less accumulated depreciation and impairment losses, if any. The assets retired from active use and held for disposal are stated at lower of the book value or net realizable value. The historical cost includes all cost attributable for bringing the assets to its working condition for its intended use.

Expenditure on existing assets resulting in increase in previously assessed useful life/standard of performance is added in relevant assets.

Intangible Assets are recorded at their cost of acquisition.

d. Borrowing Cost

Borrowing Costs that are attributable to the acquisition, construction of fixed assets which take substantial time to get ready for its intended use are capitalized as part of the cost of such assets to the extent they relate to the period till such assets are ready to be put to use. Other borrowing costs are charged to Profit and Loss Account in the year in which they are incurred.

e. Depreciation / Amortisation

Depreciation on assets is provided on pro rata basis on written down value method at the rates prescribed under schedule XIV of the Companies Act, 1956.

Depreciation on addition to / deduction from fixed assets during the year is charged on prorata basis from/up to the date in which assets are available for use / disposal.

Items of Fixed Assets acquired during the year costing up to ₹ 5,000/- are fully depreciated.

Intangible Assets such as software are amortized by straight-line method over useful life of the assets estimated by the company. However software individually costing less than ₹ 1,00,000/ is fully amortized in the year of acquisition.

f. Investments

Investments that are readily realizable and intended to be held for not more than a year are classified as Current Investments. All other investments are classified as Long Term Investments.

Current Investments are valued at lower of cost and fair market value determined on an individual investment basis.

Long term investments are carried at cost. Provision is made for diminution, other than temporary, in the value of such investments.

g. Expenditure Incured by Holding Company

Expenditures incurred by the Holding Company on behalf of the company are recognized on accrual basis.

h. Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of the transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts and payments. The cash flows from Operating, Financing and Investing activities are shown separately in accordance with AS-3.

i. Revenue Recognition

Income is accounted for on accrual basis, unless otherwise stated.

(i) Income from consultancy service is accounted for on the basis of assessment by the management of actual progress of work executed proportionately with respect to the total scope of work in line with the terms of respective consultancy contracts.

(ii) Fees for advisory and professional services for developing ultra mega power projects (Special Purpose Vehicle of Power Finance Corporation Limited)/Independent Transmission Projects becomes due only on transfer of project to the successful bidder and is accordingly accounted for at the time of such transfer.

(iii) Cost of employees working for developing ultra mega power projects and Independent Transmission Projects are charged on Cost to Company basis in proportionate to the man days (as assessed by the management) spent on the respective projects.

(iv) Consultancy fees calculated as above is net of Service Tax as payable under Finance Act 1994.

(v) Interest is accounted for on accrual basis.

(vi) Profit on sale of investments is recorded on transfer of title from the company and is determined as the difference between the sale price and the carrying value of the investment. Dividends are recorded when the right to receive income is established.

(vii) Interest on amount recoverable from subsidiaries is accounted for at the holding company's (PFC) rate of interest applicable for project loan/scheme (generation) to state sector borrower (category A) as applicable from time to time.

(viii) The sale proceeds from Request for qualification (RFQ) document/ Request for proposal (RFP) document for Independent Transmission Projects (ITPs) and Ultra Mega Power Project (UMPPs) are accounted for on receipt of the same.

j. Taxes on Income

Provision for taxation includes provision for Income Tax and Deferred Tax. Current Income tax has been provided at the rates in force in accordance with the provisions of Income Tax Act 1961 including interest liability, if any. Deferred Tax assets/ liabilities have been accounted for in accordance with the principles laid down under Accounting Standard 22 notified under the Companies act 1956.

k. Employee Benefits

The liabilities towards employee benefits in respect of gratuity, leave encashment, post retirement medical benefits, transfer traveling allowance on retirement/death, long service awards to employees, farewell, gift on retirement and economic rehabilitation scheme are ascertained annually by the Holding Company i.e. PFC Limited on actuarial valuation at the year-end. The company provides for such employee benefits as apportioned by the Holding Company.

l. Prepaid and Prior Period Expenses

Pre-paid expenses and prior period expenses/income of items of ₹ 5,000/ - and below are charged to natural heads of accounts.

m. Provisions & Contigencies

(i) A provision is recongnised when the company has a present obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation and in respect of which a reliable estimate can be made. Provisions as determined based on management estimate required to settle the obligation at the balance sheet date and are not discounted to present value. These are reviewed at each balance sheet date and adjusted to reflect the current management estimates.

(ii) Contingent liabilities are disclosed at present value. Contingent liabilities are disclosed on the basis of judgment of the management/ independent experts based on information available at Balance Sheet Date. These are reviewed at each Balance Sheet Date and adjusted to reflect the current management estimate.

n. Independent Trasnmission Projects

Expenditures on the particular Ultra Mega Power Project/ Independent Power Project is debited to the account "Amount recoverable from concerned Special Purpose Vehicles (SPVs) and shown under Loans & Advances".

3. SHARE CAPITAL

(Amount in ₹)

Description	As at 31.03.2012	As at 31.03.2011
Authorised :		
50,000 Equity shares of ₹10/- each (Previous year 50,000 Equity shares of ₹10/- each)	**5,00,000**	5,00,000
Issued, subscribed and fully paid up shares :		
50,000 Equity shares of ₹10/- each (Previous year 50,000 Equity shares of ₹10/- each)	**5,00,000**	5,00,000
Total Issued, subscribed and fully paid up share capital	**5,00,000**	5,00,000

a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Equity Shares

	31 March 2012		31 March 2011	
	No. of Shares	**Amount (₹)**	No. of Shares	Amount (₹)
At the beginning of the period	**50,000**	**5,00,000**	50,000	5,00,000
Issued During the period	**-**	**-**	-	-
Outstanding at the end of the period	**50,000**	**5,00,000**	50,000	5,00,000

b. Terms/ rights attached to equity shares

The Company has only one class of equity shares having par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share.

c. Shares held by holding company

Out of equity shares issued by the company, shares held by its Holding Company are as below:

Amount (₹)

	31 March 2012	31 March 2011
Power Finance Corporation Limited, the Holding Company *		
50,000 (31 March 2011: 50,000) equity shares of ₹ 10 each fully paid	**5,00,000**	5,00,000

* Out of 50,000 (PY: 50,000) equity shares 700 (PY: 700) shares are held by nominees of Power Finance Corporation Limited on its behalf.

4. RESERVES & SURPLUS

(Amount in ₹)

Description	As at 31.03.2012	As at 31.03.2011
Surplus in the statement of Profit and Loss Account	**58,33,06,087**	31,37,47,272
Addition during the period	**27,65,85,146**	26,95,58,815
TOTAL	**85,98,91,233**	58,33,06,087

5. DEFERERD TAX LIABILITY (NET)

(Amount in ₹)

Description	As at 31.03.2012	As at 31.03.2011
Gross deferred tax liability	**4,48,575**	42,703
Gross deferred tax asset	**1,422**	2,844
Net deferred tax liability	**4,47,153**	39,859

6. TRADE PAYABLES

(Amount in ₹)

Description	As at 31.03.2012	As at 31.03.2011
- Total Outstanding dues of Micro Enterprises & Small Enterprises	**28,82,501**	-
- Total Outstanding dues of creditors other than Micro Enterprises & Small Enterprises	**81,57,843**	68,84,701
TOTAL	**1,10,40,344**	68,84,701

7. OTHER CURRENT LIABILITIES

(Amount in ₹)

Description	As at 31.03.2012	As at 31.03.2011
Earnest Money/ Security Deposit	**15,04,625**	1,58,000
Amount payable to Successful Developer	**91,78,526**	3,11,36,336
Advance from Customers	**1,42,26,179**	5,29,00,000
TDS Payable	**30,86,036**	21,14,191
Service Tax on Consultancy (Accrued)	**24,22,564**	10,92,088
Expenses Payable	**17,60,981**	15,14,155
Bonus Payable	**1,06,66,928**	-
Provision for Performance Related Pay	**75,00,000**	-
TOTAL	**5,03,45,839**	8,89,14,770

8. SHORT TERM PROVISIONS

(Amount in ₹)

Description	As at 31.03.2012	As at 31.03.2011
Taxation - Income Tax	**14,40,44,831**	13,61,57,122
TOTAL	**14,40,44,831**	13,61,57,122

9. FIXED ASSETS

(Amount in ₹)

Description	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Opening Balance as at 01.04.2011	Additions/ Adjustments	Deductions/ Adjustments	Closing Balance as at 31.03.2012	Opening Balance as at 01.04.2011	For the Period 01.04.2011 to 31.03.2012	Withdrawn/ Written back	Closing Balance as at 31.03.2012	As at 31.03.2012	As at 31.03.2011
I. TANGIBLE ASSETS :										
Owned Assets										
Furniture & Fixtures	2,76,951	1,47,156	-	4,24,107	1,15,266	61,409	-	1,76,675	2,47,432	1,61,685
EDP Equipments	8,55,156	44,86,882	-	53,42,038	3,37,412	6,45,630	-	9,83,042	43,58,996	5,17,744
Other Office Equipments	1,13,350	2,65,704	-	3,79,054	19,317	70,921	-	90,238	2,88,816	94,033
Total	**12,45,457**	**48,99,742**	**-**	**61,45,199**	**4,71,995**	**7,77,960**	**-**	**12,49,955**	**48,95,244**	**7,73,462**
Previous Year	8,57,796	3,87,661	-	12,45,457	2,27,866	2,44,129	4,71,995	7,73,462	6,29,930	2,96,715
II. Intangible Assets :										
Computer Software	-	44,120	-	44,120	-	44,120	-	44,120	-	-
Total	**-**	**44,120**	**-**	**44,120**	**-**	**44,120**	**-**	**44,120**	**-**	**-**
Previous Year	-	-	-	-	-	-	-	-	-	-

10. NON-CURRENT INVESTMENTS

(Amount in ₹)

Description	As at 31.03.2012	As at 31.03.2011
Trade Investments (valued at cost)		
Unquoted Equity Instruments		
Investment in Subsidiaries		
50,000 (31 March 2011: NIL) Equity shares of ₹ 10 each fully paid up in DGEN & Uttrakhand Transmission Co. Ltd.	**5,00,000**	-
TOTAL	**5,00,000**	-

Note: The Company has incorporated a controlled Special Purpose Vehicle in respect of Integrated Transmission Project namely DGEN & Uttrakhand Transmission Company Limited on 15.11.2011 for which the Company is appointed as bid process co-ordinator by Ministry of Power, Government of India.

11. LOANS AND ADVANCES

(Amount in ₹)

Description	Non-Current As at 31.03.2012	Non-Current As at 31.03.2011	Current As at 31.03.2012	Current As at 31.03.2011
Security Deposit				
Secured, considered good	-	-	-	-
Unsecured, considered good	**79,800**	-	**4,70,100**	-
Doubtful	-	-	-	-
	79,800	-	**4,70,100**	-
Loans and advances to related parties				
Secured, considered good	-	-	-	-
Unsecured, considered good	-	-	**56,37,657**	-
Doubtful	-	-	-	-
	-	-	**56,37,657**	-
Advances recoverable in cash or kind				
Secured, considered good*	-	-	**31,94,700**	42,04,700
Unsecured, considered good	-	-	**1,03,886**	-
Doubtful	-	-	-	-
	-	-	**32,98,586**	42,04,700
* Secured against Bank Guarantee				
Other loans and advances				
Advance Tax, TDS and FBT	-	-	**12,94,39,029**	14,38,67,106
Cenvat Credit Receivable	-	-	**3,74,863**	7,33,037
Prepaid expenses	-	-	**50,951**	-
Recoverable from SPV's and Others	-	-	**46,03,075**	13,82,564
Advances to Employees				
Secured, considered good	-	-	-	-
Unsecured, considered good	**34,56,108**	-	**28,94,925**	-
Doubtful	-	-	-	-
	34,56,108	-	**13,73,62,843**	14,59,82,707
Total	**35,35,908**	-	**14,67,69,186**	15,01,87,407

Loans and advances due by directors or other officers, etc.

Description	Non-Current As at 31.03.2012	Non-Current As at 31.03.2011	Current As at 31.03.2012	Current As at 31.03.2011
Loans to employees include				
Dues from non-executive directors	-	-	-	-
Dues from officers	**1,57,076**	-	**72,504**	-
Dues from non- executive and officers jointly with other persons	-	-	-	-
Loans and advances to related parties include				
Dues from partenership firm (name) in which the company's executive director is a partner	-	-	-	-
Dues from (Name of co.) in which the company's managing director is a member.	-	-	-	-
Advances recoverable in cash or kind include				
Dues from the partnership firm (name) in which the company's non-executive director is a partner	-	-	-	-

12. TRADE RECEIVABLES

(Amount in ₹)

Description	Non-Current As at 31.03.2012	Non-Current As at 31.03.2011	Current As at 31.03.2012	Current As at 31.03.2011
Debts Outstanding for a period exceeding six months from the date they are due for payment				
Secured Considered Good	-	-	-	-
Unsecured Considered Good	-	-	**87,82,600**	1,01,56,258
Doubtful	-	-	-	-
Other Debts				
Secured Considered Good	-	-	-	-
Unsecured Considered Good	-	-	**6,14,96,355**	3,83,975
Doubtful	-	-	-	-
TOTAL	-	-	**7,02,78,955**	1,05,40,233

13. CASH AND CASH EQUIVALENTS

(Amount in ₹)

Description	Non-Current As at 31.03.2012	Non-Current As at 31.03.2011	Current As at 31.03.2012	Current As at 31.03.2011
Cash and Cash Equivalents				
Cash on Hand	-	-	-	-
Balances with banks:				
In Current Account	-	-	**3,68,671**	607,617
In Deposit Account			**78,22,02,137**	65,09,00,000
TOTAL	-	-	**78,25,70,808**	65,15,07,617
Deposit Accounts with more than 12 months maturity included above			**13,26,39,594**	59,32,00,000

14. OTHER CURRENT ASSETS

(Amount in ₹)

Description	As at 31.03.2012	As at 31.03.2011
Accrued but not due :		
Interest Accrued but not due on Term Deposits	**5,75,04,749**	27,93,820
Amount Receivable from clients	**2,14,550**	-
TOTAL	**5,77,19,299**	**27,93,820**

15. REVENUE FROM OPERATIONS

(Amount in ₹)

Description	Year ended 31.03.2012	Year ended 31.03.2011
Income from Consultancy Services	**47,20,24,697**	46,06,57,323
Other Operating Income	**1,86,00,000**	3,83,00,000
TOTAL	**49,06,24,697**	49,89,57,323

16. OTHER INCOME

(Amount in ₹)

Description	Year ended 31.03.2012	Year ended 31.03.2011
Interest from Banks	**6,61,29,620**	2,51,27,510
Interest income from Subsidiaries	**16,12,274**	18,88,180
Processing Fee	**20,10,000**	-
Miscellaneous Income	**900**	600
TOTAL	**6,97,52,794**	2,70,16,290

17. DIRECT EXPENSES FOR CONSULTANCY SERVICES

(Amount in ₹)

Description	Year ended 31.03.2012	Year ended 31.03.2011
Sub Consultancy Charges	**1,42,60,071**	1,91,88,264
Advertisement Expenses	**16,83,331**	19,65,929
Conference & Meeting Expenses	**20,37,369**	16,79,415
Total	**1,79,80,771**	2,28,33,608

18. EMPLOYEE BENEFIT EXPENSES

(Amount in ₹)

Description	Year ended 31.03.2012	Year ended 31.03.2011
Salaries and Allowances	**4,87,93,223**	3,24,27,453
Bonus and Performance Related Pay	**1,81,66,928**	1,36,77,919
Contribution to Provident and other funds		
Contribution to Provident Fund	**30,64,060**	19,43,854
Contribution to Super Annuation Fund	**1,00,55,370**	-
Contribution to Gratuity Fund	**13,80,159**	9,70,460
Post Retirement Medical Benefits	**12,44,529**	-
Staff Welfare	**40,80,941**	61,22,561
Total	**8,67,85,210**	5,51,42,247

19. FINANCE COSTS

(Amount in ₹)

Description	Year ended 31.03.2012	Year ended 31.03.2011
Interest		
On Commitment Advance	**-**	21,97,061
TOTAL	**-**	21,97,061

20. OTHER EXPENSES

(Amount in ₹)

Description	Year ended 31.03.2012	Year ended 31.03.2011
Office Rent (Including Ground Rent)	**30,71,135**	17,58,321
Administrative Expenses	**4,87,858**	1,12,089
Advertisement Expense	**8,46,898**	11,88,443
Electricity & Water charges	**14,02,428**	39,23,848
Site Office Expense	**1,56,201**	2,10,427
Repairs & Maintenance	**6,38,642**	27,66,720
Travelling & Conveyance	**72,69,832**	58,15,328
Postage, Telegraph	**1,15,632**	2,81,757
Books & Periodicals	**19,064**	1,22,368
Entertainment Expenses	**4,97,479**	2,83,758
Festival Celebration Expenses	**4,19,466**	2,60,649
Rates & Taxes (including House Tax)	**9,94,869**	10,53,028
Interest on Service Tax	**39,85,151**	2,86,897
Interest paid on TDS	**11,331**	49
Insurance	**69,083**	96,282
Bank Charges	**6,315**	36,478
Meeting Expenses	**2,24,815**	94,179
Office Maintenance	**9,22,968**	20,08,184
Depreciation Cost Allocated by Holding Company	**47,69,167**	63,13,078
Printing & Stationary	**11,13,037**	22,57,875
Legal & Professional Expenses	**5,07,434**	4,96,300
Security Expenses	**12,02,638**	23,12,497
Telephone Expenses	**10,24,173**	34,78,699
Vehicle Hiring and Running Expenses	**9,74,522**	9,75,447
Equipment Hire Charges	**-**	9,80,126
Payment to Auditors		
Statutory Audit Fee	**1,50,000**	1,50,000
Tax Audit Fee	**45,000**	45,000
Others	**90,000**	1,95,000
Training Expenses	**7,89,341**	16,617
Fees & Subscription	**38,450**	3,37,900
Outsourcing Expenses	**22,90,297**	16,18,363
TOTAL	**3,41,33,226**	3,94,75,707

21. PRIOR PERIOD ITEMS

(Amount in ₹)

Description	Year ended 31.03.2012	Year ended 31.03.2011
A- Income	**4,65,488**	2,00,225
B- Expenditure	**11,250**	3,31,214
TOTAL	**4,54,238**	(1,30,989)

22. All the employees of the Company are from the Holding Company i.e. Power Finance Corporation Limited. The liabilities towards Gratuity, Leave Encashment, Post Retirement Medical Benefits and Company Contribution to Super Annuation Fund etc. have been provided in the books as per the amount allocated by the holding company on the basis of Acturial Valuation/calculations carried out by them.

23. The following common expenses have been provided in the books of account as payable to Power Finance Corporation Limited, the Holding Company :-

Expenses	Year ended 3rd March 2012 ₹	Year ended 3rd March 2011 ₹
Bank Charges	**-**	31,041
Books & Periodicals	**-**	1,18,234
Canteen Expenses	**-**	22,77,586
Depreciation	**47,69,167**	63,13,078
EDP Stores & Consumables	**-**	1,28,295
Electricity & Water Charges	**13,94,594**	38,51,848
Entertainment	**-**	80,879
Equipment Hire Charges	**-**	9,80,126
House Tax & Ground Rent	**18,53,537**	7,16,963
Insurance (Other than vehicles)	**46,988**	96,282
Office Maintenance	**-**	19,87,360
Postage & Telegram	**1,05,793**	2,81,007
Printing & Stationery	**-**	17,39,814
Repairs & Maintenance	**-**	22,38,063
PF audit Fee	**9,016**	-
Security Expenses	**-**	23,12,497
Sundry Expenses	**1,51,881**	-
Telephone Expenses	**88,364**	25,87,502
Total	**84,19,340**	2,57,40,575

The administrative expenditure in earlier years was paid to Holding Company on appropriation of common administrative expenses by them. From the Financial Year 2011-12 PFCCL has started paying all administrative expenses on its own except as mentioned in the above note.

24. Amount for which the company is contingently liable - ₹ NIL (Previous Year- ₹ NIL).

25. Capital Commitments- ₹ NIL (Previous period- ₹ NIL).

26. The Company is operating in a single segment i.e. providing consultancy services and is operating within India therefore no further disclosures are required as per AS-17 on Segment Reporting.

27. Wherever any expenditure is shared with the Holding Company, procedural and statutory requirements in respect of deduction of Tax at Source and other statutory compliances as applicable are complied by the Holding Company.

28. In view of the nature of assets held by the company and the rate of depreciation charged thereon, in the opinion of the management no further provision for impairment of assets is necessary.

29. Details of dues to micro and small enterprises as defined under the MSMED Act, 2006

(Based on the available information with the company)	**2011-2012** ₹	2010-2011 ₹
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year		
- Principal amount due to micro and small enterprises	**28,82,501**	-
- Interest due on above	**-**	-
The amount of interest paid by the Company along with the amounts of the payment made to the supplier beyond the appointed day during the year	**-**	-
The amount of interest due and payable for the year of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act	**-**	-
The amount of interest accrued and remaining unpaid at the end of the year	**-**	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise	**-**	-

30. Auditors Remuneration:

Particulars	**2011-2012(₹)**			2010-2011(₹)		
	Fees	**Service Tax**	**Total**	Fees	Service Tax	Total
Statutory Audit Fee	**1,50,000**	**18,540**	**1,68,540**	1,50,000	15,450	1,65,450
Tax Audit Fee	**45,000**	**5,562**	**50,562**	45,000	4,635	49,635
Others	**90,000**	**9,270**	**99,270**	1,95,000	20,085	2,15,085

31. Sundry Debtors include amount due from Holding Company- ₹ 2,52,91,941/- (Previous year- ₹ Nil). Maximum Dr. Balance during the year : ₹ 4,84,03,886/- (Previous year- ₹ 2,66,88,657/-).

32. Sundry Debtors includes an amount of ₹ 61,35,400/- which is due for over three years. Based on Correspondance with clients in the recent past in this regard in the opinion of the management the above said debtors are good for recovery hence no provision has been made for bad and doubtful debts.

33. Transactions in foreign currency (Income/ Expenses)- ₹ NIL (Previous year- ₹ NIL). Figures have been rounded off to the nearest rupees unless otherwise stated.

34. As per AS 21 para 11 a subsidiary should be excluded from consolidation when control is intended to be temporary because the subsidiary is acquired and held exclusively with a view to its subsequent disposal in the near future. Therefore the financial statements of the subsidiaries are not consolidated with the financial statements of the Company.

35. During the year the company has incorporated a wholly owned subsidiary companies namely Nagapattinam Madhugiri Transmission Company Limited (incorporated on 20.05.2011). Consequent to the selection of Successful Bidder (M/s Power Grid Corporation of India Limited) as per Tariff based competitive bidding guidelines for transmission services and guidelines for encouraging competition in development of transmission projects dated 13/04/06 (as amended from time to time) and as per issued bidding documents the company was transferred to M/s Power Grid Corporation of India Limited (Successful Bidder) vide Share purchase Agreement dated 29th March 2012 by the PFCCL (transferor). After transfer the company ceases to be a subsidiary of PFCCL. Further as per the tarrif based competetive bidding guidelines for transmission services and guidelines for increasing competetion in developement of transmission projects dt. 13.04.06 (as amendeed from time to time) and as per share purchase agreement, the said company was disinvested at par.

36. The value of invoices raised pursuant to execution of contract agreement/ issue of letter of award in respect whereof no amount have been received amounted to ₹ 4,20,85,225/- (P.Y ₹ 7,19,62,950/-) have been setoff from assets and liabilities respectively .

37. The disclosure as per AS 18 Related Party Disclosure: -

The PFC Consulting Ltd is a wholly owned subsidiary of Power Finance Corporation Ltd. In light of the nature of business of consultancy and to facilitate day to day operations in order to further growth of the company, full powers(other than those excercisable in Board) have been delegated to the CEO of the company by the Board of Directors.

(a) Name and nature of the relationship of the related parties: -

S. No.	**Name of the Related Party**	**Nature of Relationship**
1.	Holding Company	Power Finance Corporation Limited
2.	Subsidiaries	DGEN & Uttrakhand Transmission Company Limited
		Nagapattinam Madhugiri Transmission Company Limited (till 29.03.2012)
		Bhopal Dhule Transmission Company Limited (till 31.03.2011)
		Jabalpur Transmission Company Limited (till 31.03.2011)
3.	Fellow Subsidiaries i.e. Subsidiary of Holding Company	Chhatisgarh Surguja Power Limited (Formerly Akaltara power Limited)
		Coastal Karnataka Power Limited
		Coastal Maharastra Mega Power Limited
		Orissa Integrated Power Limited
		Coastal Tamil Nadu Power Limited
		Sakhigopal Integrated Power Company Limited
		Ghogarpalli Integrated Power Company Limited
		Tatiya Andhra Mega Power Limited
		PFC Green Energy Limited
		PFC Capital Advisory Services Limited
		Power Equity Capital Advisors Private Limited
4.	Key Managerial Personnel:	

The Key Managerial personnel of the Company are employees of the Holding Company (PFC) deployed on part time basis except C.E.O. who is on full time basis. No sitting fees has been paid to the directors. The details of such key Management Personnel are as follows:

S. No.	**Name**	**Designation**	**Date of Appointment**	**Date of Resignation**
1.	Shri Satnam Singh	Chairman	01.08.2008	Continuing
2.	Shri M. K. Goel	Director	25.03.2008	Continuing
3.	Shri R.Nagarajan	Director	22.10.2008	Continuing
4.	Shri N.D. Tyagi	CEO	25.03.2008	Continuing

(b) Details of related parties transactions: -

S. No.	**Particulars**	**Holding Company**	**Subsidiaries**	**Fellow Subsi-diaries**	**Key Manage-ment Personnel**	**Total**
1.	**Consulting Income**					
	Year Ended 31.03.2012	12,07,92,237	17,49,15,460	-	-	29,57,07,697
	Year Ended 31.03.2011	5,03,31,813*	31,66,46,735	-	-	36,69,78,548
2.	**Other Opera-ting Income (Sale of RfQ/RfP)**					
	Year Ended 31.03.2012	-	1,72,00,000	14,00,000	-	1,86,00,000
	Year Ended 31.03.2011	-	3,66,00,000	17,00,000	-	3,83,00,000

S. No.	Particulars	Holding Company	Subsidiaries	Fellow Subsi-diaries	Key Manage-ment Personnel	Total
3.	**Interest Expense**					
	Year Ended 31.03.2012	-	-	-	-	-
	Year Ended 31.03.2011	-	-	21,97,061	-	21,97,061
4.	**Remuneration Paid**					
	CEO					
	Year Ended 31.03.2012	-	-	-	39,25,643	39,25,643
	Year Ended 31.03.2011	-	-	-	34,08,665	34,08,665
5.	**Payment of Expenses**					
	Year Ended 31.03.2012	1,37,15,373	-	-	-	1,37,15,373
	Year Ended 31.03.2011	2,57,40,575	-	-	-	2,57,40,575
6.	**Investment in Subsidiaries during the year**					
	Year Ended 31.03.2012	-	10,00,000	-	-	10,00,000
	Year Ended 31.03.2011	-	-	-	-	-
7.	**Interest Income**					
	Year Ended 31.03.2012	-	16,12,274	-	-	16,12,274
	Year Ended 31.03.2011	-	18,88,180	-	-	18,88,180
8.	**Closing Balances**					
(i)	Investments					
	As at 31.03.2012	-	5,00,000	-	-	5,00,000
	As at 31.03.2011	-	-	-	-	-
(ii)	**Sundry Debtors**					
	As at 31.03.2012	2,52,91,941	40,33,214	-	-	2,93,25,155
	As at 31.03.2011	-	-	-	-	-
(iii)	**Amount Recoverable**					
	As at 31.03.2012	56,37,657	32,93,025	-	-	89,30,682
	As at 31.03.2011	-	-	-	-	-

* the billing in respect of the work done for fellow subsidiaries has been done to the Holding company which has further charged the same to the respective fellow subsidiary.

38. In terms of Accounting Standard 20 on "Earnings per Share" notified under the Companies Act 1956 Earning per share (Basic & Diluted) is worked out as follows: -

S. No.	Particulars	2011-2012	2010-2011
1.	Nominal Value of share (Rs.)	10	10
2.	Number of Equity shares (No.)	50,000	50,000
3.	Net Profit after tax (Rs.)	27,65,85,146	26,95,58,815
4.	Earning per share (Rs.)	5,532	5,391

39. Power Finance Corporation Limited (The Holding Company) has charged for Employees Benefits on account of Leave Encashment Unavailed ₹ 29,05,444/-, Gratuity to Staff ₹ 13,02,235/-, Post Retirement Medical Benefits ₹ 12,44,529/-, Company Contribution to Super Annuation Fund ₹ 1,00,55,370/- which is duly paid by company.

40. The company had been paying income tax on perquisite to employees in earlier years and till current year. Pursuant to a decision by the company, the income tax paid for the current year has been recovered from the employees. Further perquisite tax for earlier years has not been accounted for based on decision for recovery for current year only by the management.

41. The balances of debtors/creditors are as per the books of accounts of the company. The company has sent letters to various parties included under these heads for confirmation of their balances as per the books of accounts of the company for which confirmations is yet to be received from the respective parties.

42. In the opinion of the management the value of current assets loans and advances on realization in the ordinary course of business will not be less than the value at which these are stated in the Balance Sheet as at 31.03.2012.

43. Previous Year Figures

During the year ended 31st March 2012 the revised Schedule VI notified under the Companies Act 1956 has became applicable to the company. The company has reclassified/regrouped previous year figures to conform with current year classification.

For and on behalf of Board of Directors

(N.D. TYAGI)	**(R. NAGARAJAN)**	**(SATNAM SINGH)**
CEO	**Director**	**Chairman**

(RACHNA GUPTA SINGH)
Company Secretary

SIGNED IN TERMS OF OUR REPORT OF EVEN DATE
For Jain Chopra & Company
Chartered Accountants
(Firm Registration No:002198N)

(ASHOK CHOPRA)
Partner
M. No. 017199

Place: New Delhi
Date: 18th May, 2012

CHHATTISGARH SURGUJA POWER LIMITED

(A wholly owned subsidiary of Power Finance Corporation Limited)

DIRECTORS' REPORT 2011-2012

To

The Members,

Your Directors have pleasure in presenting the 6th Annual Report on the performance of the Company for the financial year ending on 31st March, 2012 along with Audited Statement of Accounts and Auditor's Report thereon.

OPERATIONAL ACTIVITIES

Government of India through Ministry of Power launched the initiative of Ultra Mega Power Projects (UMPPs) i.e. 4000 MW super thermal power projects (both pit-head and imported coal based) in November 2005 with the objective to develop large capacity power projects in India. The Projects are based on Super Critical Technology aiming to improve the efficiency of the Power Plants and reduce losses.

Your Company was incorporated on 10th February, 2006 as a Special Purpose Vehicle (SPV) for Chhattisgarh UMPP by Power Finance Corporation Limited (PFC) as its wholly owned subsidiary, which is the fifth UMPP in the series of UMPP. The site for the Project is located at village Salka/Khamaria of Udaypur Tehsil of District Surguja, Chhattisgarh.

The Power from the project would be procured by seven States namely Chhattisgarh (2000 MW), Maharashtra (1000 MW), Gujarat (425 MW), Madhya Pradesh (275 MW), Goa (200 MW), Dadra & Nagar Haveli (50 MW), Daman & Diu (50 MW).

The Section 4 notification under Land Acquisition Act 1894 has been issued for the land being acquired for the project. Two Coal Blocks namely Puta Parogia Coal Block (692.16 MT) and Pindarakhi Coal Block (421.51 MT) in Hasdeo Arand coalfields of South Eastern Coalfields Limited have been allocated to the Company by Ministry of Coal. Water Resource Department, Government of Chhattisgarh has allocated 135 MCM water for the project. The water would be provided from Rehar River by constructing Hydro structures/ Anicuts / Checkdams. Rapid EIA Report for the Power Station is available.

Defence Clearance for the construction of project was received from Ministry of Defence, Delhi in August 2010. Further with the assistance of District Administration, several attempts have been made to conduct technical studies at site from mid November 2010 but the studies could not be completed due to resistance from local population. Civil Aviation clearance obtained from Airport Authority of India on 25.8.2011.

The Request for Qualification (RfQ) for the Project was issued on 15th March, 2010 and the last date for submission of RfQ was initially 3rd May, 2010. On the advice of Ministry of Power, due to forest related issues concerning the coal block allotted for the project, the last date for submission of responses to RfQ has been extended several times and is now 3rd September, 2012.

Petition filed with CERC on 5th March, 2012 to grant extension of bidding process period by another 730 days i.e. from 14th March, 2012 to 13th March, 2014. Hearing with CERC was held on 20th March, 2012. CERC has granted the extension of bidding process for 380 days i.e. from 14th March, 2012 to 31st March, 2013.

R&R Policy duly incorporating the suggestions made by District Level R&R Committee has been submitted to the Government of Chhattisgarh for its approval.

FINANCIAL REVIEW

During the year under review, your Company has not started its commercial activities. However, during the year the Company has spent an amount of ₹ 917.56 Lakh in the development of the Project which has been transferred to capital work in progress. The total expenditure incurred by the Company till 31st March 2012 is ₹ 5030.35 Lakh

DIVIDEND

As the Company has not started its commercial activities no dividend has been declared for the financial year 2011-12.

SHARE CAPITAL

The paid-up share capital of the Company is ₹ 5,00,000/- (₹ Five Lac only) comprising of 50,000 equity shares of ₹ Rs. 10/- each. The entire paid up share capital of the Company is held by Power Finance Corporation Limited (PFC) and its nominees.

COMMITMENT ADVANCE

Your company has received the entire commitment advance of ₹ 400,000,000/- (Rupees Forty Crores only) from all the procurers.

FIXED DEPOSITS

The Company has not accepted any fixed deposit during the year ending 31st March, 2012.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNING & OUTGO

As the Company operations do not involve any manufacturing or processing activities, the particulars as per the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, regarding conservation of energy and technology absorption, are not applicable. During the year under review, there is no foreign exchange earning and outgo.

AUDITOR'S REPORT

M/s. H.C. Srivastava & Co., Chartered Accountants, were appointed as Statutory Auditors of the Company for the financial year 2011-2012 by the Comptroller & Auditor General of India. There is no adverse comment, observation or reservation in the Auditor's Report on the accounts of the Company.

PARTICULARS OF EMPLOYEES U/S 217 (2A) OF THE COMPANIES ACT, 1956

The Company has no employees on its roll. Hence, the particulars of employees as prescribed under section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 are not applicable.

DIRECTORS

Since the date of last Directors' Report, following changes were made in the constitution of the Board of the Company:

- Consequent upon relinquishment of charge of Director (Projects), PFC Shri Rajeev Sharma ceased to be the Chairman of the Company w.e.f. 29th November, 2011. In view of the same, Power Finance Corporation Limited (PFC), Holding Company, nominated Shri M.K.Goel, Director (Commercial), PFC as the Chairman of the Board of Directors of the Company in place of Shri Rajeev Sharma. Accordingly, Shri M.K.Goel was appointed as additional Director of the Company w.e.f. 27th February, 2012, in accordance with the provisions of Section 260 of the Companies Act, 1956.
- Upon repatriation of Shri D.N.Balapure to Maharashtra Power Generation Company Ltd., he resigned from the Board of Directors' of the Company w.e.f. 28th April, 2012.
- M.P.Power Management Company Limited (MPPMCL) nominated Shri Manu Srivastava, Managing Director, MPPMCL as Director of the Company in place of Shri P.K. Vaishya. Accordingly Shri Manu Srivastava was appointed as additional Director of the Company w.e.f 14th May, 2012 in place of Shri P.K.Vaishya.

Pursuant to the provisions of Section 260 of the Companies Act 1956, Shri M.K.Goel and Shri Manu Srivastava will hold office upto the date of ensuing Annual General Meeting. The Company has received the notice(s) along with requisite fee, under section 257 of the Companies Act, 1956, proposing their candidature for the office of Director(s) liable to retire by rotation. The Board recommends that Shri M.K.Goel and Shri Manu Srivastava may be appointed as a Director(s), liable to retire by rotation.

In accordance with the provisions of Section(s) 255 & 256 of the Companies Act 1956, Shri N.D.Tyagi and Shri Umesh Agarwal, Directors shall retire by rotation at the ensuing Annual General Meeting of the Company and being eligible have offered themselves for re-appointment.

Your Board places on record its deep appreciation for the valuable contribution made by Shri Rajeev Sharma, Shri P.K.Vaishya and Shri D.N.Balapure during their tenure as Director(s) of the Company.

Consequent to the aforesaid changes, presently the Board of Directors of the Company comprises of the following:

1.	Shri M.K.Goel	Chairman
2.	Shri N. D. Tyagi	Director
3.	Shri K. Sridhar	Director
4.	Shri Yogesh Juneja	Director
5.	Shri Umesh Agarwal	Director (Rep. State of Chhattisgarh)
6.	Shri A.S.Chavan	Director (Rep. State of Maharashtra)
7.	Shri Manu Srivastava	Director (Rep. State of Madhya Pradesh)

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL (C&AG) OF INDIA

C&AG vide their letter dated 7th June, 2012 mentioned that they have decided not to review the report of the Statutory Auditors on the accounts of the Company for the year ended 31st March, 2012 and as such have no comments to make under Section 619(4) of the Companies Act, 1956. A copy of the letter issued by C&AG in this regard is placed at Annexure -I.

DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 217(2AA) of the Companies Act, 1956, your Directors confirm that:

- In the preparation of Annual Accounts for the financial year 2011-12, the applicable accounting standards had been followed along with proper explanation relating to material departure.
- The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of the affairs of the Company at the end of the financial year 2011-12.
- The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provision of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- The Directors had prepared the annual accounts on a going concern basis.

ACKNOWLEDGEMENT

The Directors place on record their gratitude to the Central and State Governments and various Government agencies for the assistance, co-operation and encouragement they extended to the Company. The Company, in particular, is thankful to the Comptroller & Auditor General of India, the Ministry of Power, Govt. of Chhattisgarh, the Statutory Auditors and PFC for their suggestions and unstinted co-operation and guidance.

For and on behalf of the Board of Directors
Sd/-
M.K.Goel
Chairman

Place: New Delhi
Date: 30th July, 2012

Annexure-I

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF CHHATTISGARH SURGUJA POWER LIMITED, NEW DELHI FOR THE YEAR ENDED 31 MARCH 2012

The preparation of financial statements of Chhattisgarh Surguja Power Limited, New Delhi, for the year ended 31 March 2012 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the company. The statutory auditors appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 are responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956 based on independent audit in accordance with the auditing and assurance standards prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 14 May 2012.

I, on behalf of the Comptroller and Auditor General of India, have decided not to review the report of the statutory auditors on the accounts of Chhattisgarh Surguja Power Limited, New Delhi for the year ended 31 March 2012 and as such have no comments to make under Section 619(4) of the Companies Act, 1956.

For and on the behalf of the
Comptroller & Auditor General of India

(Praveen Kumar Singh)
Principal Director of Commercial Audit &
Ex-officio Member Audit Board – III,
New Delhi

Place: New Delhi
Dated: 07 June 2012

AUDITOR'S REPORT

TO

THE MEMBERS

CHHATTISGARH SURGUJA POWER LIMITED
(Formerly known as Akaltara Power Limited)

1. We have audited the attached Balance Sheet of **Chhattisgarh Surguja Power Limited** as at **31st March 2012** and also the Statement of Profit & Loss Account and the Cash Flow Statement for the year ended as on that date, annexed there to. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with auditing standards generally accepted in India. These Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditor's Report) order, 2003 read with the Companies (Auditor's Report) order, 2004 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in the paragraphs 4 and 5 said order.

4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:

   (a) We have obtained all the information and explanations which to be best of our knowledge and beliefs were necessary for the purpose of our audit.

   (b) In our opinion proper books of accounts as required by law have been kept by the Company so far as appears from our examination of those books. Since some of the payments on behalf of the Company made by the Power Finance Corporation Ltd. (Holding Co.) and Power Finance Corporation Consulting Limited, the original supports relating to these expenditures etc. are kept with these Company.

   (c) The Balance Sheet and Statement of Profit & Loss Account dealt with by this report are in agreement with the books of accounts.

   (d) In our opinion, the Balance Sheet, Statement of Profit & Loss Account and Cash Flow Statement dealt with this report comply with accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.

   (e) In pursuance to the notification No. GSR 829(E) dated 21.10.2003 issued by the Department of Company Affairs; clause (g) of sub-section (1) of section 274 of the Companies Act, 1956 pertaining to disqualification of Directors is not applicable to a Government Company.

5. In our opinion and to the best of our knowledge and according to the information's and explanations given to us, the said financial statements read together with Notes to Accounts , give the information required by the Companies Act 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

   (i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2012.

   (ii) In the case of the Statement of Profit & Loss Account, Nil Profit/Loss of the Company for the year ended on that date; and

   (iii) In case of Cash Flow Statement, of the Cash Flows of the Company for the year ended on that date.

For H.C. Srivastava & Co.,
(Chartered Accountants)
(Firm Reg. No. 000076N)

Vaibhav Vishaal
(Partner)
M No. 80497

Place: New Delhi
Date: 14th May, 2012

ANNEXURE TO AUDITOR'S REPORT OF CHHATTISGARH SURGUJA POWER LIMITED (Formerly known as Akaltara Power Limited) (REFERRED TO IN PARAGRAPH (3) OF REPORT OF EVEN DATE)

1) In respect of its fixed assets:

   (a) In our opinion and according to information and explanation given to us, provision of para 4(i) of the Companies (Auditor's Report) Order, 2003 the Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets on the basis of available information.

   (b) All the Fixed Assets have been physically verified by the management. No material discrepancies were noticed on such verification.

   (c) In our opinion and according to information and explanation given to us, the company has not disposed off any substantial part of fixed assets during the year.

2) As the Company has not purchased/sold goods during the year nor are there any stocks. Accordingly clauses 4(ii) (a), (b) and (c) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.

3) As explained to us, the Company has not taken nor granted any loans, secured or unsecured from Companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly clauses 4(iii) (a), (b), (c) and (d) (e) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.

4) In our opinion and according to the information and explanation given to us, there are adequate Internal control procedures commensurate with the size of the Company and nature of its business with regards to purchase of inventory & fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls system.

5) According to information and explanations given to us, there are no transactions made in pursuance of contracts or arrangements that need to be entered into the register maintained under section 301 of the Companies Act 1956.

6) According to the information and explanation given to us, the company has not accepted any deposits from public.

7) The Company does not have Paid Up Capital and Reserves of Rs. 50 Lakhs as at the commencement of the financial year concerned, or have a average annual turnover exceeding five crores rupees for a year in three consecutive financial years immediately preceding the financial year concerned, the provision of para 4 (vii) of the Companies (Auditor's Report) Order, 2003 relating to Internal Audit system are not applicable to Company.

8) The Company does not have any business activities during the year, the provision of para 4(viii) of the Companies (Auditor's Report) order, 2003 relating to maintaining of cost record under section 209 (1) (d) of the companies act is not applicable to company.

9) (a) According to information and explanation given to us, the company is regular in depositing undisputed statutory dues including Provident Fund, Investors Education and Protection Fund Employees State Insurance, Income Tax, Wealth Tax, and other statutory dues with the appropriate Authorities through holding company i.e. PFC Ltd. According to information and explanation given to us, there are no undisputed statutory dues outstanding as at 31st March 2012 for a period of more than six months from the date they become payable.

(b) According to information and explanation given to us, there are no dues, of Income Tax, Wealth Tax etc., which have not been deposited on account of any dispute.

10) In our opinion the Company has accumulated losses at the end of the current financial year. However it has not incurred any cash losses in the current financial year.

11) According to the records made available to us and information and explanations given by the management, the company has not taken any loan, from any financial institution or bank or debenture holder, hence clause (xi) of paragraph 4 of the order is not applicable to the company.

12) In our opinion and according to information and explanation given to us, provision of para 4 (xii) of the Companies (Auditor's Report) order, 2003 are not applicable to company as it has not given any loans and advance on security of shares, Debentures and other securities.

13) In our opinion and according to information and explanation given to us, the Company is not a Chit Fund, Nidhi or Mutual benefit, Trust/Society. Accordingly, the provision of para 4(xiii) of the Companies (Auditor's Report) order, 2003 is not applicable to company.

14) According to information and explanation given to us, the Company is not dealing or trading in shares, Securities, debenture and other investment and hence the requirement of para 4(xiv) of the Companies (Auditor's Report) order, 2003 is not applicable to company.

15) According to information and explanation given to us, the Company has not given any guarantee in respect of loan taken by it from banks and financial institutions.

16) In our opinion and according to information and explanation given to us the Company has not raised any new term loans and hence the requirement of para 4 (xvi) of the Companies (Auditor's Report) order, 2003 are not applicable to Company.

17) According to information and explanation given to us and on an overall examination of the Balance Sheet and Cash Flow statement of the Company, we report that no funds raised on short-term basis have been utilized for long term investment purpose.

18) The Company has not made any preferential allotment of share to parties and companies covered in the register maintained under section 301 of the Companies Act 1956.

19) According to information and explanation given to us the company does not have any debentures and hence the requirement of para 4(xix) of the Companies (Auditor's Report) order, 2003 are not applicable to Company.

20) According to information and explanation given to us the company has not raised any money from public issues during the year.

21) In our opinion and according to the information and explanation given to us, no fraud on or by the company has been noticed or reported during the year that causes the financial statements to be materially misstated.

For H.C. Srivastava & Co.,
(Chartered Accountants)
(Firm Reg. No. 000076N)

Vaibhav Vishaal
(Partner)
M No. 80497

Place: New Delhi
Date: 14th May, 2012

CHHATTISGARH SURGUJA POWER LIMITED
(Formerly known as Akaltara Power Limited)

BALANCE SHEET AS AT 31.03.2012

(Amount in ₹)

Description	Note No.	As at 31.03.2012	As at 31.03.2011
I . EQUITY AND LIABILITIES			
(1) Shareholder's Fund			
(a) Share Capital	3	**5,00,000**	5,00,000
(b) Reserves & Surplus	4	**(20,797)**	(20,797)
		4,79,203	4,79,203
(2) Non-current Liabilities			
(a) Long Term Borrowings	-	-	
(b) Long - Term Provisions	7	-	-
(3) Current Liabilities			
(a) Short Term Borrowings	5	**41,17,91,686**	40,00,00,000
(b) Other Current Liabilities	6	**10,72,99,034**	6,59,50,945
(c) Short- Term Provisions	7	-	-
		51,90,90,720	46,59,50,945
Total		**51,95,69,923**	46,64,30,148
II . ASSETS			
(1) Non-current Assets			
(a) Fixed Assets			
(i) Tangible Assets	8	**4,98,017**	28,868
(ii) Capital Work in Progress	9	**50,30,15,370**	41,12,59,134
		50,35,13,387	41,12,88,002
(b) Long- term loans and advances	11	-	-
(2) CURRENT ASSETS			
(a) Cash and cash equivalents	10	**1,97,635**	1,98,350
(b) Short-term loans and advances	11	**151**	4,05,82,083
(c) Other Current Assets	12	**1,58,58,750**	1,43,61,713
		1,60,56,536	5,51,42,146
Total		**51,95,69,923**	46,64,30,148
Expenditure During Construction Period	13		
Corporate Information	1		
Summary of Significant accounting policies	2		

The accompanying notes are an integral part of the financial statements

For and on behalf of Board of Directors

(Yogesh Juneja) **Director** | **(K.Sridhar)** **Director** | **(M.K Goel)** **Chairman**

SIGNED IN TERMS OF OUR REPORT OF EVEN DATE
For & On Behalf of
H C Srivastava & Co.
(Chartered Accountants)
(Firm Reg No. :000076N)

Vaibhav Vishaal
(Partner)
M. No : 80497

Place: New Delhi
Date : 14th May, 2012

CHHATTISGARH SURGUJA POWER LIMITED
(Formerly known as Akaltara Power Limited)

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31.03.2012

(Amount in ₹)

	Description	Note No.	Year ended 31.03.2012	Year ended 31.03.2011
I.	**Revenue from Operations**		-	-
II.	**Other Income**		-	-
III.	**Total Revenue (I+II)**		-	-
IV.	**Expenses**		-	-
	Total Expenses		-	-
V.	**Profit before exceptional and extraordinary items and tax (III-IV)**		-	-
VI.	Exceptional itmes		-	-
VII.	**Profit before extraordinary items and tax (V-VI)**		-	-
VIII.	Extraordinary itmes		-	-
IX.	**Profit Before Tax (VII-VIII)**		-	-
X.	**Tax Expenses**			
	(1) Current Tax		-	-
	(2) Deferred Tax		-	-
XI.	**Profit (Loss) for the period (IX-X)**		-	-
XII.	**Profit (Loss) from discontinuing operations**		-	-
XIII.	**Tax Expense of discontinuing operations**		-	-
XIV.	**Profit (Loss) from discontinuing operations (after Tax) (XII-XIII)**		-	-
XV.	**Profit (Loss) for the period (XI +XIV)**		-	-
XVI.	**Earnings per equity shares:**			
	(1) Basic	31	-	-
	(2) Diluted	31	-	-
	Expenditure During Construction Period	13		
	Corporate Information	1		
	Summary of Significant accounting policies	2		

The accompanying notes are an integral part of the financial statements

For and on behalf of Board of Directors

(Yogesh Juneja) **Director** | **(K.Sridhar)** **Director** | **(M.K Goel)** **Chairman**

SIGNED IN TERMS OF OUR REPORT OF EVEN DATE
For & On Behalf of
H C Srivastava & Co.
(Chartered Accountants)
(Firm Reg No. :000076N)

Vaibhav Vishaal
(Partner)
M. No : 80497

Place: New Delhi
Date : 14th May, 2012

CHHATTISGARH SURGUJA POWER LIMITED
(Formerly known as Akaltara Power Limited)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2012

(Amount in ₹)

	PARTICULARS	Year ended 31.03.2012	Year ended 31.03.2011
A.	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Net Profit/(Loss) as per Profit & Loss A/c	-	-
	Prior Period Expenses/ Preliminary expenses	-	-
	Operating profit before working capital changes	-	-
	Adjustment For Increase/Decrease in:		
	Other Current Assets	**(14,97,037)**	(34,29,149)
	Loans & Advances	**4,05,81,932**	4,22,45,611
	Current Liabilities & Provisions	**5,31,39,775**	4,18,20,718
	TOTAL	**9,22,24,670**	8,06,37,180
B.	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Capital Work in Progress (Net of Depreciation)	**(9,16,25,698)**	(8,05,37,730)
	Purchase of Fixed Assets	**(5,99,687)**	-
	TOTAL	**(9,22,25,385)**	(8,05,37,730)
C.	**CASH FLOW FROM FINANCING ACTIVITIES**		
	Long term Borrowings	-	-
	TOTAL	-	-
	NET INCREASE/(DECREASE) IN CASH FLOW(A+B+C)	**(715)**	99,450
	CASH & CASH EQUIVALENT AT THE BEGINNING OF THE YEAR	**1,98,350**	98,900
	CASH & CASH EQUIVALENT AT THE END OF THE YEAR	**1,97,635**	1,98,350
	Cash on hand and balance with banks	**1,97,635**	1,98,350
	Other Cash and Cash Equivalents	-	-

For and on behalf of Board of Directors

(Yogesh Juneja) Director	(K.Sridhar) Director	(M.K Goel) Chairman

SIGNED IN TERMS OF OUR REPORT OF EVEN DATE
For & On Behalf of
H C Srivastava & Co.
(Chartered Accountants)
(Firm Reg No. :000076N)

Vaibhav Vishaal
(Partner)
M. No : 80497

Place: New Delhi
Date : 14th May, 2012

CHHATTISGARH SURGUJA POWER LIMITED
(Formerly known as Akaltara Power Limited)

Notes to Financial Statements for the year ended 31.03.2012

1. Corporate Information

The Company was incorporated on 10.02.2006 under the Companies Act, 1956 as a wholly owned subsidiary of Power Finance Corporation Limited (PFC), a Govt. of India Undertaking in the name of M/s Akaltara Power Limited and the name of the company was changed to the Chattisgarh Surguja Power Ltd (present name) w.e.f 10.12.2009. Certificate for Commencement of Business was issued on 25.04.2008. The Company is a special purpose vehicle incorporated to facilitate the acquisition of land and complete preliminary work regarding statutory clearances including that of environment, forest, etc. for the purpose of establishing ultra mega power project of 4000 MW in the state of Chhattisgarh (Project).

2. Summary of Significant Accounting Policies

a. Basis of Preparation

The Company prepares its financial statements in accordance with applicable accounting standards and generally accepted accounting principles and also in accordance with requirements of the Companies Act, 1956.

b. Use of Estimate

The preparation of financial statements requires management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities), revenues and expenses of the reporting period. The difference between the actual results and estimates are recognized in the period in which the results are known and/or materialized.

c. Recognition of Income/ Expenditure

Income and expenses (except as stated below) are accounted for on accrual basis.

Fees for advisory and professional services for developing Ultra Mega Power Project payable to PFC/PFCCL will be accounted for in the year of transfer of the company to the successful bidder.

d. Fixed Assets

Fixed assets are shown at historical cost less current/ accumulated depreciation. The company capitalizes all direct cost including borrowing cost up to the date of commercial use of such assets.

e. Depreciation

Depreciation on assets is provided on Written Down Value method, in accordance with the rates prescribed in Schedule XIV of the Companies Act, 1956.

Items of fixed assets acquired during the year costing up to ₹.5000/- are fully depreciated.

f. Capital Work in Progress

Expenditure incurred on Land/Survey/ Studies/ Investigations/ Consultancy/ Administration Depreciation/Interest etc has been treated as Capital Work In Progress.

g. Loans

Expenditure incurred by the company for the Project is financed by the Holding Company/Procurers and considered as Unsecured Loan. Interest has been charged on funds deployed by them.

h. Loans and Advances

The Surplus fund parked by the company with the Holding company (PFC) has been considered as loan and advances and interest has been claimed on such funds from Holding company.

i. Investments

Investments are stated at cost.

j. Borrowing Cost

Borrowing cost is charged to the statement of profit & loss for the year in which it is incurred except for capital assets which is capitalized till the date of commercial use of the assets.

k. Preliminary expenses are written off in the year in which such expenditure has been incurred, in compliance with the opinion of the Expert Advisory Committee (EAC) of The Institute of Chartered Accountants of India.

l. Contingent Liability

Contingent liabilities are not provided but are disclosed by way of notes on the basis of available information available/ judgment of the management.

m. Cash Flow Statement

Cash flow Statement is prepared in accordance with the indirect method prescribed in Accounting Standard-3 on Cash Flow Statement.

3. SHARE CAPITAL

(Amount in ₹)

Description	As at 31.03.2012	As at 31.03.2011
Authorised :		
50,000 Equity shares of ₹.10/- each (Previous year 50,000 Equity shares of ₹.10/- each)	**5,00,000**	5,00,000
Issued, subscribed and fully paid up shares :		
50,000 Equity shares of ₹.10/- each (Previous year 50,000 Equity shares of ₹.10/- each)	**5,00,000**	5,00,000
Total Issued, subscribed and fully paid up share capital	**5,00,000**	5,00,000

a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Equity Shares

	31 March 2012		31 March 2011	
	No. of Shares	Amount (₹)	No. of Shares	Amount (₹)
At the beginning of the period	**50,000**	**5,00,000**	50,000	5,00,000
Issued During the period	**-**	**-**	-	-
Outstanding at the end of the period	**50,000**	**5,00,000**	50,000	5,00,000

b. Terms/ rights attached to equity shares

The Company has only one class of equity shares having par value of ₹. 10 per share. Each holder of equity shares is entitled to one vote per share.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c. Shares held by holding company

Out of equity shares issued by the company, shares held by its Holding Company are as below:

Amount (₹.)

	31 March 2012	31 March 2011
Power Finance Corporation Limited, the Holding Company		
50,000 (31 March 2011: 50,000) equity shares of ₹. 10 each fully paid	**5,00,000**	5,00,000

d. Details of shareholders holding more than 5% shares in the company

	31 March 2012		31 March 2011	
	No. of Shares	% holding in the class	No. of Shares	% holding in the class
Equity Shares of ₹. 10 each fully paid				
Power Finance Corporation Limited, the Holding Company *	**50,000**	**100%**	50,000	100%
	50,000	**100%**	50,000	100%

* Out of 50,000 (PY: 50,000) equity shares 700 (PY: 700) shares are held by nominees of Power Finance Corporation Limited on its behalf.

4. RESERVES & SURPLUS

(Amount in ₹)

Description	As at 31.03.2012	As at 31.03.2011
Surplus in the statement of Profit and Loss Account	**(20,797)**	(20,797)
Add : Addition during period	**-**	-
TOTAL	**(20,797)**	(20,797)

5. SHORT- TERM BORROWINGS

(Amount in ₹)

Description	As at 31.03.2012	As at 31.03.2011
<u>Commitment Advance</u>		
Chhattisgarh State Power Distn Co. Ltd.	**20,00,00,000**	20,00,00,000
Dadar & nagar haveli	**50,00,000**	50,00,000
Daman & diu	**50,00,000**	50,00,000
Gujarat Urja Vikas Nigam Limited	**2,75,00,000**	2,75,00,000
Maharastra State Electricity Distribution Co. Ltd.	**10,00,00,000**	10,00,00,000
MP Powr Trading Co. Ltd.	**4,25,00,000**	4,25,00,000
Office of the Chief Electrical Engr, Govt. of GOA	**2,00,00,000**	2,00,00,000
	40,00,00,000	40,00,00,000
<u>Loan & Advance from Related Party</u>		
Power Finance Corporation	**1,17,91,686**	-
TOTAL	**41,17,91,686**	40,00,00,000
The above amount includes		
Secured Borrowings	**-**	-
Unsecured Borrowings	**41,17,91,686**	40,00,00,000

6. OTHER CURRENT LIABILITIES

(Amount in ₹)

Description	As at 31.03.2012	As at 31.03.2011
Interest Accrued but not due	**10,20,95,077**	5,69,70,697
<u>Others</u>		
TDS Payable	**45,83,547**	38,78,185
Other Liabilities	**6,20,410**	51,02,063
TOTAL	**10,72,99,034**	6,59,50,945

7. PROVISION

(Amount in ₹)

Description	Long-Term		Short -Term	
	As at 31.03.2012	As at 31.03.2011	As at 31.03.2012	As at 31.03.2011
Provision for Income Tax	**-**	-	**-**	-
TOTAL	**-**	-	**-**	-

8. TANGIBLE ASSETS

(Amount in ₹)

Description	GROSS BLOCK				DEPRECIATION			NET BLOCK	
	Opening Balance as at 01.04.2011	Additions/ Adjustments	Deductions/ Adjustments	Closing Balance as at 31.03.2012	Opening Balance as at 01.04.2011	For the Period 01.04.2011 to 31.03.2012	Closing Balance as at 31.03.2012	As at 31.03.2012	As at 31.03.2011
TANGIBLE ASSETS :									
Owned Assets									
EDP Equipments	56,250	1,71,450	-	2,27,700	27,382	29,035	56,417	1,71,283	28,868
Office Equipments	-	2,09,524	-	2,09,524	-	16,814	16,814	1,92,710	-
Furniture & Fixtures	-	2,18,712	-	2,18,712	-	84,688	84,688	1,34,023	-
Total	**56,250**	**5,99,687**	**-**	**6,55,937**	**27,382**	**1,30,538**	**1,57,920**	**4,98,017**	**28,868**
Previous Year	56,250	-	-	56,250	8,137	19,245	27,382	28,868	48,113

9. CAPITAL WORK IN PROGRESS

(Amount in ₹)

Description	As at 31.03.2012	As at 31.03.2011
Opening Capital Work in Progress	**18,16,93,522**	10,11,36,547
Add: Transferred from expenditure During Construction Period (Note-13)	**9,17,56,236**	8,05,56,975
	27,34,49,758	18,16,93,522
Capital Expenditure for Land	**22,95,65,612**	22,95,65,612
TOTAL	**50,30,15,370**	**41,12,59,134**

10. CASH AND CASH EQUIVALENTS

(Amount in ₹)

Description	Non-Current		Current	
	As at 31.03.2012	As at 31.03.2011	As at 31.03.2012	As at 31.03.2011
Cash on Hand	-	-	-	-
Balances with banks:				
In Current Account	-	-	1,97,635	1,98,350
TOTAL	**-**	-	**1,97,635**	1,98,350

11. LOANS AND ADVANCES

(Amount in ₹)

Description	Non-Current		Current	
	As at 31.03.2012	As at 31.03.2011	As at 31.03.2012	As at 31.03.2011
Security Deposit				
Secured, considered good	-	-	-	-
Unsecured, considered good	-	-	-	-
Doubtful	-	-	-	-
	-	-	**-**	-
Loans and advances to related parties				
Unsecured, considered good	**-**	-	**-**	3,80,23,123
Advances recoverable in cash or kind				
Secured, considered good	-	-	-	-
Unsecured, considered good	-	-	-	-
	-	-	**-**	-
Other loans and advances				
Advance Income Tax (net of provision for taxation)	-	-	-	-
Tax deducted at source	-	-	151	-
Recoverable from Others Utilities	-	-	-	-
Advances for consultancy Assignments	-	-	-	25,58,960
	-	-	**151**	25,58,960
Total	**-**	-	**151**	4,05,82,083

Loans and advances due by directors or other officers, etc.

(Amount in ₹)

Description	Non-Current		Current	
	As at 31.03.2012	As at 31.03.2011	As at 31.03.2012	As at 31.03.2011
Loans to employees include				
Dues from non-executive directors	-	-	-	-
Dues from officers	-	-	-	-
Dues from non-executive and officers jointly with other persons	-	-	-	-
Loans and advances to related parties include				
Dues from partenership firm (name) in which the company's executive director is a partner	-	-	-	-
Dues from (Name of co.) in which the company's managing director is a member.	-	-	-	-
Advances recoverable in cash or kind include				
Dues from the partnership firm (name) in which the company's non-executive director is a partner	-	-	-	-

12. OTHER CURRENT ASSETS

(Amount in ₹)

Description	As at 31.03.2012	As at 31.03.2011
Interest receivable from related party	**1,58,58,750**	1,43,61,713
TOTAL	**1,58,58,750**	1,43,61,713

13. EXPENDITURE DURING CONSTRUCTION PERIOD

(Amount in ₹)

Description	Year ended 31.03.2012	Year ended 31.03.2011
(a) Expenses		
Manpower Charges	**2,66,01,461**	1,43,93,511
Study & Survey Expenses	**25,58,960**	87,28,360
Audit Fees	**87,781**	68,938
Legal & Professional charges	**77,019**	1,01,718
Consultancy Charges	**22,00,812**	32,80,029
Conference & Meetings	**92,569**	3,67,877
Advertisement Expenses	**90,24,212**	1,30,50,701
Cost of Document	**-**	11,00,000
Bank Charges	**715**	550
Interest Exp on utilised portion	**4,82,01,962**	3,85,51,296
Interest Exp on unutilised portion	**14,97,187**	34,29,149
Depreciation	**1,30,538**	19,245
Telephone Expenses	**28,131**	74,784
Tour & Travelling Expenses	**5,79,600**	8,39,017
Vehicle Hiring	**5,14,203**	4,13,719
Office rent	**1,70,645**	-
Casual Wages	**5,90,089**	5,11,653
Printing & Stationery	**21,974**	1,20,820
Other Administration Expenses	**8,75,565**	34,757
Total (a)	**9,32,53,423**	8,50,86,124
(b) Other Income		
Interest on un-utilised portion (TDS ₹ 151/-, Previous year Rs.Nil)	**14,97,187**	34,29,149
Sale of RFQ	**-**	11,00,000
Total (b)	**14,97,187**	45,29,149
Total	**9,17,56,236**	8,05,56,975

14. The Key Management Personnel of the Company are employees of the Power Finance Corporation Ltd (PFC)/Holding Company, PFC Consulting Ltd (A wholly owned Subsidiary of PFC) and from Power Procuring States and deployed on Part Time basis.

The details of such Key Management Personnel as on 31.03.2012 are as follows:

S. No.	Name	Designation	Date of Appointment	Date of Cessation
1.	Shri M.K Goel	Chairman	27.02.2012	Continuing
2.	Shri K.Sridhar	Director	17.12.2008	Continuing
3.	Shri Dinesh Vij	Director	17.02.2010	10.06.2011
4.	Shri P.K.Vaishya *	Director	24.06.2009	Continuing
5.	Shri Rajeev Sharma	Chairman	19.11.2009	29.11.2011
6.	Shri N.D.Tyagi	Director	17.02.2010	Continuing
7.	Shri Umesh K. Agrawal *	Director	17.02.2010	Continuing
8.	Shri Yogesh Juneja	Director	17.02.2010	Continuing
9.	Shri A.S.Chavhan *	Director	24.12.2010	Continuing
10.	Shri Damodar Balapure	Director	10.06.2011	Continuing

* from Power Procuring States

15. Pursuant to the Financing Agreement between PFC and the Company, the entire expenditure on development of the Project being developed by the Company were incurred by PFC from its own funds until receipt of the commitment advance from the procurers and thereafter out of Commitment Advance received from Procurers.

16. Original Supporting bills in respect of expenditure incurred by the PFC/PFCCL are retained by them of which copies are available with the Company. PFC/ PFCCL is complying with all statutory provisions relating to the 'Deduction of tax at source etc. as applicable to these expenses.

17. All the work for the Company are executed by PFC Consulting Ltd (PFCCL).Manpower Charges of ₹. 2,66,01,461/- (Previous Year ₹.1,43,93,511/-) for man power cost of PFCCL employees charged by PFCCL on the basis of cost to company based on actual man days spent by the employees for the Company as per invoice raised by PFCCL and include ₹.9,77,112/- (Previous Year ₹.10,11,589/-) of Sh. N.D. Tyagi (Director), ₹.NIL (Previous Year ₹.1,00,097/-) of Sh. Dinesh Vij (Director), ₹.10,797/- (Previous Year ₹.36,15,634/-) of Sh. Yogesh Juneja (Director) and ₹. 70,25,133/- (Previous Year ₹.NIL) of Sh. Damodar Balapure (Director) .

18. In view of decision of Ministry of Power, Government of India, the Company has received the entire Commitment Advance of ₹.40,00,00,000/- (Previous Year ₹.40,00,00,000/-) from the Power Procuring Utilities (Procurers), as contribution against allotment of specified share of power to be made on completion of the project by way of a Power Purchase Agreement with respective Procurers and successful bidder. The said commitment advance has been shown in the Balance Sheet as SHort Term Borrowing. The Company is under no obligation to pay interest on the commitment advance, however, as per the decision taken by the Company/ Holding company, interest has been provided on this commitment advance. The said commitment advance along with accrued interest as per terms of financing agreement shall be repayable to the procurers within 15 days from the date of transfer of the Company by the Holding Company to its successful bidder.

19. Pursuant to the Financing Agreement with PFC, commitment advance of ₹.40,00,00,000/- received from procurers was given to the Holding Company (PFC) to meet out expenditures for the project on behalf of the company and to invest / retain remaining unutilized portion of commitment advance as short term deposit which appears as Loans and Advances (Assets) in the Balance Sheet.

20. The Company pays interest to PFC on the expenses incurred by them on behalf of the company and also to the Procurers on commitment advance bifurcating into fund utilized for the project and funds unutilized at rates as per the policy of the holding company. The rate of interest charged on the utilized amount of funds is as applicable in PFC for the project loan/ schemes(Generation) for Borrower under Category "State Sector Borrowers (Category 'A')" as determined from time to time and on unutilized portion of funds, the interest receivable/paid from PFC is on "monthly average short term deposit rate of PFC". Interest on unutilized portion of funds is receivable from PFC and the same is payable to procurers. Interest expenses of ₹.4,96,99,149/- (Previous Year ₹.4,19,80,445/-) for the year comprised of interest of ₹.14,97,187 (Previous Year ₹.34,29,149/) on unutilized portion and ₹. 4,82,01,962/- (Previous Year ₹.3,85,51,296/-) on utilized portion including ₹. 2,42,186/- (Previous year ₹.1,73,364/-) receivable/Payable to PFC on amount spent by them before receipt of advance from procurers.). Interest so payable (Net of interest receivable from PFC) is capitalized under the head 'Capital Work In Progress'. Interest payable to procurers being accrued but not due is shown under the head current liabilities.

21. i) Estimated amount of contracts remaining to be executed on capital account and not provided for is ₹1,92,21,600/- (Previous year ₹.1,92,21,600/-).

ii) Contingent liabilities of the company and claims against the company not acknowledged by the company as certified by the management for the year is ₹. 196 Crore for land and ₹. 540 Crore for Hydro Structure. The company is also liable to pay compensation as per Rehabilitation and Resettlement policy on approval by the State Govt. of Chhattisgarh. The quantum of liability is not ascertainable presently until socio economic study are completed and approved by concerned Govt.Authorities.(Refer note no.26)

22. Expenditure during Construction Period (Note-13) containing all expenses required to be capitalized has been prepared and the same has been included in Capital Work In Progress.

23. The Company has agreed to pay a sum of ₹. 50,00,00,000/- plus applicable taxes to PFC/PFCCL on account of fees for providing advisory & professional services rendered by PFC/PFCCL. The fees for providing advisory& professional services is payable to PFC/PFCCL only when successful bidder for the Project will be selected and company will be transferred to successful bidder, therefore no liability has been provided for fees payable to PFC/PFCCL, since the same will be charged in the year of transfer of the company to successful bidder only in the event of transfer of the company.

24. As per the scheme of setting up of the project, entire expenditure to be incurred by the company for project exploration and initial development work, including interest on funds deployed and Professional Fee of ₹.50,00,00,000/- plus applicable taxes will be recovered from the successful bidder of the project as acquisition price for purchase of 100% equity shareholding of the company from its holding company, consequent upon which the company along with all its assets and liabilities shall stand transferred to such bidder.

25. An amount of ₹. 22.83 Crores has been paid to Chhattisgarh Government for 2331.84 acres of private land at the time of Section 4 processing as advance in earlier years. The cost of the land has been revised by Chhattisgarh Government for arren, single crop and double crop land respectively. Hence the cost of land now estimated amounts to ₹.196 Crores which is payable after completion of section 6 and receiving the demand for the same, hence, no liability has been provided.

26. Total 135 MCM water quantity is estimated for CSPL project. Total 8 no. of Hydrostructure will be constructed on river Raher and its tributaries. Estimated cost of construction of Hydro structures is ₹4 Crores / MCM totaling to ₹ 540 Crores ₹ 2.70 Crores has already been paid in earlier years as Survey charges at the rate of 0.5% of ₹ 540 Crores. Till now survey work is under progress, hence no liability provided. The company is also liable to pay compensation as per Rehabilitation and Resettlement policy on approval by the State Govt. of Chhattisgarh. The quantum of liability is not ascertainable presently until socio economic study are completed and approved by concerned Govt.authorities.

27. In the opinion of the Board, on realization in the ordinary course of the company's business the other current assets and loans and advances as stated in the balance sheet are expected to produce at least the amount at which they are stated.

28. Since there are no employees in the company, the obligation as per Accounting Standard-15 (Revised) do not arises.

29. The disclosure as per AS18 – Related Party Disclosure :

Chhattisgarh Surguja Power Limited is a wholly owned subsidiary of Power Finance Corporation Ltd. All key decisions are taken by the Board of Chhattisgarh Surguja Power Limited where the PFC/ PFCCL nominee exercises control.

The name of Related Parties is as under:

S. No.	Name of the Related Party	Nature of Relationship
1.	Power Finance Corporation Limited	Holding Company
2.	PFC Consulting Limited	Fellow Subsidiary
3.	Sakhigopal Integrated Power Limited	Fellow Subsidiary
4.	Coastal Karnataka Power Limited	Fellow Subsidiary
5.	Coastal Maharashtra Mega Power Limited	Fellow Subsidiary
6.	Orissa Integrated Power Limited	Fellow Subsidiary
7.	Coastal Tamil Nadu Power Limited	Fellow Subsidiary
8.	Ghogarpalli Integrated Power Company Limited	Fellow Subsidiary
9.	Tatiya Andhra Mega Power Limited	Fellow Subsidiary
10.	PFC Green Energy Limited	Fellow Subsidiary
11.	PFC Capital Advisory Services Limited	Fellow Subsidiary
12.	Power Equity Capital Advisors Private Limited	Fellow Subsidiary
13.	DGEN & Uttrakhand Transmission Company Limited	Enterprise under common control
14.	Nagapattinam Madhugiri Transmission Company Limited	Enterprise under common control (till 29.03.2012)

Detail of maximum Credit balance (Debit balance) during the period in the accounts of related parties as appeared in the accounts and as certified by the management is as under:

Power Finance Corporation Ltd C.Y ₹ 1,17,91,686/-
P.Y ₹ (7,91,08,134/-)

The related Party Transactions was done only with Holding Company (PFC), details are as follows:-

S. No.	Particulars	2011-12 (₹)	2010-11 (₹)
1.	Interest payable for the year	**2,42,186**	1,73,364
2.	Interest receivable for the year	**14,97,187**	34,29,149
3.	Man Power Charges *	**2,66,01,461**	1,43,93,511
4.	Closing Balances:		
(a)	Interest Payable	**17,66,897**	15,24,711
(b)	Interest Receivable from PFC	**1,58,58,750**	1,43,61,713
(c)	Short Term Borrowings	**1,17,91,686**	-
(c)	Loan & Advance Receivable	**-**	3,80,23,123

*Charged by PFCCL

30. Auditors Remuneration (including Service Tax)

S. No.	Particulars	2011-12 ₹	2010-11 ₹
1.	Statutory Audit Fees	**87,781**	68,938
2.	Other Audit Fees	**-**	41,363

31. Earning Per Share

In terms of Accounting Standard 20 on "Earnings per Share" notified under the Companies Act 1956, Earning per share (Basic & Diluted) is worked out as follows: -

S. No.	Particulars	2011-12	2010-11
1	Nominal Value of share ₹	**10**	10
2	Number of Equity shares (No.)	**50,000**	50,000
3	Net Profit after tax ₹	**-**	-
4	Earning per share ₹	**-**	-

32. The Company has complied with all the applicable Accounting Standards notified under section 211 of the Companies Act 1956. However AS -22 relating to Deferred Tax Liability /Asset pertaining to timing difference is not applicable to the company in view of the fact that the company is still in the construction phase and yet to commence its operation.

33. The company has sent letters to various parties included under the head Short Term Borrowings, interest payable and interest receivables etc. for confirmation of their balances as per the books of accounts of the company for which confirmations is yet to be received from the respective parties.

34. The Company owes no dues to small-scale units at year-end and hence provision of interest does not arise. Further based on information available with the management, there are no dues payable to enterprises covered under "Micro, Small and Medium Enterprises Development Act, 2006"

35. Most of the additional information pursuant to the provisions of Paragraph 5, (ii), (iii), (viii) of part II of New Schedule VI to the Companies Act, 1956 are not applicable to the company as the project is still its development stage and the company has yet to start its commercial activities. Applicable information is provided as under:

(a) Expenditure in foreign currency – Nil (Previous year - Nil)

(b) Income in foreign exchange – Nil (Previous year - Nil)

36. Figures have been rounded off to the nearest Rupee unless otherwise stated.

37. Previous Year Figures

Till the year ended 31st March,2011 the company was using pre-revised Schedule-VI to the Companies Act, 1956, for preparation and presentation of its financial statements. During the year ended 31st March 2012, the revised Schedule VI notified under the Companies Act 1956, has became applicable to the company. The company has reclassified/regrouped previous year figures to conform with current year classification.

For and on behalf of Board of Directors

(Yogesh Juneja)	(K.Sridhar)	(M.K Goel)
Director	Director	Chairman

SIGNED IN TERMS OF OUR REPORT OF EVEN DATE
For & On Behalf of
H C Srivastava & Co.
(Chartered Accountants)
(Firm Reg No. :000076N)

Vaibhav Vishaal
(Partner)
M. No : 80497

Place: New Delhi
Date : 14th May, 2012

COASTAL KARNATAKA POWER LIMITED
(A wholly owned subsidiary of Power Finance Corporation Limited)

Directors' Report 2011-2012

To

The Members,

Your Directors have pleasure in presenting the 6th Annual Report on the performance of the Company for the financial year ended on 31st March, 2012 along with Audited Statement of Accounts and Auditor's Report thereon.

OPERATIONAL ACTIVITIES

Your Company was incorporated on 10th February, 2006 as a wholly owned subsidiary of Power Finance Corporation Limited for the development of Ultra Mega Power Project in the State of Karnataka.

Power from the project will be procured by five States namely Karnataka (1500MW), Maharashtra (1000MW), Tamil Nadu (1000MW), Rajasthan (300MW) and Kerala (200MW).

Govt. of Karnataka had been asked to suggest new site for the proposed Ultra Mega Power Projects. Govt. of India had also requested Chief Secretary, Govt. of Karnatka to suggest suitable site at the earliest.

The project development activities shall commence as soon as the site for the project is finalised.

FINANCIAL REVIEW

During the year under review, your Company has not started its commercial activities. However, during the year the Company has spent an amount of ₹ 31.96 Lakh in the development of the project which has been transferred to capital work in progress. The total expenditure incurred by the Company till 31st March 2012 is ₹ 244.56 Lakh.

DIVIDEND

As the Company has not started its commercial activities hence the Company has not declared any dividend for the period commencing from 1st April, 2011 to 31st March, 2012.

SHARE CAPITAL

The paid-up share capital of the Company was ₹ 5,00,000/- (50,000 equity shares of ₹ 10/- each) as on 31st March, 2012. During the year, the entire share capital of the Company was held by PFC and its nominees.

COMMITMENT ADVANCE

During the year under review, your Company has not received any Commitment Advance from the power procuring states.

FIXED DEPOSITS

The Company has not accepted any fixed deposit during the period ending 31st March, 2012.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNING & OUTGO

As the Company's operations do not involve any manufacturing or processing activities, the particulars as per the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, regarding conservation of energy and technology absorption, are not applicable. During the year under review, there is no foreign exchange earning and outgo.

AUDITORS

M/s. G. Dinesh Narayan & Co., Chartered Accountants, was appointed as Statutory Auditors of the Company for the financial year 2011-2012 by the Comptroller & Auditor General of India. There are no adverse comments, observation or qualification in the Auditor's Report on the accounts of the Company.

PARTICULARS OF EMPLOYEES U/S 217 (2A) OF THE COMPANIES ACT, 1956

The Company has no employees on its roll. Hence, the particulars of employees as prescribed under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 are not applicable.

DIRECTORS

Since the date of last Directors' Report, pursuant to the office order issued by Power Finance Corporation Limited (PFC), Holding Company, Shri Subir Mulchandani has been appointed as Director of the Company in place of Shri Dinesh Vij w.e.f. 17th August, 2011.

Further, consequent upon relinquishment of charge of Director (Projects), PFC Shri Rajeev Sharma ceased to be the Chairman of the Company w.e.f. 29th November, 2011. In view of the same, Power Finance Corporation Limited (PFC), Holding Company, nominated Shri R. Nagarajan, Director (Finance), PFC as the Chairman of the Board of Directors of the Company in place of Shri Rajeev Sharma. Accordingly, Shri R. Nagarajan has been appointed as additional Director of the Company w.e.f. 1st March, 2012, in accordance with the provisions of Section 260 of the Companies Act, 1956.

Pursuant to the provisions of Section 260 of the Companies Act 1956, Shri R. Nagarajan will hold office upto the date of ensuing Annual General Meeting. The Company has received the notice along with requisite fee, under section 257 of the Companies Act, 1956, proposing his candidature for the office of Director liable to retire by rotation. The Board recommends that Shri R. Nagarajan may be appointed as a Director, liable to retire by rotation.

Your Board places on record its deep appreciation for the valuable contribution made by Shri Rajeev Sharma and Shri Dinesh Vij during their tenure as Director(s) of the Company.

Consequent to the aforesaid change, the Board of Directors presently comprises of the following:

1.	Shri R. Nagarajan	: Chairman
2.	Shri Subir Mulchandani	: Director
3.	Shri A. K. Gupta	: Director
4.	Shri R. Rahman	: Director

In accordance with provisions of Companies Act, 1956 Shri A.K.Gupta, Director shall retire by rotation at the ensuing Annual General Meeting of the Company and being eligible offers himself for re-appointment.

COMMENTS OF COMPTROLLER AND AUDITOR GENERAL (C&AG) OF INDIA

C&AG vide their letter dated 7th June, 2012 mentioned that they have decided not to review the report of the Statutory Auditors on the accounts of the Company for the year ended 31st March, 2012 and as such have no comments to make under Section 619(4) of the Companies Act, 1956. A copy of the letter issued by C&AG in this regard is placed at Annexure - I.

DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 217(2AA) of the Companies Act, 1956, your Directors confirm that:

- In the preparation of Annual Accounts for the financial year 2011-12, the applicable accounting standards had been followed along with proper explanation relating to material departure.
- The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of the affairs of the Company at the end of the financial year 2011-12.
- The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provision of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- The Directors had prepared the annual accounts on a going concern basis.

ACKNOWLEDGEMENT

The Directors place on record their gratitude to the Central and State Governments and various Government agencies for the assistance, co-operation and encouragement they extended to the company. The Company, in particular, is thankful to the Comptroller & Auditor General of India, the Ministry of Power, the Statutory Auditors and PFC for their suggestions and unstinted co-operation and guidance.

For and on behalf of the Board of Directors

Sd/-
(R. Nagarajan)
Chairman

Place: New Delhi

Date: 20th July, 2012

Annexure-I

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF COASTAL KARNATAKA POWER LIMITED, NEW DELHI FOR THE YEAR ENDED 31 MARCH 2012

The preparation of financial statements of Coastal Karnataka Power Limited, New Delhi, for the year ended 31 March 2012 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the company. The statutory auditors appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 are responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956 based on independent audit in accordance with the auditing and assurance standards prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 14 May 2012.

I, on behalf of the Comptroller and Auditor General of India, have decided not to review the report of the statutory auditors on the accounts of Coastal Karnataka Power Limited, New Delhi for the year ended 31 March 2012 and as such have no comments to make under Section 619(4) of the Companies Act, 1956.

For and on the behalf of the
Comptroller & Auditor General of India

(Praveen Kumar Singh)
Principal Director of Commercial Audit &
Ex-officio Member Audit Board – III,
New Delhi

Place: New Delhi
Dated: 07 June 2012

AUDITOR'S REPORT

TO

THE MEMBERS
COASTAL KARNATKA POWER LIMITED

Sub : Statutory Audit for the year ended 31st March, 2012.

1. We have audited the attached Balance Sheet of **Coastal Karnataka Power Limited** as at **31st March, 2012** and also the Statement of Profit & Loss and Cash Flow for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit also includes examining, on test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditor's Report) order, 2003 read with the companies (Auditor's Report) (Amendment) order, 2004 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in the paragraphs 4 and 5 of said order.

4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that :

   i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our Audit;

   ii) In our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from our examination of those books. Since some of the payments on behalf of the Company made by the Holding Company i.e. Power Finance Corporation Ltd., the original supports relating to these expenditures etc. are kept with Holding Company.

   iii) The Balance Sheet and Statement of Profit and Loss dealt with by this report are in agreement with the books of Account;

   iv) In our opinion the Balance Sheet, Statement of Profit and Loss and Cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the companies Act, 1956.

   v) In pursuance to the notification No. GSR 829(E) dated 21.10.2003 issued by the Department of Company Affairs; clause (g) of sub-section (1) of section 274 of companies Act, 1956 pertaining to disqualification of Directors is not applicable to a Government Company.

   vi) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements, read together with the Notes on accounts and Accounting Policies annexed thereto, give the information required by the Companies Act, 1956 in the manner so required & give a true and fair view in conformity with the accounting principles generally accepted in India:

      a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2012;

      b) in the case of Statement of Profit and Loss of the Nil Profit/Loss of the company for the year ended on that date; and

      c) In case of Statement of Cash Flow Statement, of the Cash Flows of the company for the year ended on that date.

For and on behalf of
G. Dinesh, Narayan & Co.
Chartered Accountants
(Narayan Dass Gupta)
Partner
Membership No. 16150

Place : New Delhi
Dated: 14th May, 2012

ANNEXURE TO AUDITOR'S REPORT OF COASTAL KARNATAKA POWER LIMITED (REFERRED TO IN PARAGRAPH (3) OF OUR REPORT OF EVEN DATE)

i) a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

   b) The fixed assets have been physically verified by the management during the year. As informed there was no discrepancy on such verification.

   c) During the year, the Company has not disposed off substantial part of its fixed assets.

ii) The Company purchases inventory as and when required at the construction site. The material is purchased in small lots and replenished as required. No stock record is, however, maintained.

iii) The Company has neither granted nor accepted any loans, secured or unsecured to a party covered in the register maintained under Sec.301 of the Companies Act.1956.

iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of inventory and Fixed Assets etc. During the course of audit, no major weakness has been noticed in these internal controls.

v) In our opinion, and according to the information and explanations given by the management, we are of the opinion that there are no transactions made in pursuance of the contracts or arrangements that need to be entered in the register maintained under section-301 of the Companies Act, 1956.

vi) In our opinion and according to information and explanations given to us, no deposits from the public within the meaning of Reserve Bank of India Directives and Sections 58 A and 58 AA of the Act and the rules framed there under have been accepted by the Company.

vii) In view of the internal controls existing, the Company did not deem it necessary to have a formal Internal Audit System during the year.

viii) Maintenance of cost records has not been prescribed by Central Govt. under clause 'd' of sub section 209 of the Act.

ix) (a) According to the information and explanation given to us, the company is regular in depositing undisputed statutory dues with the appropriate authorities, such as provident fund, ESI, Income-tax, Sales Tax, Custom Duty, Excise Duty etc.

   (b) According to information & explanations given to us, no undisputed amounts payable in respect of Income-tax, Sales Tax, etc were in arrears as at 31st March, 2012 for a period of more than six months from the date they become payable.

(c) According to the information and explanations given to us, there are no dues in respect of income tax etc, that have not been deposited with the appropriate authorities on account of any dispute.

x) The Company has accumulated losses of Rs. 20,802/-. However it has not incurred any cash losses during the financial year covered by our audit or in the immediately preceding financial year.

xi) According to the information and explanations given to us, the Company has not defaulted in repayment of dues to a financial institutions, bank or debenture holders.

xii) According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

xiii) The Company is not a chit fund or a nidhi mutual benefit fund/society. Therefore, the provisions of clause 4 (xiii) of CARO, 2003 are not applicable to the Company.

xiv) Since the Company is not dealing or trading in shares, securities, debentures and other investments, paragraph 4(xiv) of the Order is not applicable.

xv) According to the information and explanations given to us, the company has not given guarantees for loans taken by others from banks or financial institutions.

xvi) According to the information and explanations given to us, the Company has not borrowed by way of term loan during the year.

xvii) According to information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment. No Long-term funds have been used to finance short-term assets except working capital.

xviii) According to the information and explanations given to us, the Company has not made preferential allotment of shares to parties covered in the register maintained under Section 301 of the Act.

xix) According to the information and explanations given to us, no debentures have been issued during the year.

xx) The Company has not raised any money through a public issue during the year.

xxi) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

For and on behalf of
G. Dinesh, Narayan & Co.
Chartered Accountants
(Narayan Dass Gupta)
Partner
Membership No. 16150

Place : New Delhi
Dated: 14th May, 2012

COASTAL KARNATAKA POWER LIMITED
BALANCE SHEET AS AT 31.03.2012

(Amount in ₹)

Description	Note No.	As at 31.03.2012	As at 31.03.2011
I. EQUITY AND LIABILITIES			
(1) Shareholder's Fund			
(a) Share Capital	3	**5,00,000**	5,00,000
(b) Reserves & Surplus	4	**(20,802)**	(20,802)
		4,79,198	4,79,198
(2) Non-Current Liabilities			
(a) Long Term Borrowings	5	**1,41,94,572**	1,39,75,518
(b) Long- Term Provisions	7	**-**	-
(3) Current Liabilities			
(a) Other Current Liabilities	6	**98,80,008**	69,03,424
(b) Short- Term Provisions	7	**-**	-
		98,80,008	69,03,424
Total		**2,45,53,778**	2,13,58,140
II. ASSETS			
(1) Non-current Assets			
(a) Fixed Assets			
(i) Tangible Assets		**-**	-
(ii) Capital Work in Progress	8	**2,44,56,578**	2,12,60,390
		2,44,56,578	2,12,60,390
(b) Long-Term Loans and Advances	10	**-**	-
(2) CURRENT ASSETS			
(a) Cash and cash equivalents	9	**97,200**	97,750
(b) Short-term loans and advances	10	**-**	-
(c) Other Current Assets		**-**	-
		97,200	97,750
Total		**2,45,53,778**	2,13,58,140
Expenditure During Construction Period	11		
Corporate Information	1		
Summary of Significant accounting policies	2		

The accompanying notes are an integral part of the financial statements

For and on behalf of Board of Directors

R.Rahman	**A.K.Gupta**	**R Nagarajan**
Director	**Director**	**Chairman**

SIGNED IN TERMS OF OUR REPORT OF EVEN DATE
For & On Behalf of
G. Dinesh Narayan & Co.
(CHARTERED ACCOUNTANTS)
(Firm Regn. No.-000644N)

N D Gupta
(Partner)
M No. : 016150

Place : New Delhi
Dated: 14th May, 2012

COASTAL KARNATAKA POWER LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31.03.2012

(Amount in ₹)

	Description	Note No.	Year ended 31.03.2012	Year ended 31.03.2011
I.	Revenue from Operations		-	-
II.	Other Income		-	-
III.	**Total Revenue (I+II)**		-	-
IV.	Expenses		-	-
	Total Expenses		-	-
V.	**Profit before exceptional and extraordinary items and tax (III-IV)**		-	-
VI.	Exceptional itmes		-	-
VII.	**Profit before extraordinary items and tax (V-VI)**		-	-
VIII.	Extraordinary itmes		-	-
IX.	**Profit Before Tax (VII-VIII)**		-	-
X.	**Tax Expenses**			
	(1) Current Tax			
	for current year		-	-
	(2) Deferred Tax		-	-
XI.	**Profit (Loss) for the period (IX-X)**		-	-
XII.	**Profit (Loss) from discontinuing operations**		-	-
XIII.	**Tax Expense of discontinuing operations**		-	-
XIV.	**Profit (Loss) from discontinuing operations (after Tax) (XII-XIII)**		-	-
XV.	**Profit (Loss) for the period (XI +XIV)**		-	-
XVI.	**Earnings per equity shares:**			
	(1) Basic	28	-	-
	(2) Diluted	28	-	-
Expenditure During Construction Period		11		
Corporate Information		1		
Summary of Significant accounting policies		2		

The accompanying notes are an integral part of the financial statements

For and on behalf of Board of Directors

R.Rahman	**A.K.Gupta**	**R Nagarajan**
Director	**Director**	**Chairman**

SIGNED IN TERMS OF OUR REPORT OF EVEN DATE
For & On Behalf of
G. Dinesh Narayan & Co.
(CHARTERED ACCOUNTANTS)
(Firm Regn. No.-000644N)

N D Gupta
(Partner)
M No. : 016150

Place : New Delhi
Dated: 14th May, 2012

COASTAL KARNATAKA POWER LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2012

(Amount in ₹)

	PARTICULARS	Year ended 31st March, 2012	Year ended 31st March, 2011
A.	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Net Profit/(Loss) as per Profit & Loss A/c	-	-
	Prior Period Expenses/ Preliminary expenses	-	-
	Operating profit before working capital changes	-	-
	Adjustment For Increase/Decrease in:		
	Other Current Assets	-	-
	Loans & Advances	-	-
	Current Liabilities & Provisions	**29,76,584**	23,70,327
Net Inflow from Operating Activities (A)		**29,76,584**	23,70,327
B.	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Capital Work in Progress	**(31,96,188)**	(28,47,446)
Net Inflow from Investing Activities (B)		**(31,96,188)**	(28,47,446)
C.	**CASH FLOW FROM FINANCIAL ACTIVITIES**		
	Long Term Borrowings	**2,19,054**	76,519
Net Inflow from Financing Activities (C)		**2,19,054**	76,519
	NET INCREASE/(DECREASE) IN CASH FLOW	**(550)**	(4,00,600)
	CASH & CASH EQUIVALENT AT THE BEGINNING OF THE YEAR	**97,750**	4,98,350
	CASH & CASH EQUIVALENT AT THE END OF THE YEAR	**97,200**	97,750
	Cash on hand and balance with banks	**97,200**	97,750
	Other Cash and Cash Equivalents	-	-

For and on behalf of Board of Directors

R.Rahman	**A.K.Gupta**	**R Nagarajan**
Director	**Director**	**Chairman**

SIGNED IN TERMS OF OUR REPORT OF EVEN DATE
For & On Behalf of
G. Dinesh Narayan & Co.
(CHARTERED ACCOUNTANTS)
(Firm Regn. No.-000644N)

N D Gupta
(Partner)
M No. : 016150

Place : New Delhi
Dated: 14th May, 2012

COASTAL KARNATAKA POWER LIMITED

Notes to Financial Statements for the year ended 31.03.2012

1. CORPORATE INFORMATION

The Company was incorporated on 10/02/2006 under the Companies Act, 1956 as a wholly owned subsidiary of Power Finance Corporation Limited (PFC), a Govt. of India Undertaking. Certificate for Commencement of Business was issued on 23/11/2006. The Company is a special purpose vehicle incorporated to facilitate the acquisition of land and complete preliminary work regarding statutory clearances including that of environment, forest, CRZ etc. for the purpose of establishing ultra mega power project of 4000 MW in the state of Karnataka (Project).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Preparation

The Company prepares its financial statements in accordance with applicable accounting standards and generally accepted accounting principles and also in accordance with requirements of the Companies Act, 1956.

b. Use of Estimate

The preparation of financial statements requires management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities), revenues and expenses of the reporting period. The difference between the actual results and estimates are recognized in the period in which the results are known and/or materialised.

c. Recognition of Income/ Expenditure

Income and expenses (except as stated below) are accounted for on accrual basis.

Fees for advisory and professional services for developing Ultra Mega Power Project payable to PFC/PFCCL will be accounted for in the year of transfer of the company to the successful bidder.

d. Fixed Assets

Fixed assets are shown at historical cost less current/ accumulated depreciation. The company capitalizes all direct cost including borrowing cost up to the date of commercial use of such assets.

e. Depreciation / Amortisation

Depreciation on assets is provided on pro rata basis on written down value method at the rates prescribed under schedule XIV of the Companies Act, 1956.

Depreciation on addition to / deduction from fixed assets during the year is charged on prorata basis from/up to the date in which assets are available for use / disposal.

Items of Fixed Assets acquired during the year costing up to ₹. 5,000/- are fully depreciated.

f. Capital Work in Progress

Expenditure incurred on Land/Survey/Studies/Investigations/Consultancy/ Administration /Depreciation/Interest etc has been treated as Capital Work In Progress.

g. Loans

Expenditure incurred by the company for the Project is financed by the Holding Company/Procurers and considered as Unsecured Loan. Interest has been charged on funds deployed by them.

h. Loans & Advances

The Surplus fund parked by the company with the Holding company (PFC) has been considered as loan and advances and interest has been claimed on such funds from Holding company.

i. Investments

Investments are stated at cost.

j. Borrowing Cost

Borrowing cost is charged to the profit & loss account for the year in which it is incurred except for capital assets which is capitalized till the date of commercial use of the assets.

k. Preliminary Expenses

Preliminary expenses are written off in the year in which such expenditure has been incurred, in compliance with the opinion of the Expert Advisory Committee (EAC) of The Institute of Chartered Accountants of India.

l. Contingent Liabilities

Contingent liabilities are not provided but are disclosed by way of notes on the basis of information available / judgment of the management.

m. Cash Flow Statement

Cash flow Statement is prepared in accordance with the indirect method prescribed in Accounting Standard-3 on Cash Flow Statement.

3. SHARE CAPITAL

(Amount in ₹)

Description	As at 31.03.2012	As at 31.03.2011
Authorised :		
50,000 Equity shares of Rs.10/- each (Previous year 50,000 Equity shares of Rs.10/- each)	**5,00,000**	5,00,000
Issued, subscribed and fully paid up shares :		
50,000 Equity shares of Rs.10/- each fully paid-up (Previous year 50,000 Equity shares of Rs.10/- each fully paid)	**5,00,000**	5,00,000
Total Issued, subscribed and fully paid up share capital	**5,00,000**	5,00,000

a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Equity Shares

	31 March 2012		31 March 2011	
	No. of Shares	**Amount (₹)**	No. of Shares	Amount (₹)
At the beginning of the period	**50,000**	**5,00,000**	50,000	5,00,000
Issued During the period	**-**	**-**	-	-
Outstanding at the end of the period	**50,000**	**5,00,000**	50,000	5,00,000

b. Terms/ rights attached to equity shares

The Company has only one class of equity shares having par value of ₹. 10 per share. Each holder of equity shares is entitled to one vote per share.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c. Shares held by holding company

Out of equity shares issued by the company, shares held by its Holding Company are as below:

Amount (₹.)

	31 March 2012	31 March 2011
Power Finance Corporation Limited, the Holding Company	**5,00,000**	5,00,000
50,000 (31 March 2011: 50,000) equity shares of ₹. 10 each fully paid		

d. **Details of shareholders holding more than 5% shares in the company**

	31 March 2012		31 March 2011	
	No. of Shares	**% holding in the class**	No. of Shares	% holding in the class
Equity Shares of ₹ 10 each fully paid	**50,000**	**100%**	50,000	100%
Power Finance Corporation Limited, the Holding Company *	**50,000**	**100%**	50,000	100%

* Out of 50,000 (PY: 50,000) equity shares 600 (PY: 600) shares are held by nominees of Power Finance Corporation Limited on its behalf.

4. RESERVES & SURPLUS

(Amount in ₹)

Description	As at 31.03.2012	As at 31.03.2011
Surplus in the statement of Profit and Loss Account	**(20,802)**	(20,802)
Add : Addition during period	**-**	-
TOTAL	**(20,802)**	(20,802)

5. LONG- TERM BORROWING

(Amount in ₹)

Description	As at 31.03.2012	As at 31.03.2011
Loans and Advance from Related Party		
Power Finanace Corporation	**1,41,94,572**	1,39,75,518
	1,41,94,572	1,39,75,518
The above amount includes		
Secured Borrowings	**-**	-
Unsecured Borrowings	**1,41,94,572**	1,39,75,518

6. OTHER CURRENT LIABILITIES

(Amount in ₹)

Description	As at 31.03.2012	As at 31.03.2011
Interest Payable	**98,09,782**	68,34,486
Others		
TDS Payable	**7,023**	6,894
Other Liabilities	**63,203**	62,044
TOTAL	**98,80,008**	69,03,424

7. PROVISIONS

(Amount in ₹)

	Long-Term		Short -Term	
Description	**As at 31.03.2012**	As at 31.03.2011	**As at 31.03.2012**	As at 31.03.2011
Provision for Income Tax	**-**	-	**-**	-
TOTAL	**-**	-	**-**	-

8. CAPITAL WORK IN PROGRESS

(Amount in ₹)

Description	As at 31.03.2012	As at 31.03.2011
Opening Capital Work in Progress	**2,12,60,390**	1,84,12,944
Add: Transferred from expenditure During Construction Period (Note-11)	**31,96,188**	28,47,446
TOTAL	**2,44,56,578**	2,12,60,390

9. CASH AND CASH EQUIVALENTS

(Amount in ₹)

	Non-Current		Current	
Description	**As at 31.03.2012**	As at 31.03.2011	**As at 31.03.2012**	As at 31.03.2011
Cash on Hand				
Balances with banks:	**-**	-	**97,200**	97,750
In Current Account	**-**	-	**-**	-
TOTAL	**-**	.	**97,200**	97,750

10. LOANS AND ADVANCES

(Amount in ₹)

	Non-Current		Current	
Description	**As at 31.03.2012**	As at 31.03.2011	**As at 31.03.2012**	As at 31.03.2011
Security Deposit				
Secured, considered good	**-**	-	**-**	-
Unsecured, considered good	**-**	-	**-**	-
Doubtful	**-**	-	**-**	-
	-	-	**-**	-
Loans and advances to related parties				
Unsecured, considered good	**-**			-
Advances recoverable in cash or kind				
Secured, considered good	**-**	-	**-**	-
Unsecured, considered good	**-**	-	**-**	-
	-	-	**-**	-
Other loans and advances				
Advance Income Tax (net of provision for taxation)	**-**	-	**-**	-
Tax deducted at source	**-**	-	**-**	-
Income tax and FBT refundable	**-**	-	**-**	-
Cenvat Credit Receivable	**-**	-	**-**	-
Prepaid expenses	**-**	-	**-**	-
Loans to employees	**-**	-	**-**	-
Recoverable from Others Utilities	**-**	-	**-**	-
Advances to Consultants/ Others	**-**	-	**-**	-
	-	-	**-**	-
Total	**-**	-	**-**	-

Loans and advances due by directors or other officers, etc.

(Amount in ₹)

	Non-Current		Current	
Description	**As at 31.03.2012**	As at 31.03.2011	**As at 31.03.2012**	As at 31.03.2011
Loans to employees include				
Dues from non-executive directors	**-**	-	**-**	-
Dues from officers	**-**	-	**-**	-
Dues from non-executive and officers jointly with other persons	**-**	-	**-**	-
Loans and advances to related parties include				
Dues from partenership firm (name) in which the company's executive director is a partner	**-**	-	**-**	-
Dues from (Name of co.) in which the company's managing director is a member.	**-**	-	**-**	-
Advances recoverable in cash or kind include				
Dues from the partnership firm (name) in which the company's non-executive director is a partner	**-**	-	**-**	-

11. EXPENDITURE DURING CONSTRUCTION PERIOD

(Amount in ₹)

Description	Year ended 31.03.2012	Year ended 31.03.2011
(a) Expenses		
Manpower Charges	**22,838**	3,50,318
Bank Charges	**550**	600
Audit Fees	**70,226**	68,938
Legal & Professional Charges	**10,119**	47,975
Consultancy Charges	**9,611**	-
Conference & Meeting Expenses	**80,120**	-
Interest on utilised portion	**29,75,296**	23,70,327
Other Administrative Expenses	**27,428**	9,288
Total	**31,96,188**	28,47,446

12. The Key Management Personnel of the Company are employees of the Power Finance Corporation Ltd (PFC)/Holding Company & PFC Consulting Ltd (A wholly owned subsidiary of PFC) and deployed on Part Time basis.

The details of such Key Management Personnel as on 31.03.12 are as follows:

S. No.	Name	Designation	Date of Appointment	Date of Cessation
1	Shri R. Nagarajan	Chairman	01.03.2012	Continuing
2	Shri R. Rahman	Director	08.06.2011	Continuing
3	Shri A.K. Gupta	Director	17.12.2008	Continuing
4	Shri S. Mulchandani	Director	17.08.2011	Continuing
5	Shri Rajeev Sharma	Chairman	26.05.2009	29.11.2011
6	Shri Dinesh Vij	Director	17.12.2008	17.08.2011
7	Shri Yogesh Juneja	Director	31.12.2009	08.06.2011

13. Pursuant to the Financing Agreement between PFC and the Company the entire expenditure on development of the Project being developed by the Company incurred by PFC from its own funds until receipt of the commitment advance from the procurers and thereafter out of Commitment Advance received from Procurers. So far no commitment advance received by the Company from Procurer of Power.

14. All the work for the Company are executed by PFC Consulting Ltd (PFCCL).Manpower Charges of ₹ 22,838/- (Previous Year ₹.3,50,318/-) for man power cost of PFCCL employees charged by PFCCL on the basis of cost to company based on actual man days spent by the employees for the Company as per invoice raised by PFCCL and include ₹ 3,500/- (Previous Year ₹ 27,299/-) charged for Sh.Dinesh Vij (Director), ₹ 7,000/- (Previous Year ₹ Nil) for Sh.S.Mulchandani and ₹.Nil/- (Previous Year ₹ 3,033/-) charged for Sh. Yogesh Juneja (Director). The total expenditure during the construction period along with interest shall be recovered by PFC from the successful bidder at the time of award of the project. PFC is complying statutory provisions related to deduction of tax at source applicable to expenses allocated by it.

15. The expenditures on development of the project were incurred by PFC from its own funds. The Company pays interest to PFC on the expenses incurred by them on behalf of the company. Interest so payable is capitalized under capital work in progress. The rate of interest charged / paid on the utilized amount of funds is as applicable in PFC for the Project Loan/Schemes (Generation) for Borrowers under category "State Sector Borrowers (Category 'A') as determined from time to time. Total interest amounting to ₹ 29,75,296/- (Previous Year ₹ 23,70,327/-) has been accounted in the books of account. Interest has been capitalized under Capital Works in Progress. Interest payable has been shown under Current Liabilities.

16. Original Supporting bills in respect of expenditure incurred by the PFC/PFCCL are retained by them of which copies are available with the Company. The holding company is complying with all statutory provisions relating to the 'Deduction of tax at source etc. as applicable to these expenses.

17. i) Estimated amount of contracts remaining to be executed on capital account and not provided for is ₹ Nil. (Previous year Nil).

ii) Contingent liabilities of the company and claims against the company not acknowledged by the company as certified by the management for the period is Nil (Previous year Nil).

18. Expenditure during Construction Period (Note-11) containing all expenses required to be capitalized has been prepared and the same has been included in Capital Work In Progress.

19. The Company has agreed to pay a sum of ₹. 50,00,00,000/- plus applicable taxes to PFC/PFCCL on account of fees for providing advisory & professional services rendered by PFC/PFCCL. The fees for providing advisory & professional services is payable to PFC/PFCCL only when successful bidder for the Project will be selected and company will be transferred to successful bidder therefore no liability has been provided for fees payable to PFC/PFCCL since the same will be charged in the year of transfer of the company to successful bidder only in the event of transfer of the company.

20. As per the scheme of setting up of the project entire expenditure to be incurred by the company for project exploration and initial spade work including interest on funds deployed and professional fees of ₹.50,00,00,000/- plus applicable taxes will be recovered from the successful bidder of the project as acquisition price for purchase of 100% equity shareholding of the company from its holding company (PFC) consequent upon which the company along with all its assets and liabilities shall stand transferred to such bidder as per the share purchase agreement to be entered into.

21. Auditors Remuneration (including service tax)

Particulars	2011-12 (₹)	2010-11 (₹)
Statutory Audit Fees	**70,226**	68,938
Other Fees	**-**	41,363

22. Most of the additional information pursuant to the provisions of Paragraph 5, (ii), (iii), (viii) of part II of New Schedule VI to the Companies Act 1956 are not applicable to the company as the project is still at its development stage and the company has yet to start its commercial activities. Applicable information is provided as under:

a. Expenditure in foreign currency – NIL (Previous year-Nil)

b. Income in foreign exchange –NIL (Previous year-Nil)

23. The disclosure as per AS18 – Related Party Disclosure :

The Coastal Karnataka Power Limited is a wholly owned subsidiary of Power Finance Corporation Ltd. All key decisions are taken by the Board of Coastal Karnataka Power Limited where the PFC nominees exercise control.

S. No.	Name of the Related Party	Nature of Relationship
1.	Power Finance Corporation Limited	Holding Company
2.	PFC Consulting Limited	Fellow Subsidiary
3.	Chhattisgarh Surguja Power Limited	Fellow Subsidiary
4.	Coastal Maharashtra Mega Power Limited	Fellow Subsidiary
5.	Sakhigopal Integrated Power Company Limited	Fellow Subsidiary
6.	Orissa Integrated Power Limited	Fellow Subsidiary
7.	Coastal Tamil Nadu Power Limited	Fellow Subsidiary
8.	Ghogarpalli Integrated Power Fellow Subsidiary Company Limited	Fellow Subsidiary
9.	Tatiya Andhra Mega Power Limited	Fellow Subsidiary
10.	PFC Green Energy Limited	Fellow Subsidiary
11.	PFC Capital Advisory Services Limited	Fellow Subsidiary
12.	Power Equity Capital Advisors Private Limited	Fellow Subsidiary
13.	DGEN & Uttrakhand Transmission Company Limited	Enterprise under common control
14.	Nagapattinam Madhugiri Transmission Company Limited	Enterprise under common control (till 29.03.2012)

Detail of maximum credit balance during the period in the accounts of related parties as appeared in the accounts and as certified by the management is as under:

Power Finance Corporation Ltd ₹ 1,41,94,572/- (PY: ₹ 1,43,74,567/-)

The related Party Transactions was done only with Holding Company (PFC) details are as follows:-

S. No.	Particulars	2011-12 (₹)	2010-11 (₹)
1.	Long Term Borrowings taken during the year	**2,19,054**	76,519
2.	Interest Expense for the year	**29,75,296**	23,70,327
3.	Man Power Charges *	**22,838**	350,318
4.	**Closing Balances**		
(a)	Interest Payable	**98,09,782**	68,34,486
(b)	Long Term Borrowings	**1,41,94,572**	1,39,75,518

*Charged by PFCCL

24. The Company has complied with all the applicable Accounting Standards notified under section 211 of the Companies Act 1956. However AS -22 relating to Deferred Tax Liability /Asset pertaining to timing difference is not applicable to the company in view of the fact that the company is still in the development phase and yet to commence its operation.

25. Since there are no employees in the company the obligation as per Accounting Standard-15 (Revised) do not arises.

26. The company has sent letters to various parties included under the head Long term borrowings (Commitment advance) interest payable interest receivables etc. for confirmation of their balances as per the books of accounts of the company for which some confirmations is yet to be received from the respective parties.

27. Figures have been rounded off to the nearest rupees unless otherwise stated.

28. In terms of Accounting Standard 20 on "Earnings per Share" notified under the Companies Act 1956 Earning per share (Basic & Diluted) is worked out as follows: -

S. No.	Particulars	2011-12	2010-11
1.	Nominal Value of share (₹)	10	10
2.	Number of Equity shares (No.)	50,000	50,000
3.	Net Profit after tax (₹)	-	-
4.	Earning per share (₹)	-	-

29. The Company owes no dues to small-scale units at year-end and hence provision of interest does not arise. Further based on information available with the management there are no dues payable to enterprises covered under "Micro Small and Medium Enterprises Development Act 2006"

30. Figures have been rounded off to the nearest Rupee unless otherwise stated.

31. Previous Year Figures

Till the year ended 31st March, 2011 the company was using pre-revised Schedule-VI to the Companies Act, 1956, for preparation and presentation of its financial statements. During the year ended 31st March 2012, the revised Schedule VI notified under the Companies Act 1956, has became applicable to the company. The company has reclassified/regrouped previous year figures to conform with current year classification.

For and on behalf of Board of Directors

R.Rahman	A.K.Gupta	R Nagarajan
Director	**Director**	**Chairman**

SIGNED IN TERMS OF OUR REPORT OF EVEN DATE
For & On Behalf of
G. Dinesh Narayan & Co.
(CHARTERED ACCOUNTANTS)
(Firm Regn. No.-000644N)

N D Gupta
(Partner)
M No. : 016150

Place : New Delhi
Dated: 14th May, 2012

COASTAL MAHARASHTRA MEGA POWER LIMITED

(A wholly owned subsidiary of Power Finance Corporation Limited)

Directors' Report 2011-2012

To

The Members,

Your Directors have pleasure in presenting the 6th Annual Report on the performance of the Company for the financial year ending on 31st March, 2012 along with Audited Statement of Accounts and Auditor's Report thereon.

OPERATIONAL ACTIVITIES

Your Company was established on 1st March, 2006 under Companies Act, 1956 as wholly owned subsidiary of Power Finance Corporation Limited (PFC) for the development of Ultra Mega Power Project in Maharashtra.

Power from the project will be procured by five states namely Maharashtra (2000 MW), Rajasthan (500 MW), Madhya Pradesh (500 MW), Chhattisgarh (500 MW) and Karnataka (500 MW).

The site for Maharashtra UMPP was communicated as 'Munge' in a meeting held in May end 2010. Secretary (Power), Government of India has requested Chief Secretary, Government of Maharashtra to suggest alternate site(s) or resolve the local issues related to site at Munge. The road ahead is to be finalized on the basis of communication to be received from Government of Maharashtra.

In review meeting of PFC held on 8th March, 2011 in Ministry of Power under the Chairmanship of Secretary, Power, it was decided that Maharashtra UMPP may be continued.

FINANCIAL REVIEW

During the year under review, your Company has not started its commercial activities. However, during the year the Company has spent an amount of ₹ 56.87 Lakh in the development of the project which has been transferred to capital work in progress. Total expenditure incurred by the Company till 31st March, 2012 is ₹ 506.77 Lakh.

DIVIDEND

As the Company has not started its commercial activities no dividend has been declared for the period commencing from 1st April, 2011 to 31st March, 2012.

SHARE CAPITAL

The paid-up share capital of the Company was ₹ 5,00,000/- (50,000 equity shares of ₹ 10/- each) as on 31st March, 2012. During the year, the entire share capital of the Company was held by PFC and its nominees.

COMMITMENT ADVANCE

The Company has received the entire commitment advance of ₹ 40,00,00,000/- (₹ Forty Crore Only) from power procuring states.

FIXED DEPOSITS

The Company has not accepted any fixed deposit during the period ending 31st March, 2012.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNING & OUTGO

As the Company operations do not involve any manufacturing or processing activities, the particulars as per the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, regarding conservation of energy and technology absorption, are not applicable. During the year under review, there is no foreign exchange earning and outgo.

AUDITOR'S REPORT

M/s. M. D. Gujrati & Co., Chartered Accountants, was appointed as Statutory Auditors of the Company for the financial year 2011-2012 by the Comptroller & Auditor General of India. There are no adverse comments, observation or qualification in the Auditor's Report on the accounts of the Company.

PARTICULARS OF EMPLOYEES U/S 217 (2A) OF THE COMPANIES ACT, 1956

The Company has no employees on its roll. Hence, the particulars of employees as prescribed under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 are not applicable.

DIRECTORS

Since the date of last Directors' Report, upon repatriation of Shri D.N.Balapure to Maharashtra Power Generation Company Ltd., he resigned from the Board of Directors of the Company w.e.f. 28th April, 2012. Your Board places on record its deep appreciation for the valuable contribution made by Shri D.N.Balapure during his tenure as Director of the Company.

Consequent to the above change, the Board of Directors of the Company presently comprise of:

1.	Shri R. Nagarajan	Chairman
2.	Shri Alok Sud	Director
3.	Shri Yogesh Juneja	Director

In accordance with provisions of Companies Act, 1956 Shri R. Nagarajan, Chairman shall retire by rotation at the ensuing Annual General Meeting of the Company and being eligible offers himself for re-appointment.

COMMENTS OF COMPTROLLER AND AUDITOR GENERAL (C&AG) OF INDIA

C&AG vide their letter dated 7th June, 2012 mentioned that they have decided not to review the report of the Statutory Auditors on the accounts of the Company for the year ended 31st March, 2012 and as such have no comments to make under Section 619(4) of the Companies Act, 1956. A copy of the letter issued by C&AG in this regard is placed at Annexure - I.

DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 217(2AA) of the Companies Act, 1956, your Directors confirm that:

- In the preparation of Annual Accounts for the financial year 2011-12, the applicable accounting standards had been followed along with proper explanation relating to material departure.
- The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of the affairs of the Company at the end of the financial year 2011-12.
- The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provision of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- The Directors had prepared the annual accounts on a going concern basis.

ACKNOWLEDGEMENT

The Directors place on record their gratitude to the Central and State Governments and various Government agencies for the assistance, co-operation and encouragement they extended to the Company. The Company is also thankful to the Comptroller & Auditor General of India, the Ministry of Power, the Statutory Auditors and PFC for their suggestions and unstinted co-operation and guidance.

For and on behalf of the Board of Directors

Sd/-
(R. Nagarajan)
Chairman

Place: New Delhi
Date: 20th July, 2012

Annexure-I

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF COASTAL MAHARASHTRA MEGA POWER LIMITED, NEW DELHI FOR THE YEAR ENDED 31 MARCH 2012

The preparation of financial statements of Coastal Maharashtra Mega Power Limited, New Delhi, for the year ended 31 March 2012 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the company. The statutory auditors appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 are responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956 based on independent audit in accordance with the auditing and assurance standards prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 17 May 2012.

I, on behalf of the Comptroller and Auditor General of India, have decided not to review the report of the statutory auditors on the accounts of Coastal Maharashtra Mega Power Limited, New Delhi for the year ended 31 March 2012 and as such have no comments to make under Section 619(4) of the Companies Act, 1956.

For and on the behalf of the
Comptroller & Auditor General of India

(Praveen Kumar Singh)
Principal Director of Commercial Audit &
Ex-officio Member Audit Board – III,
New Delhi

Place: New Delhi
Dated: 07 June 2012

AUDITOR'S REPORT

TO
THE MEMBERS

COASTAL MAHARASHTRA MEGA POWER LIMITED

1. We have audited the attached Balance Sheet of **COASTAL MAHARASHTRA MEGA POWER LIMITED** as at 31st March 2012, the Profit & Loss account and the Cash Flow Statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with the auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditor's Report) order, 2003 read with the companies (Auditor's Report) (Amendment) order, 2004 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in the paragraphs 4 and 5 of said order.

4. Further to our comments in the Annexure referred to in paragraph 3 above we report that:
   1. We have obtained all the information and explanation, which to the best of our knowledge and belief were necessary for the purposes of our audit.
   2. In our opinion, proper books of accounts as required by law have been kept by the company, so far as appears from our examination of the books. Since some of the payments on behalf of the Company made by the Holding Company i.e. Power Finance Corporation Ltd., the original supports relating to these expenditures etc. are kept with the Holding Company.
   3. The Balance Sheet, Profit & Loss account and Cash flow statement dealt with by this report are in agreement with the books of account.
   4. In our opinion, the Balance Sheet , Profit & Loss account and Cash flow statement dealt with this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the companies act, 1956.
   5. In pursuance to the notification No. GSR 829(E) dated 21.10.2003 issued by the Department of Company Affairs; clause (g) of sub-section (1) of section 274 of companies Act, 1956 pertaining to disqualification of Directors is not applicable to a Government Company.
   6. In our opinion and to the best of our knowledge and according to information and explanation given to us, the said financial statements, read together with the Notes on accounts and Accounting Policies annexed thereto, give the information required by the Companies Act, 1956 in the manner so required & give a true and fair view in conformity with the accounting principles generally accepted in India:
      (i) In case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2012,
      (ii) In case of the Profit & Loss Account, of Nil Profit / Loss of the company for the year ended on that date; and
      (iii) In case of Cash Flow Statement, of the Cash Flows of the company for the year ended on that date.

For and on behalf of
M.D Gujrati & Co.
Chartered Accountants
(Firm Registration No :005301N)
CA.R.K.Agrawal
(Partner)
M.No.76984

Place: New Delhi
Dated: 17th May, 2012

ANNEXURE TO AUDITOR'S REPORT OF COASTAL MAHARASHTRA MEGA POWER LIMITED (REFERRED TO IN PARAGRAPH (3) OF OUR REPORT OF EVEN DATE)

1. (a) In our opinion and according to information and explanation given to us, provision of para 4(i) (a) of the Companies (Auditors Report) Order, 2003 relating to maintaining proper records showing full particulars, including quantitative details and situation of fixed assets are not applicable to company as it does not have fixed assets.

   (b) In our opinion and according to information and explanation given to us provision of para 4(i) (b) of the companies (Auditors Report) Order, 2003 relating to physical verification of fixed assets by the management is not applicable to Company as it does not have fixed assets.

   (c) In our opinion and according to information and explanation given to us provision of para 4(i) (c) of the companies (Auditors Report) Order, 2003 relating to disposal of any substantial part of fixed assets during the period are not applicable to Company as it does not have fixed assets.

2. As the company has not purchased/ sold goods during the year nor are there any stocks. Accordingly clauses 4(ii) (a), (b) and (c) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.

3. As explained to us, the Company has not taken nor granted any loans, secured or unsecured from Companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly clauses 4(iii) (a), (b), (c) and (d) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.

4. In our opinion according to the information and explanation given to us, the company does not have fixed assets and inventories and has no commercial activities carried by the company during the period, the provision of para 4(iv) of the companies (Auditors Report) Order 2003 relating to adequate internal control procedure commensurate with the size of company and nature of its business, for the purchase of inventory and fixed assets and for the sale of goods are not applicable to company.

5. According to the information and explanation given to us, there are no transaction made in pursuance of the contracts or arrangements that need to be entered in the register maintained under section – 301 of the Companies Act, 1956.

6. According to the information and explanation given to us, the company has not accepted any deposits from public.

7. The company does not have paid up capital and reserves of Rs 50 lakhs as at the commencement of the financial year concerned, or have a average annual turnover exceeding five crore rupees for a period of three consecutive financial years immediately preceding the financial period concerned, the provision of para 4 (vii) of the Companies (Auditor Report) Order, 2003 are not applicable to company.

8. The company does not have any business activities during the period, the provision of para 4 (viii) of the Companies (Auditor Report) order, 2003 relating to maintaining of cost records under section 209 (I) (d) of the companies Act is not applicable to the company.

9. (a) According to information and explanation given to us, the company is regular in depositing undisputed statutory dues including Provident Fund, Investors Education and Protection Fund Employees State Insurance, Income Tax, Wealth Tax, and other statutory dues with the appropriate Authorities through holding company i.e. PFC Ltd. According to information and explanation given to us, there are no undisputed statutory dues outstanding as at 31st March, 2012 for a period of more than six months from the date they become payable.

   (b) According to information and explanation given to us, there are no dues of Income Tax, Wealth Tax, which have not been deposited on account of any dispute.

10. In our opinion the Company has accumulated losses at the end of the current financial period. However it has not incurred any cash losses in the current financial period.

11. According to the records made available to us and information and explanations given by the management, the company has not taken any loan, from any financial institution or bank or debenture holder, hence clause (xi) of paragraph 4 of the Order is not applicable to the Company

12. In our opinion and according to information and explanation given to us, provision of para 4 (xii) of the Companies (Auditors Report) Order, 2003 are not applicable to Company as it has not given any loans and advance on security of shares, Debentures and other securities.

13. In our opinion and according to information and explanation given to us, the Company is not a Chit Fund, Nidhi or Mutual benefit, Trust/Society. Accordingly, the provision of para 4(xiii) of the companies (Auditor Report) Order, 2003 is not applicable to company.

14. According to information and explanation given to us, the Company is not dealing or trading in shares, Securities, debenture and other investment and hence the requirement of para 4(xiv) of the Companies (Auditor Report) Order, 2003 is not applicable to Company.

15. According to information and explanation given to us, the Company has not given any guarantee in respect of loan taken by it from banks and financial institutions.

16. In our opinion and according to information and explanation given to us the Company has not obtained any term loan and hence the requirement of para 4 (xvi) of the Companies (Auditors Report) Order, 2003 are not applicable to Company.

17. According to information and explanation given to us and on an overall examination of the Balance sheet and Cash Flow statement of the Company, we report that no funds raised on short-term basis have been utilized for long term investment purpose.

18. The Company has not made any preferential allotment of share to parties and companies covered in the register maintained under section 301 of the Companies Act 1956.

19. According to information and explanation given to us the company does not have any debentures and hence the requirement of para 4(xix) of the Companies (Auditors Report) order, 2003 are not applicable to Company.

20. According to information and explanation given to us the company has not raised any money from public issues during the period.

21. According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

For and on behalf of
M.D Gujrati & Co.
Chartered Accountants
(Firm Registration No :005301N)
CA.R.K.Agrawal
(Partner)
M.No.76984

Place: New Delhi
Dated: 17th May, 2012

COASTAL MAHARASHTRA MEGA POWER LIMITED
BALANCE SHEET AS AT 31.03.2012

(Amount in ₹)

Description	Note No.	As at 31.03.2012	As at 31.03.2011
I. EQUITY AND LIABILITIES			
(1) Shareholder's Funds			
(a) Share Capital	3	**5,00,000**	5,00,000
(b) Reserves & Surplus	4	**(38,002)**	(38,002)
		4,61,998	4,61,998
(2) Non-current Liabilities			
(a) Long Term Borrowings	5	**40,00,00,000**	40,00,00,000
(b) Long- Term Provisions	7	**-**	-
(3) Current Liabilities			
(a) Other Current Liabilities	6	**9,35,17,066**	5,80,28,467
(b) Short- Term Provisions	7	**-**	-
		9,35,17,066	5,80,28,467
Total		**49,39,79,064**	45,84,90,465
II. ASSETS			
(1) Non-current Assets			
(a) Fixed Assets			
(i) Tangible Assets		**-**	-
(ii) Capital Work in Progress	8	**5,06,39,125**	4,49,52,470
		5,06,39,125	4,49,52,470
(b) Long-term loans & advances	10	**-**	-
(2) CURRENT ASSETS			
(a) Cash and cash equivalents	9	**84,345**	84,895
(b) Short-term loans and advances	10	**36,31,20,551**	36,61,20,104
(c) Other Current Assets	11	**8,01,35,043**	4,73,32,996
		44,33,39,939	41,35,37,995
Total		**49,39,79,064**	45,84,90,465
Expenditure during Construction Period	12		
Corporate Information	1		
Summary of Significant accounting policies	2		

The accompanying notes are an integral part of the financial statements

For and On behalf of Board of Directors

Alok Sud	**R.Nagarajan**
Director	**Chairman**

SIGNED IN TERMS OF OUR REPORT OF EVEN DATE
For & On Behalf of
M.D.Gujrati & Co.
(CHARTERED ACCOUNTANTS)
(Firm Reg. No:005301N)

R.K.Agrawal
(Partner)
M No.:76984

Place : New Delhi
Dated: 17th May, 2012

COASTAL MAHARASHTRA MEGA POWER LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31.03.2012

(Amount in ₹)

	Description	Note No.	Year ended 31.03.2012	Year ended 31.03.2011
I.	Revenue from Operations		-	-
II.	Other Income		-	-
III.	**Total Revenue (I+II)**		-	-
IV.	Expenses		-	-
	Total Expenses		-	-
V.	**Profit before exceptional and extraordinary items and tax (III-IV)**		-	-
VI.	Exceptional itmes		-	-
VII.	**Profit before extraordinary items and tax (V-VI)**		-	-
VIII.	Extraordinary itmes		-	-
IX.	**Profit Before Tax (VII-VIII)**		-	-
X.	**Tax Expenses**			
	(1) Current Tax		-	-
	(2) Deferred Tax		-	-
XI.	**Profit (Loss) for the period (IX-X)**		-	-
XII.	**Profit (Loss) from discontinuing operations**		-	-
XIII.	**Tax Expense of discontinuing operations**		-	-
XIV.	**Profit (Loss) from discontinuing operations (after Tax) (XII-XIII)**		-	-
XV.	**Profit (Loss) for the period (XI +XIV)**		-	-
XVI.	**Earnings per equity shares:**			
	(1) Basic	26	-	-
	(2) Diluted	26	-	-
Expenditure during Construction Period		12		
Corporate Information		1		
Summary of Significant accounting policies		2		

The accompanying notes are an integral part of the financial statements

For and On behalf of Board of Directors

Alok Sud
Director

R.Nagarajan
Chairman

SIGNED IN TERMS OF OUR REPORT OF EVEN DATE
For & On Behalf of
M.D.Gujrati & Co.
(CHARTERED ACCOUNTANTS)
(Firm Reg. No:005301N)

R.K.Agrawal
(Partner)
M No.:76984

Place : New Delhi
Dated: 17th May, 2012

COASTAL MAHARASHTRA MEGA POWER LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2012

(Amount in ₹)

	PARTICULARS	Year ended 31.03.2012	Year ended 31.03.2011
A.	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Net Profit/(Loss) as per Profit & Loss A/c	-	-
	Prior Period Expenses/ Preliminary expenses	-	-
	Operating profit before working capital changes	-	-
	Adjustment For Increase/Decrease in:		
	Other Current Assets	**(3,28,02,047)**	(2,33,42,338)
	Loans & Advances	**29,99,553**	24,35,868
	Current Liabilities & Provisions	**3,54,88,599**	2,62,38,016
	TOTAL	**56,86,105**	53,31,546
B.	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Capital Work in Progress	**(56,86,655)**	(61,32,146)
	TOTAL	**(56,86,655)**	(61,32,146)
C.	**CASH FLOW FROM FINANCING ACTIVITIES**		
	TOTAL	-	-
	NET INCREASE/(DECREASE) IN CASH FLOW(A+B+C)	**(550)**	(8,00,600)
	CASH & CASH EQUIVALENT AT THE BEGINNING OF THE YEAR	**84,895**	8,85,495
	CASH & CASH EQUIVALENT AT THE END OF THE YEAR	**84,345**	84,895
	Cash on hand and balance with banks	**84,345**	84,895
	Other Cash and Cash Equivalents	-	-

For and On behalf of Board of Directors

Alok Sud
Director

R.Nagarajan
Chairman

SIGNED IN TERMS OF OUR REPORT OF EVEN DATE
For & On Behalf of
M.D.Gujrati & Co.
(CHARTERED ACCOUNTANTS)
(Firm Reg. No:005301N)

R.K.Agrawal
(Partner)
M No.:76984

Place : New Delhi
Dated: 17th May, 2012

COASTAL MAHARASHTRA MEGA POWER LIMITED

Notes to Financial Statements for the year ended 31 March 2012

1. CORPORATE INFORMATION

The Company was incorporated on 01/03/2006 under the Companies Act,1956 as a wholly owned subsidiary of Power Finance Corporation Limited (PFC), a Govt. of India Undertaking. Certificate for Commencement of Business was issued on 29/09/2006. The Company is a special purpose vehicle incorporated to facilitate the acquisition of land and complete preliminary work regarding statutory clearances including that of environment, forest, etc. for the purpose of establishing ultra mega power project of 4000 MW in the state of Maharashtra (Project).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Preparation

The Company prepares its financial statements in accordance with applicable accounting standards and generally accepted accounting principles and also in accordance with requirements of the Companies Act,1956.

b. Use of Estimate

The preparation of financial statements requires management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities), revenues and expenses of the reporting period. The difference between the actual results and estimates are recognized in the period in which the results are known and/or materialised.

c. Recognition of Income/ Expenditure

Income and expenses (except as stated below) are accounted for on accrual basis.

Fees for advisory and professional services for developing Ultra Mega Power Project payable to PFC/PFCCL will be accounted for in the year of transfer of the company to the successful bidder.

d. Fixed Assets

Fixed assets are shown at historical cost less current/ accumulated depreciation. The company capitalizes all direct cost including borrowing cost up to the date of commercial use of such assets.

e. Depreciation

Depreciation on assets is provided on Written Down Value method, in accordance with the rates prescribed in Schedule XIV of the Companies Act, 1956.

Items of fixed assets acquired during the year costing up to ₹.5000/- are fully depreciated.

f. Capital Work in Progress

Expenditure incurred on Survey/Studies/Investigations/Consultancy/ Administration /Depreciation/Interest etc has been treated as Capital Work In Progress.

g. Loans

Expenditure incurred by the company for the Project is financed by the Holding Company/Procurers and considered as Unsecured Loan. Interest has been charged on funds deployed by them.

h. Loans and Advances

The Surplus fund parked by the company with the Holding company (PFC) has been considered as loan and advances and interest has been claimed on such funds from Holding company.

i. Investments

Investments are stated at cost.

j. Borrowing Cost

Borrowing cost is charged to the statement of profit & loss for the year in which it is incurred except for capital assets which is capitalized till the date of commercial use of the assets.

k. Preliminary Expenses

Preliminary expenses are written off in the year in which such expenditure has been incurred, in compliance with the opinion of the Expert Advisory Committee (EAC) of The Institute of Chartered Accountants of India.

l. Contingent Liability

Contingent liabilities are not provided but are disclosed by way of notes on the basis of available information available/ judgment of the management.

m. Cash Flow Statement

Cash flow Statement is prepared in accordance with the indirect method prescribed in Accounting Standard-3 on Cash Flow Statement.

3. SHARE CAPITAL

(Amount in ₹)

Description	As at 31.03.2012	As at 31.03.2011
Authorised :		
50,000 Equity shares of Rs.10/- each (Previous year 50,000 Equity shares of Rs.10/- each)	**5,00,000**	5,00,000
Issued, subscribed and fully paid up shares :		
50,000 Equity shares of Rs.10/- each fully paid-up (Previous year 50,000 Equity shares of Rs.10/- each fully paid)	**5,00,000**	5,00,000
Total Issued, subscribed and fully paid up share capital	**5,00,000**	5,00,000

a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Equity Shares

	31 March 2012		31 March 2011	
	No. of Shares	(Amount in ₹)	No. of Shares	(Amount in ₹)
At the beginning of the period	**50,000**	**5,00,000**	50,000	5,00,000
Issued During the period	-	-	-	-
Outstanding at the end of the period	**50,000**	**5,00,000**	50,000	5,00,000

b. Terms/ rights attached to equity shares

The Company has only one class of equity shares having par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c. Shares held by holding company

Out of equity shares issued by the company, shares held by its Holding Company are as below:

(Amount in ₹)

	31 March 2012	31 March 2011
Power Finance Corporation Limited, the Holding Company		
50,000 (31 March 2011: 50,000) equity shares of ₹. 10 each fully paid	**5,00,000**	5,00,000

d. Details of shareholders holding more than 5% shares in the company

	31 March 2012		31 March 2011	
	No. of Shares	**% holding in the class**	No. of Shares	% holding in the class
Equity Shares of ₹ 10 each fully paid	**50,000**	**100%**	50,000	100%
Power Finance Corporation Limited, the Holding Company *	**50,000**	**100%**	50,000	100%

* Out of 50,000 (PY: 50,000) equity shares 700 (PY: 700) shares are held by nominees of Power Finance Corporation Limited on its behalf.

4. RESERVES & SURPLUS

(Amount in ₹)

Description	As at 31.03.2012	As at 31.03.2011
Surplus in the statement of Profit and Loss Account	**(38,002)**	(38,002)
Add : Addition during period	**-**	-
TOTAL	**(38,002)**	(38,002)

5. LONG- TERM BORROWING

(Amount in ₹)

Description	As at 31.03.2012	As at 31.03.2011
Other Loans and Advances		
Commitment Advances		
Ajmer VVNL	**1,80,00,000**	1,80,00,000
BESCOM	**5,00,00,000**	5,00,00,000
Chhatisgarh State Electricity Board	**5,00,00,000**	5,00,00,000
Jaipur VVNL	**1,80,00,000**	1,80,00,000
Jodhpur VVNL	**1,40,00,000**	1,40,00,000
Maharashtra State Distribution Company Limited	**20,00,00,000**	20,00,00,000
M.P.Power Trading Co. Ltd.	**5,00,00,000**	5,00,00,000
	40,00,00,000	40,00,00,000

6. OTHER CURRENT LIABILITIES

(Amount in ₹)

Description	As at 31.03.2012	As at 31.03.2011
Earnest Money Deposits	**4,00,000**	4,00,000
Interest Payable	**8,93,08,315**	5,48,44,758
Others		
TDS Payable	**37,45,549**	27,21,665
Other Liabilities	**63,202**	62,044
TOTAL	**9,35,17,066**	5,80,28,467

7. PROVISIONS

(Amount in ₹)

Description	Long-Term As at 31.03.2012	Long-Term As at 31.03.2011	Short -Term As at 31.03.2012	Short -Term As at 31.03.2011
Provision for Income Tax	**-**	-	**-**	-
TOTAL	**-**	-	**-**	-

8. CAPITAL WORK IN PROGRESS

(Amount in ₹)

Description	As at 31.03.2012	As at 31.03.2011
Opening Capital Work in Progress	**4,49,52,470**	3,88,20,324
Add: Transferred from expenditure During Construction Period (Note-12)	**56,86,655**	61,32,146
TOTAL	**5,06,39,125**	**4,49,52,470**

9. CASH AND CASH EQUIVALENTS

(Amount in ₹)

Description	Non-Current As at 31.03.2012	Non-Current As at 31.03.2011	Current As at 31.03.2012	Current As at 31.03.2011
Cash on Hand	**-**	-	**-**	-
Balances with banks:				
In Current Account	**-**	-	**84,345**	84,895
TOTAL	**-**	-	**84,345**	84,895

10. LOANS AND ADVANCES

(Amount in ₹)

Description	Non-Current As at 31.03.2012	Non-Current As at 31.03.2011	Current As at 31.03.2012	Current As at 31.03.2011
Security Deposit				
Secured, considered good	**-**	-	**-**	-
Unsecured, considered good	**-**	-	**-**	-
Doubtful	**-**	-	**-**	-
	-	-	**-**	-
Loans and advances to related parties				
Unsecured, considered good	**-**	-	**36,31,17,269**	36,61,20,104
Advances recoverable in cash or kind				
Secured, considered good	**-**	-	**-**	-
Unsecured, considered good	**-**	-	**-**	-
	-	-	**-**	-
Other loans and advances				
Advance Income Tax (net of provision for taxation)	**-**	-	**-**	-
Tax deducted at source	**-**	-	**3,282**	-
Income tax and FBT refundable	**-**	-	**-**	-
Cenvat Credit Receivable	**-**	-	**-**	-
Prepaid expenses	**-**	-	**-**	-
Loans to employees	**-**	-	**-**	-
Recoverable from Others Utilities	**-**	-	**-**	-
Advances to Consultants/ Others	**-**	-	**-**	-
	-	-	**3,282**	-
Total	**-**	-	**36,31,20,551**	36,61,20,104

Loans and advances due by directors or other officers, etc.

(Amount in ₹)

Description	Non-Current As at 31.03.2012	Non-Current As at 31.03.2011	Current As at 31.03.2012	Current As at 31.03.2011
Loans to employees include				
Dues from non-executive directors	**-**	-	**-**	-
Dues from officers	**-**	-	**-**	-
Dues from non-executive and officers jointly with other persons	**-**	-	**-**	-
Loans and advances to related parties include				
Dues from partenership firm (name) in which the company's executive director is a partner	**-**	-	**-**	-
Dues from (Name of co.) in which the company's managing director is a member.	**-**	-	**-**	-
Advances recoverable in cash or kind include				
Dues from the partnership firm (name) in which the company's non-executive director is a partner	**-**	-	**-**	-

11. OTHER CURRENT ASSETS

(Amount in ₹)

Description	As at 31.03.2012	As at 31.03.2011
Interest receivable from related party	**8,01,35,043**	4,73,32,996
TOTAL	**8,01,35,043**	4,73,32,996

12. EXPENDITURE DURING CONSTRUCTION PERIOD

(Amount in ₹)

Description	Year ended 31.03.2012	Year ended 31.03.2011
(a) Expenses		
Manpower Charges	**53,986**	5,93,073
Bank Charges	**550**	600
Audit Fees	**70,225**	68,938
Legal & Professional Charges	**43,308**	89,581
Consultancy Charges	**12,998**	-
Conference & Meeting Expenses	**80,120**	-
Interest on utilised portion	**53,96,754**	44,54,126
Interest on un-utilised portion	**3,28,05,329**	2,33,42,338
Other Administrative Expenses	**28,714**	9,25,828
Total (a)	**3,84,91,984**	2,94,74,484
(b) Other Income		
Interest on un- utilised portion	**3,28,05,329**	2,33,42,338
(TDS: ₹3,282/- ; PY: ₹ NIL)		
Total (b)	**3,28,05,329**	2,33,42,338
Total (a-b)	**56,86,655**	61,32,146

13. The Key Management Personnel of the Company are employee of the PFC Ltd (Holding Company) and PFC Consulting Ltd (A wholly owned subsidiary of PFC Ltd) and deployed on Part Time basis.

The details of such Key Management Personnel are as follows:

S. No.	Name	Designation	Date of Appointment	Date of Cessation
1	Shri R.Nagarajan	Chairman	31.12.2009	Continuing
2	Shri Damodar Balapure	Director	15.04.2011	Continuing
3	Shri Dinesh Vij	Director	31.12.2009	15.04.2011
4	Shri Yogesh Juneja	Director	31.12.2009	Continuing
5	Shri Alok Sud	Director	22.12.2008	Continuing

14. Some of the expenditures have been paid by Holding company on behalf of company, the original bills were retained by them and the copies of such bills are available with company. All attached statutory liabilities and relevant provisions such as PF, ESI, TDS, service tax, bonus, etc. are taken care of by the Holding company for such payments.

15. All the work for the Company are executed by PFC Consulting Ltd (PFCCL).Manpower Charges of ₹.53,986/- (Previous Year ₹.5,93,073/-) for man power cost of PFCCL employees charged by PFCCL on the basis of cost to company based on actual man days spent by the employees for the Company as per invoice raised by PFCCL and include ₹. 7,229/- (Previous Year ₹. 24,266/-) of Sh.Dinesh Vij (Director) and ₹. 28,793/-/- (Previous Year ₹. NIL) of Sh.Yogesh Juneja (Director). The total expenditure during the construction period along with interest shall be recovered by PFC from the successful bidder at the time of award of the project. PFC is complying statutory provisions related to deduction of tax at source applicable to expenses allocated by it.

16. Pursuant to the Financing Agreement with PFC total commitment advance of ₹.40,00,00,000/-received from procurers was given to the Holding Company (PFC) to meet out expenditures for the project on behalf of the company and to invest / retain remaining unutilized portion of commitment advance as short term deposit which appears as Loans and Advances (Assets) in the Balance Sheet.

17. As per decision of MoP, Procurers are required to pay commitment advance against their respective share of allocated power to them, without any obligation of payment of interest on commitment advance on part of the company. Accordingly commitment advance received from procurer without any obligation or commitment for payment of interest on commitment advance paid by them. However company has provided interest liability on commitment advance received from procurer as per decision of company. Interest on utilized portion has been capitalized. The said commitment advance along with accrued interest as per terms of financing agreement shall be repayable to the procurers within 15 days from the date of transfer of the company by the Holding Company to its successful bidder.

18. The Company pays interest to PFC on the expenses incurred by them on behalf of the company and also to the Procurers on commitment advance bifurcating into fund utilized for the project and funds unutilized at rates as per the policy of the holding company. The rate of interest charged on the utilized amount of funds is as applicable in PFC for the Project Loan/Schemes (Generation) for Borrowers under category "State Sector Borrowers (Category 'A')" as determined from time to time and on unutilized portion of funds, the interest received/paid is on “monthly average short term deposit rate of PFC". Interest on unutilized portion of funds is receivable from PFC and the same is payable to Procurers. Interest expenses of ₹ 3,82,02,083/- (Previous Year ₹ 2,77,96,464/-) includes interest on borrowed fund amounting to ₹ 3,28,05,329/- (Gross) (Previous Year ₹ 2,33,42,338/-) on unutilized portion and ₹ 53,96,754/- (Previous Year ₹ 44,54,126/-) on utilized portion. Interest on utilized portion has been capitalized. The rate of interest charged / paid on the utilized amount of funds is as applicable in PFC for the Project Loan/ Schemes (Generation) for Borrowers under category "State Sector Borrowers (Category 'A') as determined from time to time. Interest payable has been shown under Current Liabilities. The said commitment advance along with accrued interest as per terms of financing agreement shall be repayable to the procurers within 15 days from the date of transfer of the company by the Holding Company to its successful bidder.

19. i) Estimated amount of contracts remaining to be executed on capital account and not provided for is ₹ 2,47,16,953/- (Previous year ₹ 2,47,16,953/-).

ii) Contingent liabilities of the company and claims against the company not acknowledged by the company as certified by the management for the period is ₹. Nil (Previous year ₹. Nil).

20. Statement of Incidental Expenditure during Construction Period' containing all expenses required to be capitalized has been prepared and the same has been included in Capital Work In Progress.

21. The Company has agreed to pay a sum of ₹. 50,00,00,000/- plus applicable taxes to PFC/PFCCL on account of fees for providing advisory & professional services rendered by PFC/PFCCL. The fees for providing advisory& professional services is payable to PFC/PFCCL only when successful bidder for the Project will be selected and company will be transferred to successful bidder, therefore no liability has been provided for fees payable to PFC/PFCCL, since the same will be charged in the year of transfer of the company to successful bidder only in the event of transfer of the company.

22. As per the scheme of setting up of the project, entire expenditure to be incurred by the company for project exploration and initial spade work, including interest on funds deployed and Professional Fee of ₹.50,00,00,000/- plus applicable taxes will be recovered from the successful bidder of the project as acquisition price for purchase of 100% equity shareholding of the company from its holding company, consequent upon which the company along with all its assets and liabilities shall stand transferred to such bidder.

23. The company has sent letters to various parties included under the head Long Term Borrowings (Commitment advance), interest payable, interest receivables etc. for confirmation of their balances as per the books of accounts of the company for which some confirmations is yet to be received from the respective parties has sent letters to various parties included under the head Unsecured Loans (Commitment advance), interest payable, interest receivables from PFC/PFC, all type of Sundry Creditors etc. for confirmation of their balances as per the books of accounts of the company for which confirmations is yet to be received from the respective parties.

24. Auditors Remuneration (including Service Tax)

S. No.	Particulars	2011-12 (₹)	2010-11 (₹)
1.	Statutory Audit Fees	70,225	68,938
2.	Other Audit Fees	-	41,363

25. The disclosure as per AS18 – Related Party Disclosure :

The Coastal Maharashtra Mega Power Limited is a wholly owned subsidiary of Power Finance Corporation Ltd. All key decisions are taken by the Board of Coastal Maharashtra Mega Power Limited where the PFC nominees exercise control.

S. No.	Name of the Related Party	Nature of Relationship
1.	Power Finance Corporation Limited	Holding Company
2.	PFC Consulting Limited	Fellow Subsidiary
3.	Chhattisgarh Surguja Power Limited	Fellow Subsidiary
4.	Coastal Karnataka Power Limited	Fellow Subsidiary
5.	Sakhigopal Integrated Power Company Limited	Fellow Subsidiary
6.	Orissa Integrated Power Limited	Fellow Subsidiary
7.	Coastal Tamil Nadu Power Limited	Fellow Subsidiary
8.	Ghogarpalli Integrated Power Fellow Subsidiary Company Limited	Fellow Subsidiary
9.	Tatiya Andhra Mega Power Limited	Fellow Subsidiary
10.	PFC Green Energy Limited	Fellow Subsidiary
11.	PFC Capital Advisory Services Limited	Fellow Subsidiary
12.	Power Equity Capital Advisors Private Limited	Fellow Subsidiary
13.	DGEN & Uttrakhand Transmission Company Limited	Enterprise under common control
14.	Nagapattinam Madhugiri Transmission Company Limited	Enterprise under common control (till 29.03.2012)

Detail of maximum debit balance during the period in the accounts of related parties as appeared in the accounts and as certified by the management is as under:

Power Finance Corporation Ltd ₹.36,34,06,353/- (P.Y ₹. 36,76,82,399/-)

The related Party Transactions was done only with Holding Company (PFC), details are as follows:-

S. No.	Particulars	2011-12 (₹)	2010-11 (₹)
1	Interest Payable	**8,16,827**	6,48,748
2	Interest Receivable from PFC	**3,28,05,329**	2,33,42,338
3	Man Power Charges*	**53,986**	5,93,073
4	Closing Balances		
(a)	Interest Payable	**65,54,961**	57,38,134
(b)	Interest Receivable	**8,01,35,043**	4,73,32,996
(c)	Loan & Advance (Receivable)	**36,31,17,269**	36,61,20,104

*Charged by PFCCL

26. Earning Per Share

In terms of Accounting Standard 20 on "Earnings per Share" notified under the Companies Act 1956, Earning per share (Basic & Diluted) is worked out as follows: -

S. No.	Particulars	2011-12	2010-11
1.	Nominal Value of share ₹	10	10
2.	Number of Equity shares (No.)	50,000	50,000
3.	Net Profit after tax ₹	-	-
4.	Earning per share ₹	-	-

27. In the opinion of the Board, on realization in the ordinary course of the company's business the other current assets and loans and advances as stated in the balance sheet are expected to produce at least the amount at which they are stated.

28. The Company has complied with all the applicable Accounting Standards notified under section 211 of the Companies Act 1956. However AS -22 relating to Deferred Tax Liability /Asset pertaining to timing difference is not applicable to the company in view of the fact that the company is still in the construction phase and yet to commence its operation.

29. The Company owes no dues to small-scale units at year-end and hence provision of interest does not arise. Further based on information available with the management, there are no dues payable to enterprises covered under "Micro, Small and Medium Enterprises Development Act, 2006".

30. Most of the additional information pursuant to the provisions of Paragraph 5, (ii), (iii), (viii) of part II of New Schedule VI to the Companies Act, 1956 are not applicable to the company as the project is still at its development stage and the company has yet to start its commercial activities. Applicable information is provided as under:

(a) Expenditure in foreign currency – Nil

(b) Income in foreign exchange – Nil

31. Since there are no employees in the company, the obligation as per Accounting Standard-15 (Revised) do not arises.

32. Figures have been rounded off to the nearest Rupee unless otherwise stated.

33. Previous Year Figures

Till the year ended 31st March,2011 the company was using pre-revised Schedule-VI to the Companies Act, 1956, for preparation and presentation of its financial statements. During the year ended 31st March 2012, the revised Schedule VI notified under the Companies Act 1956, has became applicable to the company. The company has reclassified/regrouped previous year figures to conform with current year classification.

For and On behalf of Board of Directors

Alok Sud
Director

R.Nagarajan
Chairman

SIGNED IN TERMS OF OUR REPORT OF EVEN DATE
For & On Behalf of
M.D.Gujrati & Co.
(CHARTERED ACCOUNTANTS)
(Firm Reg. No:005301N)

R.K.Agrawal
(Partner)
M No.:76984

Place : New Delhi
Dated: 17th May, 2012

ORISSA INTEGRATED POWER LIMITED

(A wholly owned subsidiary of Power Finance Corporation Limited)

Directors' Report 2011-2012

To

The Members,

Your Directors have pleasure in presenting the 6th Annual Report on the performance of the Company for the financial year ending on 31st March, 2012 along with Audited Statement of Accounts, Auditor's Report and Review of the Accounts by the Comptroller & Auditor General of India for the reporting period.

OPERATIONAL ACTIVITIES

Your Company was incorporated on 24th August, 2006 as a Special Purpose Vehicle (SPV) for Orissa UMPP by Power Finance Corporation Limited (PFC) as its wholly owned subsidiary Company.

Power produced from the project would be procured by nine States namely Odisha (1300 MW), Punjab (500 MW), Rajasthan (400 MW), Haryana (400 MW), Madhya Pradesh (400 MW), Uttar Pradesh (300 MW), Tamil Nadu (300 MW), Uttarakhand (200 MW), and Chhattisgarh (200 MW).

Brief status of the Project as on date of this report is as follows:

1. The Department of Water Resources, Government of Odisha (GoO) allocated water for the Project from the single source i.e. from Hirakud reservoir in January 2009, on the condition of receipt of undertaking for funding the development of additional storage scheme in the upstream of Hirakud Dam. The undertaking to this effect was given in July 2011.
2. Ministry of Coal, Government of India had allocated Meenakshi (285 MT), Meenakshi-B (250 MT) and Dipside of Meenakshi (350 MT) coal blocks located in the Ib river coal fields to Orissa Integrated Power Limited for the Project. Consequent to surrender of forest land and subsequent redrawn of boundaries, the coal reserves has been revised by Ministry of Power, GoI to Meenakshi (285 MT), Meenakshi-B (254 MT) and Dipside of Meenakshi (299 MT). MoEF categorized the Coal blocks from "No-Go" area to "Go" area in June 2011.
3. Section-6 Gazette notifications as per Land Acquisition Act 1894 for the land for Power Plant has been issued by the Government of Odisha in June 2011.
4. Application for diversion for Forest land for non forest use was submitted to RCCF through IDCO in May 2011, is under process in the office of RCCF in Rourkela.
5. The last date for submission of Request for Qualification (RfQ) issued on 11th June, 2010 was extended six times by two months on each occasion by the directions of Ministry of Power, GoI . The responses to RfQ were finally received on 1st August, 2011 from 20 bidders. The evaluation of the responses to RfQs is under process. The extensions of the validity of the responses to RfQ have been obtained from the bidders twice by three months on each occasion till 31st July, 2012.
6. An application has been made to Central Electricity Regulatory Commission for extension of bid process time by another 730 days from the current deadline of 9th June, 2012. The petition was heard by CERC on 14th June, 2012.
7. Project Information Reports have been prepared and have been duly accepted by CEA in March 2012.
8. Application along with the required reports have been submitted to MoEF in January 2012 for obtaining environmental clearance.

FINANCIAL REVIEW

During the year under review, your Company has not started its commercial activities. However, during the year the Company has spent an amount of ₹ 1429.04 Lakh in the development of the Project which has been transferred to capital work in progress. The Company has incurred total expenditure of ₹ 7156 Lakh till 31st March, 2012.

DIVIDEND

As the Company has not started its commercial activities no dividend has been declared for the financial year 2011-12.

SHARE CAPITAL

The paid-up share capital of the Company is ₹ 5,00,000/- (₹ Five Lac only) comprising of 50,000 equity shares of ₹ 10/- each. The entire paid up share capital of the Company is held by Power Finance Corporation Limited (PFC) and its nominees.

COMMITMENT ADVANCE

Your company has received the entire commitment advance of ₹ 4000.00 Lakh from all the procurers.

FIXED DEPOSITS

The Company has not accepted any fixed deposit during the year ending 31st March, 2012.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNING & OUTGO

As the Company's operations do not involve any manufacturing or processing activities, the particulars as per the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, regarding conservation of energy and technology absorption, are not applicable. During the year under review, there is no foreign exchange earning and outgo.

AUDITOR'S REPORT

M/s. Jain & Malhotra, Chartered Accountants, were appointed as Statutory Auditors of the Company for the financial year 2011-2012 by the Comptroller & Auditor General of India. There is no adverse comment, observation or qualification in the Auditor's Report on the accounts of the Company.

PARTICULARS OF EMPLOYEES U/S 217 (2A) OF THE COMPANIES ACT, 1956

The Company has no employees on its roll. Hence, the particulars of employees as prescribed under section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 are not applicable.

DIRECTORS

Since the date of last Directors' Report, pursuant to the office order issued by Power Finance Corporation Limited (PFC), Holding Company, Shri P.P.Srivastava has been appointed as additional Director of the Company in place of Shri Ashwani Sharma w.e.f. 28th November, 2011. Your Board places on record its deep appreciation for the valuable contribution made by Shri Ashwani Sharma during his tenure as Director of the Company.

In terms of the provisions of Section 260 of the Companies Act 1956, Shri P.P.Srivastava will hold office upto the date of ensuing Annual General Meeting. The Company has received a notice along with requisite fee, under section 257 of the Companies Act, 1956, proposing his candidature for the office of Director liable to retire by rotation. The Board recommends that Shri P.P.Srivastava may be appointed as a Director, liable to retire by rotation.

In accordance with the provisions of Section(s) 255 & 256 of the Companies Act 1956, Shri M.K.Goel, Chairman and Shri N.D.Tyagi, Director shall retire by rotation at the ensuing Annual General Meeting of the Company and being eligible have offered themselves for re-appointment.

Consequent to the aforesaid changes, presently the Board of Directors of the Company comprises of the following:

1.	Shri M.K.Goel	Chairman
2.	Shri N. D. Tyagi	Director
3.	Shri P.P.Srivastava	Director
4.	Shri K. Sridhar	Director
5.	Shri Yogesh Juneja	Director
6.	Shri Hemant Sharma	Director (Representing State of Orissa)
7.	Shri Y.K.Raizada	Director (Representing State of Rajasthan)
8.	Shri G.S.Chhabra	Director (Representing State of Punjab)

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL (C&AG) OF INDIA

C&AG vide their letter dated 7th June, 2012 mentioned that they have decided not to review the report of the Statutory Auditors on the accounts of the Company for the year ended 31st March, 2012 and as such have no comments to make under Section 619(4) of the Companies Act, 1956. A copy of the letter issued by C&AG in this regard is placed at Annexure-I.

DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 217(2AA) of the Companies Act, 1956, your Directors confirm that:

- In the preparation of Annual Accounts for the financial year 2011-12, the applicable accounting standards had been followed along with proper explanation relating to material departure.
- The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of the affairs of the Company at the end of the financial year 2011-12.
- The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provision of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- The Directors had prepared the annual accounts on a going concern basis.

ACKNOWLEDGEMENT

The Directors place on record their gratitude to the Central and State Governments and various Government agencies for the assistance, co-operation and encouragement they extended to the Company. The Company, in particular, is thankful to the Comptroller & Auditor General of India, the Ministry of Power, Government of Orissa, the Statutory Auditors and PFC for their suggestions and unstinted co-operation and guidance.

For and on behalf of the Board of Directors

Sd/-
M. K. Goel
Chairman

Place: New Delhi
Date: 3rd August, 2012

Annexure-I

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF ORISSA INTEGERATED POWER COMPANY LIMITED, NEW DELHI FOR THE YEAR ENDED 31 MARCH 2012

The preparation of financial statements of Orissa Integerated Power Limited, New Delhi, for the year ended 31 March 2012 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the company. The statutory auditors appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 are responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956 based on independent audit in accordance with the auditing and assurance standards prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 04 May 2012.

I, on behalf of the Comptroller and Auditor General of India, have decided not to review the report of the Statutory Auditors on the accounts of Orissa Integerated Power Limited, New Delhi, for the year ended 31 March 2012 and as such have no comments to make under Section 619(4) of the Companies Act, 1956.

For and on the behalf of the
Comptroller & Auditor General of India

(Praveen Kumar Singh)
Principal Director of Commercial Audit &
Ex-officio Member Audit Board – III,
New Delhi

Place: New Delhi
Dated: 07 June 2012

AUDITOR'S REPORT

TO

THE MEMBERS
ORISSA INTEGRATED POWER LIMITED

1. We have audited the attached Balance Sheet of **M/s ORISSA INTEGRATED POWER LIMITED** as at **31st March 2012** and also the Statement of Profit and Loss and cash flow statement of the company for the year ended as on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditor's Report) Order,2003 read with the companies (Auditor's report)Amendment order,2004, issued by the Central Government of India in term of Section 227(4A) of the Companies Act,1956, we enclosed in the Annexure a statement on the matters in paragraph 4 and 5 of the said order to the extent applicable.

4. Further to our comments in the annexure referred to above ,We report that:

   a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.

   b) In our opinion proper books of accounts as required by Law have been kept by the Company so far as appears from our examination of such books;

   c) The Balance Sheet, Statement of Profit & Loss and cash flow statement dealt with by his report are in agreement with the books of accounts;

   d) In our opinion and to the best of our information and to the explanations given to us the said Balance Sheet, Statement of Profit & Loss and cash flow statement dealt with by this report comply with the Mandatory Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.

   e) Being a Government Company, Section 274(1) g of the companies act, 1956 s not applicable.

   f) In our opinion, and to the best of our information and according to the explanations given to us, the said Balance Sheet and Statement of Profit & Loss read together with the notes thereon gives the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.

      (i) In so far as it relates to the **Balance Sheet** of the **state of affairs** of the Company as at 31st March 2012; and

      (ii) In so far as it relates to the **Statement of Profit and Loss** of the NIL (profit/Loss) for the year ended on that date.

      (iii) In the case of the **Cash Flow Statement**, of the cash flow for he year ended on that date

For JAIN & MALHOTRA
Firm Registration No.003610N
Chartered Accountants
Deepak Malhotra
Partner
Membership No. 080951

Place : New Delhi
Dated: 4th May, 2012

ANNEXURE TO THE AUDITOR'S REPORT

(Referred to in Paragraph (3) of our report of even date)

1. In respect of its fixed assets:

   a. In our opinion and according to information and explanation given to us, The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets on the basis of available information.

   b. As explained to us, the Fixed Assets have been physically verified by the Management during the year which in our opinion is reasonable, having regard to the size of the company and nature of its assets. No material discrepancies were noticed on such physical verification.

   c. As explained to us, the Company has not disposed off substantial part of fixed assets during the year.

2. The Company does not have any inventories.

3. The Company has neither granted nor accepted any loans, secured or unsecured to a party covered in the register maintained under Sec.301 of the Companies Act.1956.

4. In our opinion and according to the information and explanations given to us, there is an adequate internal control procedure commensurate with the size of the Company and the nature of its business for the purchase of inventories, fixed assets and for the sale of goods and services. During the course of our Audit, we have not observed any continuing failure to correct major weaknesses in internal controls.

5. In our opinion, and according to the information and explanations given by the management, we are of the opinion that there are no transactions made in pursuance of the contracts or arrangements that need to be entered in the register maintained under section-301 of the Companies Act, 1956.

6. No deposits within the meaning of provisions of section 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of deposits) Rules, 1975 have been accepted by the Company.

7. The company does not have paid up capital and reserves of Rs. 50 Lakhs as at the commencement of the financial year and also did not have turnover exceeding 5 crore rupees for a period of three consecutive financial years immediately preceding the financial year concerned, the provisions of para 4(vii) of the Companies (Auditor's Report) Order, 2003 are not applicable to company.

8. The Central Government has not prescribed for the maintenance of cost records under Section 209(l)(d) of the Companies Act 1956.

9. According to the information and explanation given to us, no undisputed statutory dues including Provident Fund, Employees State Insurance, Income Tax, Wealth Tax, Service Tax, Sales Tax, Custom duty, Excise duty and any other material statutory dues, wherever applicable, were outstanding as at 31st March 2012 for a period of more than six months from the date they became payable. Consequently, clauses 4(ix) (b) of the Order are not applicable to the Company.

10. The Company has accumulated losses of Rs. 2153903.00. However it has not incurred any cash losses during the financial year covered by our audit or in the immediately preceding financial year

11. Based on our audit procedures and according to the information and explanations given to us, we are of the opinion that the company has not defaulted in repayment of dues to financial institutions or banks.

12. In our opinion and according to the information and explanations given to us, no loans and advances have been granted by the Company on the basis of security by way of pledge of shares and other securities.

13. The Company is not a chit fund/nidhi/mutual benefit fund/society. Accordingly, clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 is not applicable to the Company.

14. Since the Company is not dealing or trading in shares, securities, debentures and other investments, paragraph 4(xiv) of the Order is not applicable.

15. The company has not given guarantees for loans taken by others from Banks or financial institutions.

16. In our opinion and according to information and explanations give to us and on the basis of examination of books of accounts, no term loans have been raised by the company.

17. According to the information and explanation given to us and on overall examination of the Balance Sheet of the Company, we report that no funds raised on short-term basis have been used for long term investments. No long term funds have been used to finance short – term assets except permanent working capital.

18. The Company has not issued any preferential allotment of shares during the year.

19. The Company has not issued any debentures during the year.

20. The Company has not raised any money by way of public issue during the year.

21. In our opinion and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

For JAIN & MALHOTRA
Firm Registration No.003610N
Chartered Accountants
Deepak Malhotra
Partner
Membership No. 080951

Place : New Delhi
Dated: 4th May, 2012

ORISSA INTEGRATED POWER LIMITED
BALANCE SHEET AS AT 31.03.2012

(Amount in ₹)

Description	Note No.	As at 31.03.2012	As at 31.03.2011
I. EQUITY AND LIABILITIES			
(1) Shareholder's Fund			
(a) Share Capital	3	**5,00,000**	5,00,000
(b) Reserves & Surplus	4	**(21,53,903)**	(21,53,903)
		(16,53,903)	(16,53,903)
(2) Non-current Liabilities			
(a) Long Term Borrowings		**-**	-
(b) Long - Term Provisions	7	**-**	-
(3) Current Liabilities			
(a) Short Term Borrowings	5	**58,89,87,058**	51,33,75,347
(b) Other Current Liabilities	6	**19,81,15,935**	13,05,14,754
(c) Short- Term Provisions	7	**-**	25,908
		78,71,02,993	64,39,16,009
Total		**78,54,49,090**	64,22,62,106
II. ASSETS			
(1) Non-current Assets			
(a) Fixed Assets			
(i) Tangible Assets	8	**5,46,087**	2,40,944
(ii) Capital Work in Progress	9	**71,19,99,493**	56,90,95,720
		71,25,45,580	56,93,36,664
(b) Long-term loans and advances	11	**-**	-
(2) CURRENT ASSETS			
(a) Cash and cash equivalents	10	**1,79,470**	1,80,070
(b) Short-term loans and advances	11	**75,77,637**	75,98,969
(c) Other Current Assets	12	**6,51,46,403**	6,51,46,403
		7,29,03,510	7,29,25,442
Total		**78,54,49,090**	64,22,62,106
Expenditure during Construction Period	13		
Corporate Information	1		
Summary of Significant accounting policies	2		

The accompanying notes are an integral part of the financial statements

For & On Behalf of Board of Directors

(P.P. Srivastava) **Director**	**(K.Sridhar)** **Director**	**(M.K. Goel)** **Chairman**

SIGNED IN TERMS OF OUR REPORT OF EVEN DATE
For & On Behalf of
Jain & Malhotra
CHARTERED ACCOUNTANTS
Firm Reg. No: 003610N

Deepak Malhotra
(Partner)
M. No. 80951

Place : New Delhi
Dated: 4th May, 2012

ORISSA INTEGRATED POWER LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31.03.2012

(Amount in ₹)

	Description	Note No.	Year ended 31.03.2012	Year ended 31.03.2011
I.	**Revenue from Operations**		-	-
II.	**Other Income**			
	Interest on Income Tax Refund		-	83,844
III.	**Total Revenue (I+II)**		-	83,844
IV.	**Expenses**		-	-
	Total Expenses		-	-
V.	**Profit before exceptional and extraordinary items and tax (III-IV)**		-	83,844
VI.	Exceptional itmes		-	-
VII.	**Profit before extraordinary items and tax (V-VI)**		-	83,844
VIII.	Extraordinary itmes		-	-
IX.	**Profit Before Tax (VII-VIII)**		-	83,844
X.	**Tax Expenses**			
	(1) Current Tax		-	25,908
	(2) Deferred Tax		-	-
XI.	**Profit (Loss) for the period (IX-X)**		-	57,936
XII.	**Profit (Loss) from discontinuing operations**		-	-
XIII.	**Tax Expense of discontinuing operations**		-	-
XIV.	**Profit (Loss) from discontinuing operations (after Tax) (XII-XIII)**		-	-
XV.	**Profit (Loss) for the period (XI +XIV)**		-	57,936
XVI.	**Earnings per equity shares:**			
	(1) Basic	36	-	1.16
	(2) Diluted	0	-	1.16
	Expenditure during Construction Period	13		
	Corporate Information	1		
	Summary of Significant accounting policies	2		

The accompanying notes are an integral part of the financial statements

For & On Behalf of Board of Directors

(P.P. Srivastava) **Director**	**(K.Sridhar)** **Director**	**(M.K. Goel)** **Chairman**

SIGNED IN TERMS OF OUR REPORT OF EVEN DATE
For & On Behalf of
Jain & Malhotra
CHARTERED ACCOUNTANTS
Firm Reg. No: 003610N

Deepak Malhotra
(Partner)
M. No. 80951

Place : New Delhi
Dated: 4th May, 2012

ORISSA INTEGRATED POWER LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2012

(Amount in ₹)

	PARTICULARS	Year ended 31.03.2012	Year ended 31.03.2011
A.	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Net Profit/(Loss) as per Profit & Loss A/c	-	57,936
	Depreciation		
	Prior Period Expenses/ Preliminary expenses	-	-
	Operating profit before working capital changes	-	57,936
	Adjustment For Increase/Decrease in:		
	Other Current Assets	-	(1,91,797)
	Short-term loans and advances	**21,332**	27,96,44,368
	Current Liabilities & Provisions	**14,31,86,984**	5,28,72,105
	TOTAL	**14,32,08,316**	33,23,82,612
B.	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Capital Work in Progress (Net of depreciation)	**(14,27,86,294)**	(44,60,76,239)
	Purchase of fixed assets	**(4,22,622)**	-
	TOTAL	**(14,32,08,916)**	(44,60,76,239)
C.	**CASH FLOW FROM FINANCING ACTIVITIES**		
	Increase in Unsecured Loans	-	11,33,75,347
	TOTAL	-	11,33,75,347
	NET INCREASE/(DECREASE) IN CASH FLOW(A+B+C)	**(600)**	(3,18,280)
	CASH & CASH EQUIVALENT AT THE BEGINNING OF THE YEAR	**1,80,070**	4,98,350
	CASH & CASH EQUIVALENT AT THE END OF THE YEAR	**1,79,470**	1,80,070
	Cash on hand and balance with banks	**1,79,470**	1,80,070
	Other Cash and Cash Equivalents	-	-

For & On Behalf of Board of Directors

(P.P. Srivastava) Director	(K.Sridhar) Director	(M.K. Goel) Chairman

SIGNED IN TERMS OF OUR REPORT OF EVEN DATE
For & On Behalf of
Jain & Malhotra
CHARTERED ACCOUNTANTS
Firm Reg. No: 003610N

Deepak Malhotra
(Partner)
M. No. 80951

Place : New Delhi
Dated: 4th May, 2012

ORISSA INTEGRATED POWER LIMITED
Notes to Financial Statements for the year ended 31.03.2012

1. **CORPORATE INFORMATION**

The Company was incorporated on 24/08/2006 under the Companies Act, 1956 as a wholly owned subsidiary of Power Finance Corporation Limited (PFC), a Govt. of India Undertaking. Certificate for Commencement of Business was issued on 29/09/2006. The Company is a special purpose vehicle incorporated to facilitate the acquisition of land and complete preliminary work regarding statutory clearances including that of environment, forest etc. for the purpose of establishing ultra mega power project of 4000 MW in the state of Orissa (Project).

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

a. **Basis of Preparation**

The Company prepares its financial statements in accordance with applicable accounting standards and generally accepted accounting principles and also in accordance with requirements of the Companies Act, 1956.

b. **Use of Estimate**

The preparation of financial statements requires management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities), revenues and expenses of the reporting period. The difference between the actual results and estimates are recognized in the period in which the results are known and/or materialized.

c. **Recognition of Income/ Expenditure**

Income and expenses (except as stated below) are accounted for on accrual basis.

Fees for advisory and professional services for developing Ultra Mega Power Project payable to PFC/PFCCL will be accounted for in the year of transfer of the company to the successful bidder.

d. **Fixed Assets**

Fixed assets are shown at historical cost less current/ accumulated depreciation. The company capitalizes all direct cost including borrowing cost up to the date of commercial use of such assets.

e. **Depreciation**

Depreciation on assets is provided on Written Down Value method, in accordance with the rates prescribed in Schedule XIV of the Companies Act, 1956.

Items of fixed assets acquired during the year costing up to ₹ 5000/- are fully depreciated.

f. **Capital Work in Progress**

Expenditure incurred on Land/Survey/ Studies/ Investigations/ Consultancy/ Administration /Depreciation/Interest etc has been treated as Capital Work In Progress.

g. **Loans**

Expenditure incurred by the company for the Project is financed by the Holding Company/Procurers and considered as Unsecured Loan. Interest has been charged on funds deployed by them.

h. **Loans and Advances**

The Surplus fund parked by the company with the Holding company (PFC) has been considered as loan and advances and interest has been claimed on such funds from Holding company.

i. **Investments**

Investments are stated at cost.

j. **Borrowing Cost**

Borrowing cost is charged to the statement of profit & loss for the year in which it is incurred except for capital assets which is capitalized till the date of commercial use of the assets.

k. **Taxes on Income**

Provision for taxation includes provision for Income Tax and Deferred Tax. Current Income tax has been provided at the rates in force in accordance with the provisions of Income Tax Act 1961 including interest liability, if any. Deferred Tax assets/ liabilities have been accounted for in accordance with the principles laid down under Accounting Standard 22 notified under the Companies act 1956.

l. Preliminary Expenses

Preliminary expenses are written off in the year in which such expenditure has been incurred, in compliance with the opinion of the Expert Advisory Committee (EAC) of The Institute of Chartered Accountants of India.

m. Contingent Liability

Contingent liabilities are not provided but are disclosed by way of notes on the basis of available information available/ judgment of the management.

n. Cash Flow Statement

Cash flow Statement is prepared in accordance with the indirect method prescribed in Accounting Standard-3 on Cash Flow Statement.

3. SHARE CAPITAL

(Amount in ₹)

Description	As at 31.03.2012	As at 31.03.2011
Authorised :		
50,000 Equity shares of ₹ 10/- each (Previous year 50,000 Equity shares of ₹ 10/- each)	**5,00,000**	5,00,000
Issued, subscribed and fully paid up shares :		
50,000 Equity shares of ₹ 10/- each (Previous year 50,000 Equity shares of ₹ 10/- each)	**5,00,000**	5,00,000
Total Issued, subscribed and fully paid up share capital	**5,00,000**	5,00,000

a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Equity Shares

	31 March 2012		31 March 2011	
	No. of Shares	**Amount (₹)**	No. of Shares	Amount (₹)
At the beginning of the period	**50,000**	**5,00,000**	50,000	5,00,000
Issued During the period	**-**	**-**	-	-
Outstanding at the end of the period	**50,000**	**5,00,000**	50,000	5,00,000

b. Terms/ rights attached to equity shares

The Company has only one class of equity shares having par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c. Shares held by holding company

Out of equity shares issued by the company, shares held by its Holding Company are as below:

Amount (₹)

	31 March 2012	31 March 2011
Power Finance Corporation Limited, the Holding Company		
50,000 (31 March 2011: 50,000) equity shares of ₹ 10 each fully paid	**5,00,000**	5,00,000

d. Details of shareholders holding more than 5% shares in the company

	31 March 2012		31 March 2011	
	No. of Shares	**% holding in the class**	No. of Shares	% holding in the class
Equity Shares of ₹ 10 each fully paid				
Power Finance Corporation Limited, the Holding Company *	**50,000**	**100%**	50,000	100%
	50,000	**100%**	50,000	100%

* Out of 50,000 (PY: 50,000) equity shares 700 (PY: 700) shares are held by nominees of Power Finance Corporation Limited on its behalf.

4. RESERVES & SURPLUS

(Amount in ₹)

Description	As at 31.03.2012	As at 31.03.2011
Surplus in the statement of Profit and Loss Account	**(21,53,903)**	(22,11,839)
Add : Addition during period	**-**	57,936
TOTAL	**(21,53,903)**	(21,53,903)

5. SHORT TERM BORROWINGS

(Amount in ₹)

Description	As at 31.03.2012	As at 31.03.2011
Commitment Advances		
Ajmer VVNL	**1,44,00,000**	1,44,00,000
CSEB	**2,00,00,000**	2,00,00,000
Gridco	**13,00,00,000**	13,00,00,000
HPGCL	**4,00,00,000**	4,00,00,000
Jaipur VVNL	**1,44,00,000**	1,44,00,000
Jodhpur VVNL	**1,12,00,000**	1,12,00,000
M.P.Power Trading Co. Ltd.	**4,00,00,000**	4,00,00,000
Punjab State Electricity Board	**5,00,00,000**	5,00,00,000
Tamilnadu Electricity Baord	**3,00,00,000**	3,00,00,000
UPPCL	**3,00,00,000**	3,00,00,000
Uttaranchal Power C.L	**2,00,00,000**	2,00,00,000
Loan & Advance from related party		
Power Finance Corporation	**18,89,87,058**	11,33,75,347
TOTAL	**58,89,87,058**	51,33,75,347
The above amount includes		
Secured Borrowings	**-**	-
Unsecured Borrowings	**58,89,87,058**	51,33,75,347

6. OTHER CURRENT LIABILITIES

(Amount in ₹)

Description	As at 31.03.2012	As at 31.03.2011
Interest Payable	**18,96,82,380**	12,22,50,263
Others		
TDS Payable	**50,21,894**	44,37,219
Other Liabilities	**34,11,661**	38,27,272
TOTAL	**19,81,15,935**	13,05,14,754

7. PROVISION

(Amount in ₹)

Description	**Long-Term**		**Short -Term**	
	As at 31.03.2012	As at 31.03.2011	**As at 31.03.2012**	As at 31.03.2011
Taxation - Income Tax (net)	**-**	-	**-**	25,908
TOTAL	**-**	-	**-**	25,908

8. TANGIBLE ASSETS

(Amount in ₹)

Description	GROSS BLOCK				DEPRECIATION			NET BLOCK	
	Opening Balance as at 01.04.2011	Additions/ Adjustments	Deductions/ Adjustments	Closing Balance as at 31.03.2012	Opening Balance as at 01.04.2011	For the Year 01.04.2011 to 31.03.2012	Closing Balance as at 31.03.2012	As at 31.03.2012	As at 31.03.2011
Owned Assets									
Furniture & Fixtures	2,05,343	-	-	2,05,343	57,265	26,802	84,067	1,21,276	1,48,078
EDP Equipments	97,000	4,15,245	-	5,12,245	54,171	83,372	1,37,543	3,74,702	42,829
Office and other equipments	64,000	7,377	-	71,377	13,963	7,306	21,269	50,108	50,037
Total	**366,343**	**4,22,622**	**-**	**7,88,965**	**1,25,399**	**1,17,479**	**2,42,878**	**5,46,087**	**2,40,944**
Previous Year	3,66,343	-	-	3,66,343	56,037	69,362	1,25,399	2,40,944	3,10,306

9. CAPITAL WORK IN PROGRESS

(Amount in ₹)

Description	As at 31.03.2012	As at 31.03.2011
Opening Capital Work in Progress	**17,51,65,888**	7,57,62,899
Add: Transferred from expenditure During Construction Period (Note-13)	**14,29,03,773**	9,94,02,989
	31,80,69,661	17,51,65,888
Capital Expenditure for Land	**39,39,29,832**	39,39,29,832
TOTAL	**71,19,99,493**	56,90,95,720

10. CASH AND CASH EQUIVALENTS

(Amount in ₹)

Description	Non-Current As at 31.03.2012	Non-Current As at 31.03.2011	Current As at 31.03.2012	Current As at 31.03.2011
Cash on Hand				
Balances with banks:				
In Current Account	-	-	**1,79,470**	1,80,070
TOTAL	-	-	**1,79,470**	1,80,070

11. LOANS AND ADVANCES

(Amount in ₹)

Description	Non-Current As at 31.03.2012	Non-Current As at 31.03.2011	Current As at 31.03.2012	Current As at 31.03.2011
Security Deposit				
Secured, considered good	-	-	-	-
Unsecured, considered good	-	-	-	-
Doubtful	-	-	-	-
	-	-	-	-
Loans and advances to related parties				
Unsecured, considered good	-	-	-	-
Advances recoverable in cash or kind				
Secured, considered good	-	-	-	-
Unsecured, considered good	-	-	-	-
	-	-	-	-
Other loans and advances				
Advance Income Tax (net of provision for taxation)	-	-	-	-
Tax deducted at source	-	-	**75,77,637**	75,98,969
Income tax and FBT refundable	-	-	-	-
	-	-	**75,77,637**	75,98,969
Total	-	-	**75,77,637**	75,98,969

Loans and advances due by directors or other officers, etc.

(Amount in ₹)

Description	Non-Current As at 31.03.2012	Non-Current As at 31.03.2011	Current As at 31.03.2012	Current As at 31.03.2011
Loans to employees include				
Dues from non-executive directors	-	-	-	-
Dues from officers	-	-	-	-
Dues from non- executive and officers jointly with other persons	-	-	-	-
Loans and advances to related parties include				
Dues from partenership firm (name) in which the company's executive director is a partner	-	-	-	-
Dues from (Name of co.) in which the company's managing director is a member.	-	-	-	-
Advances recoverable in cash or kind include				
Dues from the partnership firm (name) in which the company's non-executive director is a partner	-	-	-	-

12. OTHER CURRENT ASSETS

(Amount in ₹)

Description	As at 31.03.2012	As at 31.03.2011
Interest receivable from related parties	**6,51,46,403**	6,51,46,403
TOTAL	**6,51,46,403**	6,51,46,403

13. EXPENDITURE DURING CONSTRUCTION PERIOD

(Amount in ₹)

Description	Year ended 31.03.2012	Year ended 31.03.2011
(a) Expenses		
Manpower Charges	**5,07,26,290**	1,35,55,298
Bank Charges	**600**	650
Audit Fees	**87,781**	68,938
Consultancy Charges & Professional Fee	**27,89,077**	28,49,701
Depreciation	**1,17,479**	69,362
Advertisement Expenses	**83,17,768**	1,46,06,001
Fees & Legal Expenses	**14,518**	11,338
Conference & Meetings	**1,27,803**	3,40,826
Cost of Document	**14,00,000**	7,00,000
Interest on utilised portion	**7,24,45,233**	5,51,00,783
Interest on un-utilised portion	**-**	2,13,129
Wages-Casual Staff	**16,99,312**	9,19,845
Vehicle Hiring Charges	**5,77,756**	5,93,448
Survey and Investigation	**25,72,728**	98,72,150
Telephone Expenses	**45,401**	56,882
Tours & Travelling Expenses	**17,05,052**	7,76,406
Public Hearing Expenses	**-**	3,03,830
Rent	**6,03,810**	84,000
Printing & Stationery Expenses	**85,204**	95,233
Postage & Courier	**9,662**	-
Electricity Expense	**65,213**	-
Repair & Maintenance	**49,853**	-
Other administation Expenses	**8,63,233**	98,298
Total (a)	**14,43,03,773**	10,03,16,118
(b) Other Income		
Interest on un-utilised portion (TDS Rs. NIL , Previous year Rs.Nil)	**-**	2,13,129
Sale of RFQ	**14,00,000**	7,00,000
Total (b)	**14,00,000**	9,13,129
Total (a-b)	**14,29,03,773**	9,94,02,989

14. The Key Management Personnel of the Company are employee of the PFC Ltd (Holding Company) and PFC Consulting Ltd (A wholly owned subsidiary of PFC Ltd) and deployed on Part Time basis.

The details of such Key Management Personnel as on 31.03.2012 are as follows:

S. No.	Name	Designation	Date of Appointment	Date of Cessation
1.	Shri M.K.Goel	Chairman	02.11.2007	Continuing
2.	Shri G.S.Chhabra *	Director	14.07.2010	Continuing
3.	Shri A.C.Malik *	Director	02.11.2007	20.05.2011
4.	Shri Y.K.Raizada *	Director	21.02.2008	Continuing
5.	Shri K. Sridhar	Director	24.12.2008	Continuing
6.	Shri N.D.Tyagi	Director	30.12.2009	Continuing
7.	Shri Yogesh Juneja	Director	30.12.2009	Continuing
8.	Shri Ashwani Sharma	Director	12.06.2009	16.12.2011
9.	Shri P.P Srivastava	Director	16.12.2011	Continuing
10.	Shri Hemant Sharma*	Director	20.05.2011	Continuing

* from Power Procuring States

15. Pursuant to the Financing Agreement between PFC and the Company, the entire expenditure on development of the Project being developed by the Company were incurred by PFC from its own funds until receipt of the commitment advance from the procurers and thereafter out of Commitment Advance received from Procurers.

16. The expenses appearing as other Administrative Expenses in the Note-13 “Expenditure during Construction period” include Entertainment Expenses, Festival expenses etc.

17. Original Supporting bills in respect of expenditure incurred by the PFC/ PFCCL are retained by them of which copies are available with the Company. The holding company is complying with all statutory provisions relating to the ‘Deduction of tax at source etc. as applicable to these expenses.

18. All the work for the Company are executed by PFC Consulting Ltd (PFCCL). Manpower charges of ₹ 5,07,26,291/-(Previous Year ₹ 1,35,55,298/-) of PFCCL employees, charged by PFCCL on the basis of cost to company based on actual man days spent for the Company as per invoice raised by PFCCL, which include charges for Sh. N.D.Tyagi (Director) ₹ 16,61,860/-(Previous Year ₹ 8,85,709/-), Sh.Ashwani Sharma (Director) ₹ 42,25,615/- (Previous Year ₹ 59,90,669/-), Sh.P.P.Srivastava ₹ 25,35,010/- (Previous Year ₹ Nil/-) and Sh. Yogesh Juneja (Director) ₹ 71,864/- (Previous Year ₹ 18,200/-) who are/were the directors of the Company. PFC is complying statutory provisions related to deduction of tax at source applicable to expenses allocated by it.

19. In view of decision of Ministry of Power, Government of India, the Company has received, entire Commitment Advance of ₹ 40,00,00,000/- (Previous Year ₹ 40,00,00,000/-) from the Power Procuring Utilities (Procurers), as their contribution against allotment of specified quota of power to be made on completion of the project by way of a Power Purchase Agreement with respective Procurers and successful bidder. The said commitment advance has been shown in the Balance Sheet as Short Term Borrowings. The Company is under no obligation to pay interest on the commitment advance received, however, as per the decision taken by the Company/ Holding Company, interest has been provided on these commitment advance. The said commitment advance along with accrued interest as per terms of financing agreement shall be repayable to the procurers within 15 days from the date of transfer of the company by the Holding Company to its successful bidder.

20. Pursuant to the Financing Agreement with PFC total commitment advance of ₹ 40,00,00,000/- (Previous Year ₹ 40,00,00,000/-) received from procurers was given to the Holding Company (PFC) to meet out expenditures for the project on behalf of the company and to invest/ retain remaining unutilized portion of commitment advance as short term deposit which along with interest due thereon is appearing under the head Current Assets in the Balance Sheet.

21. The Company pays interest to PFC on the expenses incurred by them on behalf of the company from their funds and also to the Procurers on commitment advance bifurcating into fund utilized for the project and funds unutilized at rates as per the policy of the holding company. The rate of interest charged on the utilized amount of funds is as applicable in PFC for the Project Loan/Schemes (Generation) for Borrowers under category "State Sector Borrowers (Category 'A')" as determined from time to time and on unutilized portion of funds, the interest received/paid is on “monthly average short term deposit rate of PFC". Interest on unutilized portion of funds is receivable from PFC and the same is payable to Procurers. Interest expenses of ₹ 7,24,45,233/- (Previous Year ₹ 5,53,13,912/-) includes interest on borrowed fund amounting to ₹ NIL (Gross) (Previous Year ₹ 2,13,129/-) on unutilized portion and ₹ 7,24,45,233/- (Previous Year ₹ 5,51,00,783/-) on utilized portion. Interest on utilized portion has been capitalized.

22. The Company has agreed to pay a sum of ₹ 50,00,00,000/- plus applicable taxes to PFC/PFCCL on account of fees for providing advisory & professional services rendered by PFC/PFCCL. The fees for providing advisory& professional services is payable to PFC/PFCCL only when successful bidder for the Project will be selected and company will be transferred to successful bidder, therefore no liability has been provided for fees payable to PFC/PFCCL, since the same will be charged in the year of transfer of the company to successful bidder only in the event of transfer of the company.

23. As per the scheme of setting up of the project, entire expenditure to be incurred by the company for project exploration and initial development work, including interest on funds deployed and Professional Fee of Rs. ₹ 50,00,00,000/- plus applicable taxes will be recovered from the successful bidder of the project as acquisition price for purchase of 100% equity shareholding of the company from its holding company, consequent upon which the company along with all its assets and liabilities shall stand transferred to such bidder.

24. i) Estimated amount of contracts remaining to be executed on Project (Capital Work in Progress) and not provided for ₹ 681.31 Crores (Previous Year ₹ 1.89 Crores)

ii) Contingent liabilities of the company and claims against the company not acknowledged by the company as certified by the management for the period is ₹ Nil against land (Refer note no.31) (Previous year ₹ 603.96 Crore).

25. Auditors Remuneration (including Service Tax)

S. No.	Particulars	2011-12 ₹	2010-11 ₹
1.	Statutory Audit Fees	**87,781**	68,938
2.	Other Audit Fees	**-**	41,363

26. The Company owes no dues to small-scale units at year end and hence provision of interest does not arise. Further based on information available with the management, there are no dues payable to enterprises covered under “Micro, Small and Medium Enterprises Development Act, 2006.”

27. Since there are no employees in the company, the obligation as per Accounting Standard- 15 (Revised) do not arises.

28. The disclosure as per AS18 – Related Party Disclosure :

The Orissa Integerated Power Limited is a wholly owned subsidiary of Power Finance Corporation Ltd. All key decisions are taken by the Board of Orissa Integerated Power Limited.

Detail of maximum credit (debit) balance during the period in the accounts of directors and other related parties as appeared in the accounts and as certified by the management is as under:

Power Finance Corporation Ltd C.Y : ₹ 18,89,87,058/-

P.Y : ₹ (27,88,67,174/-)

Details of Related Parties:-

S. No.	Name of the Related Party	Nature of Relationship
1.	Power Finance Corporation Limited	Holding Company
2.	PFC Consulting Limited	Fellow Subsidiary
3.	Chhattisgarh Surguja Power Limited	Fellow Subsidiary
4.	Coastal Karnataka Power Limited	Fellow Subsidiary
5.	Coastal Maharashtra Mega Power Limited	Fellow Subsidiary
6.	Ghogarpalli Integrated Power Company Limited	Fellow Subsidiary
7.	Coastal Tamil Nadu Power Limited	Fellow Subsidiary
8.	Sakhigopal Integrated Power Company Limited	Fellow Subsidiary
9.	Tatiya Andhra Mega Power Limited	Fellow Subsidiary
10.	PFC Green Energy Limited	Fellow Subsidiary
11.	PFC Capital Advisory Services Limited	Fellow Subsidiary
12.	Power Equity Capital Advisors Private Limited	Fellow Subsidiary
13.	DGEN & Uttrakhand Transmission Company Limited	Enterprise under common control
14.	Nagapattinam Madhugiri Transmission Company Limited	Enterprise under common control (till 29.03.2012)

The related Party Transactions was done during the year are as follows:-

(Amount in ₹)

S. No.	Particulars	2011-12		2010-11	
		PFC	PFCCL	PFC	PFCCL
1	Equity Contribution	-	-	-	-
2	Interest Income for the year	-	-	2,13,129	-
3	Interest Expenses for the year	2,23,14,083	-	1,10,54,729	-
4	Cost of Document	-	1,400,000	-	-
5	Manpower Charges*	5,07,26,290	-	1,35,55,298	-
6	**Closing Balance**				
a)	Interest receivable	6,51,46,403	-	6,51,46,403	-
b)	Interest Payable	3,33,74,546	-	1,10,60,463	-
c)	Short Term Borrowings	18,89,87,058	-	11,33,75,347	-
d)	Amount Payable	-	-	-	-

*Charged by PFCCL

29. Expenditure during Construction Period (Note-13) containing all expenses required to be capitalized has been prepared and the same has been included in Capital Work In Progress.

30. During the period the company has paid ₹ NIL (Previous Year ₹ 34,67,42,612/-) to Orissa Industrial Infrastructure Development Corporation (IDCO) towards administrative and establishment charges of collector, Sundargarh and IDCO for processing of acquisition of land for Orissa UMPP.

31. The land acquisition process for the Orissa UMPP is under way by the Orissa Govt. The notification under Section 6 of the Land Acquisition Act has been published by the Revenue and Disaster Management Department, Govt. of Odisha on 31.05.2011 (Gazette Notification date 23.06.2011) Orissa Industrial Infrastructure Development Corporation (IDCO) had intimated total dues of ₹ 679.67 Crores towards the estimated cost of land, IDCO administration charges and collector's establishment cost pertaining to acquisition of private land measuring 2732.56 acres. However payment for land is put on the hold. Decision for payment of cost of land is yet to taken by Board on the basis of progress of selection of developer.

32. Water allocation for the project was given by Govt. of Orissa subject to the condition that Company shall bear the cost of development of additional storage scheme in the upstream of Hirakud reservoir, the physical works and execution of which will be taken up by DOWR. This undertaking was given to Govt. of Orissa after obtaining approval from the Board. Govt. of Orissa is yet to intimate this cost which has to be borne by the Company.

33. The company has received ₹ 14,00,000/- on account of sale of RFQ/RFP document. The RFQ amount so received is repaid to PFCCL as per approval of the company. The management certifies that RFQ/RFP documents are prepared by PFCCL and sold on behalf of them.

34. In the opinion of the Board, on realization in the ordinary course of the company's business the other current assets and loans and advances as stated in the balance sheet are expected to produce at least the amount at which they are stated.

35. The company has sent letters to various parties included under the head Short Term Borrowings (Commitment advance), interest payable, interest receivables for confirmation of their balances as per the books of accounts of the company for which confirmations is yet to be received from the respective parties.

36. Earning Per Share

In terms of Accounting Standard 20 on "Earnings per Share" notified under the Companies Act 1956, Earning per share (Basic & Diluted) is worked out as follows: -

S. No.	Particulars	2011-12 (₹)	2010-11 (₹)
1	Nominal Value of share ₹	**10**	10
2	Number of Equity shares (No.)	**50,000**	50,000
3	Net Profit after tax ₹	**-**	57,936
4	Earning per share ₹	**-**	1.16

37. The additional information pursuant to the provisions of Paragraph 5, (ii),(iii), (viii) of part II of New Schedule VI to the Companies Act, 1956 are not applicable to the company as the project is still at its development stage and the company has yet to start its commercial activities. Applicable information is provided as under:

(a) Expenditure in foreign currency – Nil (Previous year-Nil)

(b) Income in foreign exchange – Nil (Previous year-Nil)

38. The Company has complied with all the applicable Accounting Standards notified under section 211 of the Companies Act 1956. However AS -22 relating to Deferred Tax Liability /Asset pertaining to timing difference is not applicable to the company in view of the fact that the company is still in the construction phase and yet to commence its operation.

39. Figures have been rounded off to the nearest Rupee unless otherwise stated.

40. Previous Year Figures

Till the year ended 31st March,2011 the company was using pre-revised Schedule-VI to the Companies Act, 1956, for preparation and presentation of its financial statements. During the year ended 31st March 2012, the revised Schedule VI notified under the Companies Act 1956, has became applicable to the company. The company has reclassified/regrouped previous year figures to conform with current year classification.

For & On Behalf of Board of Directors

(P.P. Srivastava) **Director**	**(K.Sridhar)** **Director**	**(M.K. Goel)** **Chairman**

SIGNED IN TERMS OF OUR REPORT OF EVEN DATE
For & On Behalf of
Jain & Malhotra
CHARTERED ACCOUNTANTS
Firm Reg. No: 003610N

Deepak Malhotra
(Partner)
M. No. 80951

Place : New Delhi
Dated: 4th May, 2012

COASTAL TAMIL NADU POWER LIMITED

(A wholly owned subsidiary of Power Finance Corporation Limited)

Director's Report 2011-2012

To

The Members,

Your Directors have pleasure in presenting their 5th Annual Report on the working of the Company for the financial year ended 31st March, 2012 together with the Audited Statement of Accounts and Auditor's Report thereon.

OPERATIONAL ACTIVITIES

Your Company was established on 9th January, 2007 as a Special Purpose Vehicle (SPV) by Power Finance Corporation Limited to undertake developmental activities for the proposed Ultra Mega Power Project in the State of Tamil Nadu. The project would be developed as per the Tariff based competitive bidding guidelines issued by Ministry of Power, Government of India.

The UMPP is proposed to be set up near village Cheyyur, District - Kancheepuram, Tamil Nadu. The power plant would be using coal to be imported through a Captive Port proposed near village Panaiyur, District-Kancheepuram, Tamil Nadu.

Brief status of the Project as on date is as follows:

a) As on date out of 623 acres of private land, Section 3(1) has been issued for around 516 acres of land by Government of Tamil Nadu (GoTN). Further notification u/s 3(1) for remaining 107 acres of private land and alienation of 463.95 acres of Government land is under progress.

b) Acquisition of land- Forest Land

- The area to be acquired for the Main Plant includes 24.29 acres of Forest land for diversion of which application was submitted to District Forest Officer, Kancheepuram on 25th July, 2009.
- Ministry of Environment & Forest, GoTN, vide letter dated 10th May, 2011 has forwarded the proposal to the Ministry of Environment & Forest, Government of India and RCCF, MoEF, Bangalore for approval.
- Hon'ble Supreme Court in the hearing held on 11th November, 2011 has granted the permission for felling of spontaneous trees and the same has been communicated to DFO-Kancheepuram, PCCF - Chennai and RCCF – Bangalore.
- Proposal for diversion of forest land is under consideration of RCCF-MoEF, Bangalore.

c) Comprehensive Environment Impact Assessment (EIA) and Project Information Report (PIR) Reports are under finalization in consultation with CEA.

d) CRZ clearance has been accorded by District level Coastal Zone Management Committee in its meeting held on 30th June, 2011 and by State level Coastal Zone Management Authority (TNSCZMA) on 20th July, 2011. E&F Deptt., GoTN, vide letter dated 6.09.2011 has recommended the proposal to NCZMA MoEF, GoI, New Delhi, for clearance under CRZ Notification 2011.

e) NoCs for Captive Port obtained from Tourism, Forests, Highways & Minor Ports and Town and Country Planning Departments as directed by TNSCZMA while recommending the proposal for CRZ clearance for Captive Port.

f) The Public Hearing for the Captive Port and Coal Corridor was held by TNPCB on 28th December, 2011.

g) An application for Defence Clearance has also been filed with Ministry of Defence on 31st January, 2012.

h) All the necessary Pre-requisites for the issuance of RfQ are in place. The Company has sought advice from MoP on SBDs to be followed for Cheyyur UMPP and RfQ would be issued in line with the directions of MoP, GoI.

FINANCIAL REVIEW

During the year under review, your Company has not started its commercial activities. However, the Company during the year has spent an amount of ₹ 952.83 Lakh on the development of the project which has been transferred to capital work in progress. Till 31st March, 2012, the Company has incurred total expenditure of ₹ 2916.08 Lakh.

DIVIDEND

As the Company has not started its commercial activities no dividend has been declared for the period commencing from 1st April, 2011 to 31st March, 2012.

SHARE CAPITAL

The paid-up share capital of the Company was ₹ 5,00,000/- (50,000 equity shares of ₹ 10/- each) as on 31st March, 2012. During the year, the entire share capital of the Company was held by PFC and its nominees.

COMMITMENT ADVANCE

Your company has received the entire commitment advance of ₹ 4000.00 Lakh from all the procurers.

FIXED DEPOSITS

The Company has not accepted any fixed deposit during the period ending 31st March, 2012.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNING & OUTGO

As the Company's operations do not involve any manufacturing or processing activities, the particulars as per the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, regarding conservation of energy and technology absorption, are not applicable. During the year under review, there is no foreign exchange earning and outgo.

AUDITOR'S REPORT

M/s Rajiv Gupta & Co., Chartered Accountants, was appointed as Statutory Auditors of the Company for the financial year 2011-2012 by the Comptroller & Auditor General of India. There are no adverse comments, observation or qualification in the Auditor's Report on the accounts of the Company.

PARTICULARS OF EMPLOYEES U/S 217 (2A) OF THE COMPANIES ACT, 1956

The Company has no employees on its roll. Hence, the particulars of employees as prescribed under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 are not applicable.

DIRECTORS

Since the date of last Directors' Report, following changes were made in the constitution of the Board of the Company:

- The Tamil Nadu Electricity Board nominated Shri J. Uthayasooriyan, Chief Engineer/Projects, TANGEDCO as Director of the Company in place of Shri P.K.Shanmugam, Chief Engineer/Projects. Accordingly Shri J. Uthayasooriyan was appointed as additional Director of the Company w.e.f 20th March, 2012 in place of Shri P.K.Shanmugam.
- Pursuant to the office order issued by Power Finance Corporation Limited (PFC), Holding Company, Shri R Rahman has been appointed as Director of the Company in place of Shri Dinesh Vij w.e.f. 30th September, 2011.

Pursuant to the provisions of Section 260 of the Companies Act 1956, Shri J. Uthayasooriyan will hold office upto the date of ensuing Annual General Meeting. The Company has received the notice along with requisite fee, under section 257 of the Companies Act, 1956, proposing his candidature for the office of Director liable to retire by rotation. The Board recommends that Shri J. Uthayasooriyan may be appointed as a Director, liable to retire by rotation

In accordance with provisions of Companies Act, 1956, Shri R. Nagarajan, Chairman and Shri N.D.Tyagi, Director shall retire by rotation at the ensuing Annual General Meeting of the Company and being eligible have offered themselves for re-appointment.

Your Board places on record its deep appreciation for the valuable contribution made by Shri P.K.Shanmugam and Shri Dinesh Vij during their tenure as Director(s) of the Company.

Consequent to the aforesaid changes, the Board of Directors of the Company comprises of the following:

1.	Shri R. Nagarajan	Chairman
2.	Shri N. D. Tyagi	Director
3.	Shri R Rahman	Director
4.	Shri A. K. Gupta	Director
5.	Shri Yogesh Juneja	Director
6.	Shri J. Uthayasooriyan	Director (Representing State of Tamil Nadu)
7.	Shri K. Vijayanand	Director (Representing State of Andhra Pradesh)
8.	Shri M. Naveen Kumar	Director(Representing State of Karnataka)

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL (C&AG) OF INDIA

C&AG vide their letter dated 7th June, 2012 mentioned that they have decided not to review the report of the Statutory Auditors on the accounts of the Company for the year ended 31st March, 2012 and as such have no comments to make under Section 619(4) of the Companies Act, 1956. A copy of the letter issued by C&AG in this regard is placed at Annexure-I.

DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 217(2AA) of the Companies Act, 1956, your Directors confirm that:

- In the preparation of Annual Accounts for the financial year 2011-12, the applicable accounting standards had been followed along with proper explanation relating to material departure.
- The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year 2011-12.
- The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provision of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- The Directors had prepared the annual accounts on a going concern basis.

ACKNOWLEDGEMENT

The Directors place on record their gratitude to the Central and State Governments and various Government agencies for the assistance, co-operation and encouragement they extended to the Company. The Company, in particular, is thankful to the Comptroller & Auditor General of India, the Ministry of Power Government of Tamil Nadu, the Statutory Auditors and PFC for their suggestions and unstinted co-operation and guidance.

For and on behalf of the Board of Directors

Sd/-
(R. Nagarajan)
Chairman

Place: New Delhi
Date: 27th July, 2012

Annexure-I

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF COASTAL TAMIL NADU POWER LIMITED, NEW DELHI, FOR THE YEAR ENDED 31 MARCH 2012

The preparation of financial statements of Coastal Tamil Nadu Power Limited, New Delhi for the year ended 31 March 2012 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the Company. The statutory auditors appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 are responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956 based on independent audit in accordance with the auditing and assurance standards prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 18 May, 2012.

I, on behalf of the Comptroller and Auditor General of India, have decided not to review the report of the Statutory Auditors on the accounts of Coastal Tamil Nadu Power Limited, New Delhi for the year ended 31 March 2012 and as such have no comments to make under Section 619(4) of the Companies Act, 1956.

For and on the behalf of the
Comptroller & Auditor General of India

(Praveen Kumar Singh)
Principal Director of Commercial Audit &
Ex-officio Member Audit Board – III,
New Delhi

Place: New Delhi
Dated: 07 June 2012

AUDITOR'S REPORT

THE MEMBERS,

COASTAL TAMIL NADU POWER LIMITED

1. We have audited the attached Balance Sheet of **Coastal Tamil Nadu Power Limited as at 31st March, 2012,** Statement of profit & loss and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with the auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, of evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditor's Report) Order, 2003 read with the companies (Auditor's Report) Amendment Order, 2004, issued by the Central Government of India in terms of sub section (4A) of Section 227 of the Companies Act, 1956, we enclose in the annexure hereto a statement on the matters specified in paragraphs 4 and 5 of the said order.

4. Further to our comments in the annexure referred to above, we report that:

   a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.

   b) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books. Since all payments on behalf of the company are made by the holding company i.e. Power Finance Corporation Ltd., the original supports for expenditure etc are kept with holding company.

   c) The Balance Sheet, Profit & Loss account and Cash Flow Statement dealt with by this report are in agreement with the books of account.

   d) In our opinion, the said Balance Sheet, Profit & Loss account and Cash Flow Statement dealt with by this report complies with the accounting standards referred to in sub-section (3C) of the section 211 of the Companies Act, 1956, to the extent the same are applicable to the Company.

   e) Being the Government Company, clause (g) of sub-section (1) of section 274 of the Companies Act, 1956 is not applicable as per the notification no. GSR 829(E) dated 21-10-2003 issued by Department of Company Affairs.

   f) In our opinion, and to the best of our information and according to explanations given to us, the said accounts read together with the notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true & fair view in conformity with the accounting principles generally accepted in India.

      (i) in the case of the Balance Sheet, of the state of affairs of the company as at 31st March, 2012.

      (ii) in the case of Statement of profit & loss profit of the company for the year ended on that date; and

      (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For RAJIV GUPTA & CO.
Chartered Accountants
(Firm Registration No: 03188N)

(RAJIV GUPTA)
Partner
(Membership No. 82060)

Place: New Delhi
Date: 18th May, 2012

COASTAL TAMIL NADU POWER LIMITED
Audit Report For The Year Ended On 31st March, 2012

(Annexure referred to in paragraph 3 of our report of even date)

1. (a) In our opinion and according to information and explanation given to us, the company has maintained proper records showing full particulars, including details and situation of fixed assets as per provision of para 4(i) (a) of the Companies (Auditor's Report) Order, 2003

   (b) In our opinion and according to information and explanation given to us the fixed assets have been physically verified by the management during the year the frequency of which, in our opinion, is reasonable, having regard to the size of the company and nature of the assets as per provision of para 4(i) (b) of the companies (Auditor's Report) Order, 2003. No material discrepancies were noticed on such physical verification.

   (c) In our opinion and according to information and explanation given to us There was no disposal of any substantial part of fixed assets during the year as per provision of para 4(i) (c) of the companies (Auditor's Report) Order, 2003

2. The company did not hold any inventory during the year, and therefore the provisions of clause 4(ii) of the Companies (Auditor's Report) Order, 2003 are not applicable.

3. The company has neither taken/nor given any loans secured or unsecured from/ to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. The Company has given an advance of Rs.40,00,00,000/- to its holding company Power Finance Corporation Ltd. to incur expenditure in connection with the development of Company's Power Project. The terms and conditions of the loan are prima facie not prejudicial to the interest of the Company. The un-spent amount of advance along with interest accrued thereon shall be repaid by the holding company at the time of final handing over of the project to its successful bidder, for onward repayment to state electricity boards.

4. In our opinion according to the information and explanation given to us, there is an adequate internal control system commensurate with the size of the company and nature of its business with regards to purchase of fixed assets .The company does not have inventories and has not entered into any transactions for purchase or sale of goods. (Para 4(iv) of the companies (Auditor's Report) Order 2003.)

5. According to the information and explanations given to us, the Company did not enter into any transactions which need to be entered into the register maintained under section 301 of the Companies Act, 1956.

6. The company has not accepted any deposits from public within the meaning of section 58A and section 58AA of Companies Act, 1956 and rules framed there under.

7. The company is neither a listed company nor have paid up capital and reserves exceeding Rs. 50 Lakhs as at the commencement of the financial year or average annual turnover exceeding rupees five crores for a year of three consecutive financial years immediately preceding the financial year concerned, therefore the provisions of clause 4(vii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.

8. The company is under construction stage, therefore, maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 is not required.

9. (a) The company is making re-imbursement of salary and other expenses including statutory dues to its holding company and it is stated that holding company is undertaking compliance of all statutory liabilities and requirements. (Refer note 17 & 18 to the Balance Sheet)

   (b) According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, sales tax, custom duty, wealth tax, excise duty and cess were in arrears, as at March 31, 2012 for a period of more than six months from the date they became payable.

   (c) According to the information and explanations given to us, no disputed demand of sales tax, income tax, customs, wealth tax, excise duty and cess were in arrears, as at March 31, 2012.

10. The Company has been registered for less than five years.

11. In our opinion and according to the information & explanations given to us, the company has not taken any loan, from any financial institution or bank or debenture holder, hence clause (xi) of paragraph 4 of the Order is not applicable to the Company.

12. The company has not granted any loans and advances against pledge of shares, debentures and other securities during the year.

13. In our opinion, the company is not a chit fund or a nidhi/ mutual benefit fund/ society.

14. In our opinion, the company is not dealing in or trading in shares, securities, debentures and other investments.

15. According to information and explanation given to us, the company has not given any guarantee for loans taken by others from banks or financial institutions during the year.

16. In our opinion and according to the information and explanation given to us, the company has not availed any term loan during the year.

17. According to the information and explanations given to us and on the basis of overall examination of the balance sheet of the company, we report that no fund raised on short-term basis have been used for long-term investment.

18. The company has not made any preferential allotment of shares during the year.

19. In our opinion and according to the information & explanations given to us, the company has not issued any debentures during the year.

20. The company has not raised any money by public issue during the year.

21. According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the year.

For RAJIV GUPTA & CO.
Chartered Accountants
(Firm Registration No: 03188N)

(RAJIV GUPTA)
Partner
(Membership No. 82060)

Place: New Delhi
Date: 18th May, 2012

COASTAL TAMIL NADU POWER LIMITED
BALANCE SHEET AS AT 31.03.2012

(Amount in ₹)

Description	Note No.	As at 31.03.2012	As at 31.03.2011
I. EQUITY AND LIABILITIES			
(1) Shareholder's Fund			
(a) Share Capital	3	**5,00,000**	5,00,000
(b) Reserves & Surplus	4	**1,18,120**	(6,22,520)
		6,18,120	(1,22,520)
(2) Non-current Liabilities			
(a) Long Term Borrowings	5	**40,00,00,000**	40,00,00,000
(b) Long- Term Provisions	7	**-**	-
(3) Current Liabilities			
(a) Trade Payables	6	**7,47,864**	1,49,721
(b) Other Current Liabilities	6	**13,93,85,930**	10,47,97,469
(c) Short- Term Provisions	7	**3,31,198**	-
		14,04,64,992	10,49,47,190
Total		**54,10,83,112**	50,48,24,670
II. ASSETS			
(1) Non-current Assets			
(a) Fixed Assets			
(i) Tangible Assets	8	**63,966**	1,01,295
(ii) Capital Work in Progress	9	**29,09,85,765**	18,03,21,034
		29,10,49,731	18,04,22,329
(b) Long Term Loans & Advances	11	**-**	-
(2) CURRENT ASSETS			
(a) Cash and Cash equivalents	10	**25,038**	25,578
(b) Short-term loans and advances	11	**15,76,80,589**	24,93,21,795
(c) Other Current Assets	12	**9,23,27,754**	7,50,54,968
		25,00,33,381	32,44,02,341
Total		**54,10,83,112**	50,48,24,670
Expenditure During Construction Period	**13**		
Corporate Information	**1**		
Summary of Significant Accounting Policies	**2**		
Additional Information and Notes on Accounts	**14 to 40**		

For and On behalf of Board of Directors

Yogesh Juneja **Director**	**A.K. Gupta** **Director**	**R. Nagarajan** **Chairman**

SIGNED IN TERMS OF OUR REPORT OF EVEN DATE
For & On Behalf of
Rajiv Gupta & Co.
(CHARTERED ACCOUNTANTS)
Firm Reg. No:3188N

(RAJIV GUPTA)
(Partner)
M No. 82060

Place: New Delhi
Date: 18th May, 2012

COASTAL TAMIL NADU POWER LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31.03.2012

(Amount in ₹)

	Description	Note No.	Year ended 31.03.2012	Year ended 31.03.2011
I.	Revenue from Operations		**-**	-
II.	Other Income			
	Interest on Income Tax Refund		**10,71,838**	-
III.	**Total Revenue (I+II)**		**10,71,838**	-
IV.	Expenses			
	Total Expenses		**-**	-
V.	**Profit before exceptional and extraordinary items and tax (III-IV)**		**10,71,838**	-
VI.	Exceptional itmes		-	-
VII.	**Profit before extraordinary items and tax (V-VI)**		**10,71,838**	-
VIII.	Extraordinary itmes		-	-
IX.	**Profit Before Tax (VII-VIII)**		**10,71,838**	-
X.	**Tax Expenses**			
	(1) Current Tax		**3,31,198**	-
	(2) Deferred Tax		**-**	-
XI.	**Profit (Loss) for the period (IX-X)**		**7,40,640**	-
XII.	**Profit (Loss) from discontinuing operations**		**-**	-
XIII.	**Tax Expense of discontinuing operations**		**-**	-
XIV.	**Profit (Loss) from discontinuing operations (after Tax) (XII-XIII)**		**-**	-
XV.	**Profit (Loss) for the period (XI +XIV)**		**7,40,640**	-
XVI.	**Earnings per equity shares:**			
	(1) Basic	33	**14.81**	-
	(2) Diluted	33	**14.81**	-
	Expenditure During Construction Period	**13**		
	Corporate Information	**1**		
	Summary of Significant Accounting Policies	**2**		
	Additional Information and Notes on Accounts	**14 to 40**		

For and On behalf of Board of Directors

Yogesh Juneja **Director**	**A.K. Gupta** **Director**	**R. Nagarajan** **Chairman**

SIGNED IN TERMS OF OUR REPORT OF EVEN DATE
For & On Behalf of
Rajiv Gupta & Co.
(CHARTERED ACCOUNTANTS)
Firm Reg. No:3188N

(RAJIV GUPTA)
(Partner)
M No. 82060

Place: New Delhi
Date: 18th May, 2012

COASTAL TAMIL NADU POWER LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2012

(Amount in ₹)

	PARTICULARS	Year ended 31.03.2012	Year ended 31.03.2011
A.	CASH FLOW FROM OPERATING ACTIVITIES		
	Net Profit/(Loss) as per Profit & Loss A/c	7,40,640	-
	Prior Period Expenses/ Preliminary expenses	-	-
	Operating profit before working capital changes	7,40,640	-
	Adjustment For Increase/Decrease in:		
	Other Current Assets	(1,72,72,786)	(1,70,16,567)
	Loans & Advances	9,16,41,206	6,74,61,719
	Current Liabilities & Provisions	3,55,17,802	3,90,72,553
	TOTAL	11,06,26,862	8,95,17,705
B.	CASH FLOW FROM INVESTING ACTIVITIES		
	Capital Work in Progress (Net of Deperication)	(11,06,27,402)	(9,13,24,707)
	Purchase of Fixed Assets	-	(53,015)
	TOTAL	(11,06,27,402)	(9,13,77,722)
C.	CASH FLOW FROM FINANCIAL ACTIVITIES		
	Unsecured Loan	-	-
	TOTAL	-	-
	NET INCREASE/(DECREASE) IN CASH FLOW(A+B+C)	(540)	(18,60,017)
	CASH & CASH EQUIVALENT AT THE BEGINNING OF THE YEAR	25,578	18,85,595
	CASH & CASH EQUIVALENT AT THE END OF THE YEAR	25,038	25,578
	Cash on hand and balance with banks	25,038	25,578
	Other Cash and Cash Equivalents	-	-

For and On behalf of Board of Directors

Yogesh Juneja	A.K. Gupta	R. Nagarajan
Director	Director	Chairman

SIGNED IN TERMS OF OUR REPORT OF EVEN DATE
For & On Behalf of
Rajiv Gupta & Co.
(CHARTERED ACCOUNTANTS)
Firm Reg. No:3188N

(RAJIV GUPTA)
(Partner)
M No. 82060

Place: New Delhi
Date: 18th May, 2012

COASTAL TAMIL NADU POWER LIMITED
Notes to Financial Statements for the year ended 31.03.2012

1. Corporate Information

The company was incorporated on 09/01/2007 under the Companies Act, 1956 as a wholly owned subsidiary of Power Finance Corporation Limited (PFC), a Govt. of India Undertaking pursuant to decision taken by Ministry of Power (GOI) in a meeting dated September 26, 2006. Certificate for Commencement of Business was issued on 05/03/2007. The company is a special purpose vehicle incorporated to facilitate the acquisition of land and complete preliminary work regarding statutory clearances including that of environment, forest, CRZ etc. for the purpose of establishing ultra mega power project of 4000 MW in the state of Tamil Nadu (Project).

2. Summary of Significant Accounting Policies

a. Basis of Preparation

The Company prepares its financial statements in accordance with applicable accounting standards and generally accepted accounting principles and also in accordance with requirements of the Companies Act, 1956.

b. Use of Estimate

The preparation of financial statements requires management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities), revenues and expenses of the reporting period. The difference between the actual results and estimates are recognized in the period in which the results are known and/or materialized.

c. Recognition of Income/ Expenditure

Income and expenses (except as stated below) are accounted for on accrual basis.

Fees for advisory and professional services for developing Ultra Mega Power Project payable to PFC/PFCCL will be accounted for in the year of transfer of the company to the successful bidder.

d. Fixed Assets

Fixed assets are shown at historical cost less current/ accumulated depreciation. The company capitalizes all direct cost including borrowing cost up to the date of commercial use of such assets.

e. Depreciation

Depreciation on assets is provided on Written Down Value method, in accordance with the rates prescribed in Schedule XIV of the Companies Act, 1956.

Items of fixed assets acquired during the year costing up to ₹ 5000/- are fully depreciated.

f. Capital Work in Progress

Expenditure incurred on project development by way of Land/Survey/ Studies/ Investigations/ Consultancy/ Administration/ Depreciation/ Interest etc has been treated as Capital Work In Progress.

g. Loans

Expenditure incurred by the company for the Project is financed by the Holding Company/Procurers and considered as Unsecured Loan. Interest has been provided on funds deployed as per the policy framed in this regard.

h. Loans and Advances

The Surplus fund parked by the company with the Holding company (PFC) has been considered as loan and advances and interest has been claimed on such funds from Holding company.

i. Investments

Investments are stated at cost.

j. Borrowing Cost

Borrowing cost is charged to the profit & loss account for the year in which it is incurred except for capital assets or during construction period which is capitalized till the date of commercial use of the assets.

k. **Preliminary Expenses**

Preliminary expenses are written off in the year in which such expenditure has been incurred, in compliance with the opinion of the Expert Advisory Committee (EAC) of The Institute of Chartered Accountants of India.

l. **Contingent Liability**

Contingent liabilities are not provided and are disclosed by way of notes on the basis of available information.

m. **Cash Flow Statement**

Cash flow Statement is prepared in accordance with the indirect method prescribed in Accounting Standard-3 on Cash Flow Statement.

3. SHARE CAPITAL

(Amount in ₹)

Description	As at 31.03.2012	As at 31.03.2011
Authorised :		
50,000 Equity shares of ₹ 10/- each (Previous year 50,000 Equity shares of ₹ 10/- each)	**5,00,000**	5,00,000
Issued, subscribed and fully paid up shares :		
50,000 Equity shares of ₹ 10/- each (Previous year 50,000 Equity shares of ₹ 10/- each)	**5,00,000**	5,00,000
Total Issued, subscribed and fully paid up share capital	**5,00,000**	5,00,000

a. **Reconciliation of the shares outstanding at the beginning and at the end of the reporting period**

Equity Shares

	31 March 2012		31 March 2011	
	No. of Shares	**Amount (₹)**	No. of Shares	Amount (₹)
At the beginning of the period	**50,000**	**5,00,000**	50,000	5,00,000
Issued During the period	**-**	**-**	-	-
Outstanding at the end of the period	**50,000**	**5,00,000**	50,000	5,00,000

b. **Terms/ rights attached to equity shares**

The Company has only one class of equity shares having par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c. **Shares held by holding company**

Out of equity shares issued by the company, shares held by its Holding Company are as below:

Amount (₹.)

	31 March 2012	31 March 2011
Power Finance Corporation Limited, the Holding Company		
50,000 (31 March 2011: 50,000) equity shares of ₹ 10 each fully paid	**5,00,000**	5,00,000

d. **Details of shareholders holding more than 5% shares in the company**

	31 March 2012		31 March 2011	
	No. of Shares	**% holding in the class**	No. of Shares	% holding in the class
Equity Shares of ₹ 10 each fully paid	**50,000**	**100%**	50,000	100%
Power Finance Corporation Limited, the Holding Company *	**50,000**	**100%**	50,000	100%

* Out of 50,000 (PY: 50,000) equity shares 700 (PY: 700) shares are held by nominees of Power Finance Corporation Limited on its behalf.

4. RESERVES & SURPLUS

(Amount in ₹)

Description	As at 31.03.2012	As at 31.03.2011
Surplus in the statement of Profit and Loss Account	**(6,22,520)**	(6,22,520)
Add : Addition during period	**7,40,640**	-
TOTAL	**1,18,120**	(6,22,520)

5. LONG- TERM BORROWING

(Amount in ₹)

Description	As at 31.03.2012	As at 31.03.2011
Commitment Advances		
Bangalore Electricity Supply Company Ltd.	**6,50,00,000**	6,50,00,000
Kerala State Electricity Board	**3,00,00,000**	3,00,00,000
Mangalore Electricity Supply Company Ltd.	**1,50,00,000**	1,50,00,000
Maharastra State Electricity Distribution Company Ltd.	**4,00,00,000**	4,00,00,000
Central Power Distribution Company of AP Ltd.	**4,00,00,000**	4,00,00,000
Punjab State Electricity Board	**2,00,00,000**	2,00,00,000
Tamilnadu Electricity Board	**16,00,00,000**	16,00,00,000
U.P.Power Corporation Ltd.	**3,00,00,000**	3,00,00,000
	40,00,00,000	40,00,00,000

6. OTHER CURRENT LIABILITIES

(Amount in ₹)

Description	As at 31.03.2012	As at 31.03.2011
Trade payables		
- Micro & Small Enterprises	**-**	-
- Others	**7,47,864**	1,49,721
	7,47,864	1,49,721
Other liabilities		
Earnest Money Deposits	**4,00,000**	4,00,000
Interest Payable	**12,81,65,026**	8,91,96,637
Others		
TDS Payable	**44,21,110**	31,48,419
Other Liabilities	**63,99,794**	1,20,52,413
	13,93,85,930	10,47,97,469
TOTAL	**14,01,33,794**	10,49,47,190

7. PROVISIONS

(Amount in ₹)

	Long-Term		Short -Term	
Description	**As at 31.03.2012**	As at 31.03.2011	**As at 31.03.2012**	As at 31.03.2011
Taxation - Income Tax	**-**	-	**3,31,198**	-
TOTAL	**-**	-	**3,31,198**	-

8. TANGIBLE ASSETS

(Amount in ₹)

Description	GROSS BLOCK				DEPRECIATION			NET BLOCK	
	Opening Balance as at 01.04.2011	Additions/ Adjustments	Deductions/ Adjustments	Closing Balance as at 31.03.2012	Opening Balance as at 01.04.2011	For the Period 01.04.2011 to 31.03.2012	Closing Balance as at 31.03.2012	As at 31.03.2012	As at 31.03.2011
Owned Assets									
Computer & EDP Equipments	1,55,660	-	-	1,55,660	66,591	35,628	1,02,219	53,441	89,069
Office Equipments	14,327	-	-	14,327	2,101	1,701	3,802	10,525	12,225
Furniture & Fixtures	3,300	-	-	3,300	3,300	-	3,300	-	-
Total	**1,73,287**	**-**	**-**	**1,73,287**	**71,992**	**37,329**	**1,09,321**	**63,966**	**1,01,295**
Previous Year	1,20,272	53,015	-	1,73,287	8,902	63,090	71,992	1,01,295	1,11,370

9. CAPITAL WORK IN PROGRESS

(Amount in ₹)

Description	As at 31.03.2012	As at 31.03.2011
Opening Capital Work in Progress	**15,79,40,970**	8,85,49,528
Add: Transferred from expenditure During Construction Period (Note-13)	**9,52,82,825**	6,93,91,442
	25,32,23,795	15,79,40,970
Capital Expenditure for Land Acquisition	**3,77,61,970**	2,23,80,064
TOTAL	**29,09,85,765**	18,03,21,034

10. CASH AND CASH EQUIVALENTS

(Amount in ₹)

Description	Non-Current		Current	
	As at 31.03.2012	As at 31.03.2011	As at 31.03.2012	As at 31.03.2011
Cash on Hand	**-**	-	**-**	-
Balances with banks:				
In Current Account	**-**	-	**25,038**	25,578
TOTAL	**-**	-	**25,038**	25,578

11. LOANS AND ADVANCES

(Amount in ₹)

Description	Non-Current		Current	
	As at 31.03.2012	As at 31.03.2011	As at 31.03.2012	As at 31.03.2011
Security Deposit				
Secured, considered good	**-**	-	**-**	-
Unsecured, considered good	**-**	-	**-**	-
Doubtful	**-**	-	**-**	-
	-	-	**-**	-
Loans and advances to related parties				
Unsecured, considered good	**-**	-	**15,37,27,713**	23,77,74,681
Advances recoverable in cash or kind				
Secured, considered good	**-**	-	**-**	-
Unsecured, considered good	**-**	**-**		
	-	-	**-**	-
Other loans and advances				
Advance Income Tax	**-**	-	**3,57,761**	-
Tax deducted at source	**-**	-	**15,79,963**	69,37,456
Income tax and FBT refundable	**-**	-	**-**	-
Cenvat Credit Receivable	**-**	-	**-**	-
Prepaid expenses	**-**	-	**-**	-
Loans to employees	**-**	-	**-**	-
Recoverable from Others Utilities/Others	**-**	-	**20,15,152**	46,09,658
Advances to Consultants/ Others	**-**	-	**-**	-
	-	-	**39,52,876**	1,15,47,114
Total	**-**	-	**15,76,80,589**	24,93,21,795

Loans and advances due by directors or other officers, etc.

(Amount in ₹)

Description	Non-Current		Current	
	As at 31.03.2012	As at 31.03.2011	As at 31.03.2012	As at 31.03.2011
Loans to employees include				
Dues from non-executive directors	**-**	-	**-**	-
Dues from officers	**-**	-	**-**	-
Dues from non- executive and officers jointly with other persons	**-**	-	**-**	-
Loans and advances to related parties include				
Dues from partenership firm (name) in which the company's executive director is a partner	**-**	-	**-**	-
Dues from (Name of co.) in which the company's managing director is a member.	**-**	-	**-**	-
Advances recoverable in cash or kind include				
Dues from the partnership firm (name) in which the company's non-executive director is a partner	**-**	-	**-**	-

12. OTHER CURRENT ASSETS

(Amount in ₹)

Description	As at 31.03.2012	As at 31.03.2011
Interest receivable from related party	**9,23,27,754**	7,50,54,968
TOTAL	**9,23,27,754**	7,50,54,968

13. EXPENDITURE DURING CONSTRUCTION PERIOD

(Amount in ₹)

Description	Year ended 31.03.2012	Year ended 31.03.2011
(a) Expenses		
Manpower Charges	**4,10,11,028**	1,38,34,644
Audit Fee	**87,781**	68,938
Bank Charges	**5,600**	675
Rent	**33,433**	43,575
Survey and Studies expenses	**1,44,92,125**	3,29,42,995
Professional, Legal & Consultancy Charges	**17,10,592**	32,70,278
Depreciation	**37,329**	63,090
Interest on utilised portion	**2,60,23,481**	1,43,29,008
Interest on un-utilised portion	**172,74,515**	1,70,16,567
Vehicle Hiring Expenses	**5,23,203**	4,10,424
Casual Wages	**17,80,134**	10,13,778
Telephone Expenses	**48,463**	84,683
Tours & Travelling Expenses	**57,88,573**	28,46,875
Printing & Stationery Expenses	**1,65,454**	55,004
Public Hearing Expenses	**3,01,806**	1,78,046
Application Fee	**20,00,000**	-
Other Administration Expenses	**12,73,823**	2,49,429
Total (a)	**11,25,57,340**	8,64,08,009
(b) Other Income		
Interest on un-utilised portion (TDS ₹1729/- Previous Year ₹ 5,91,138/-)	**1,72,74,515**	1,70,16,567
Total (b)	**1,72,74,515**	1,70,16,567
Total	**9,52,82,825**	6,93,91,442

14. The Key Management Personnel of the Company are employees of the Power Finance Corporation Ltd (PFC)/Holding Company, PFC Consulting Ltd (A wholly owned Subsidiary of PFC) and from Power Procuring States and deployed on Part Time basis.

The details of such Key Management Personnel as on 31.03.2012 are as follows:

S. No.	Name	Designation	Date of Appointment	Date of Cessation
1	Shri R.Nagarajan	Chairman	31.12.2009	Continuing
2	Shri N.D.Tyagi	Director	31.12.2009	Continuing
3	Shri Dinesh Vij	Director	22.12.2008	30.09.2011
4	Shri A.K. Gupta	Director	22.12.2008	Continuing
5	Shri Yogesh Juneja	Director	31.12.2009	Continuing
6	Shri M. Naveen Kumar*	Director	30.08.2010	Continuing
7	Shri P.K.Sanmugam *	Director	20.12.2010	20.03.2012
8	Shri J.Uthasooriyan *	Director	20.03.2012	Continuing
9	Shri K.Vijayanand *	Director	19.08.2009	Continuing
10	Shri R.Rahman *	Director	30.09.2011	Continuing

* from Power Procuring States

15. Pursuant to the Financing Agreement between PFC and the Company, the entire expenditure on development of the Project being developed by the Company were incurred by PFC from its own funds until receipt of the commitment advance from the procurers and thereafter out of Commitment Advance received from Procurers.

16. The expenses appearing as other Administrative Expenses in the Note-13 "Expenditure during Construction period" include Official Hospitality, Electricity expenses, Meeting & Conference Expenses, Festival Expenses, Postage & Telegram,Repair & Maintenance & Misc. Expenditure etc.

17. Original Supporting bills in respect of expenditure incurred by the PFC/PFCCL are retained by them of which copies are available with the Company. PFC/ PFCCL is complying with all statutory provisions relating to the 'Deduction of tax at source etc. as applicable to these expenses.

18. All the work for the Company are executed by PFC Consulting Ltd. (PFCCL). Manpower Charges of ₹ 4,10,11,028/- (Previous Year ₹ 1,38,34,644/-) of PFCCL employees are charged by PFCCL on the basis of cost to company based on actual time spent by the employees for the Company as per invoice raised by them, and includes charges for Sh.N.D.Tyagi (Director) ₹ 26,56,457/- (Previous Year ₹ 10,66,187/-), ₹1,25,305/- (Previous Year ₹ 19,74,646/-) for Sh.Dinesh Vij (Director) and Sh. Yogesh Juneja (Director) ₹ 59,60,917/- (Previous Year ₹ 7,73,479/-). The total expenditure during the construction period along with interest shall be recovered by PFC from the successful bidder at the time of award of the project. PFC is complying statutory provisions related to deduction of tax at source applicable to expenses allocated by it.

19. In view of decision of Ministry of Power, Government of India, the Company has received, entire Commitment Advance of ₹ 40,00,00,000/- (Previous Year ₹ 40,00,00,000/-) from the Power Procuring Utilities (Procurers), as their contribution against allotment of specified quota of power to be made on completion of the project by way of a Power Purchase Agreement with respective Procurers and successful bidder. The said commitment advance has been shown in the Balance Sheet as Long Term Borrowings. The Company is under no obligation to pay interest on the commitment advance, but as per the decision taken by the company/holding company, interest has been provided on this commitment advance. The said commitment advance along with accrued interest as per terms of financing agreement shall be repayable to the procurers within 15 days from the date of transfer of the company by the Holding Company to its successful bidder.

20. Pursuant to the Financing Agreement with PFC total commitment advance of ₹ 40,00,00,000/- (Previous Year ₹ 40,00,00,000/-) received from procurers was given to the Holding Company (PFC) to meet out expenditures for the project on behalf of the company and to invest/ retain remaining unutilized portion of commitment advance as short term deposit which, along with interest due thereon is appearing under the head Current Assets in the Balance Sheet.

21. The Company pays interest to PFC on the expenses incurred by them on behalf of the company and also to the Procurers on commitment advance bifurcating into fund utilized for the project and funds unutilized at rates as per the policy of the Holding Company/Company Interest on unutilized portion of fund is receivable from PFC and the same is payable to procurers. Total interest expense amounting to ₹4,32,97,996/- (Previous Year ₹ 3,13,45,575/-) has been accounted in the books of account for the year which includes interest of ₹1,72,74,515/- (Previous year ₹1,70,16,567/-) on unutilized portion and ₹2,60,23,481/- (Previous year ₹1,43,29,008/-) on utilized portion. Interest on utilized portion has been capitalized. The rate of interest charged / paid on the utilized amount of funds is as applicable in PFC for the Project Loan/ Schemes (Generation) for Borrowers under category "State Sector Borrowers (Category 'A') as determined from time to time and on unutilized portion of funds, the interest received/paid is on "monthly average short term deposit rate of PFC". Interest payable has been shown under Current Liabilities.

22. As per the scheme of setting up of the project, entire expenditure to be incurred by the company for project exploration and initial development work, including interest on funds deployed and Professional Fee of ₹ 50,00,00,000/- plus applicable taxes will be recovered from the successful bidder of the project as acquisition price for purchase of 100% equity shareholding of the company from its holding company, consequent upon which the company along with all its assets and liabilities shall stand transferred to such bidder.

23. The Company has agreed to pay a sum of ₹ 50,00,00,000/- plus applicable taxes to PFC/PFCCL on account of fees for providing advisory & professional services rendered by PFC/PFCCL. The fees for providing advisory & professional services is payable to PFC/PFCCL only when successful bidder for the Project will be selected and company will be transferred to successful bidder, therefore no liability has been provided for fees payable, since the same will be charged in the year of transfer of the company to successful bidder only in the event of transfer of the company.

24. Land acquisition for the project is being carried out as per Tamil Nadu Land Acquisition for Industrial purposes Act 1997. As per the Administrative Sanctions (AS) issued by Govt. of Tamil Nadu for acquisition of land, the tentative value of the private lands would be around ₹ 75.64 Crore for Main Plant, Ash Dyke and Captive Port. The value of Government lands is yet to be intimated by Govt. of Tamil Nadu (GoTN). The land extents indicated in the AS may undergo revision as per CEA / MoEF / GoTN directions. However, the actual value of land would be known after the final award is issued by GoTN for both Private and Govt. land to be acquired for the Project. The Company has given its consent to bear the land cost, establishment and other charges for acquisition of land and has also confirmed its consent to bear the enhanced compensation awarded by the sub-court/ High Court. Further, the land to be acquired includes forest land (approx. 25 acres) and the company has also given its consent to bear the cost towards compensatory afforestation. The amount against land acquisition is payable on receipt of demand from the concerned authorities.

25. The "In-Principle" clearance for use of Sea water has been received from Tamil Nadu Maritime Board. Cost towards usage of water has not been indicated as yet by concerned Authorities.

26. Estimated amount of contracts remaining to be executed on capital account and not provided for ₹ 2,15,69,008/- (₹4,08,25,258/-).

27.

Particulars	Year ended 31.03.2012	Year ended 31.03.2011
Estimated liability in respect of Land being acquired for the project through Govt. of Tamilnadu	**75.64 Crore (Refer note no. 24)**	75.64 Crore (Refer note no. 24)
Claims against the company not acknowledged as debt (as certified by the management)	**Nil**	Nil

28. Auditors Remuneration (including Service Tax)

S. No.	Particulars	2011-12 ₹	2010-11 ₹
1	Statutory Audit Fees	**87,781**	68,938
1	Other Audit Fees	**-**	41,363

29. The Company owes no dues to small-scale units at year end and hence provision of interest does not arise. Further based on information available with the management, there are no dues payable to enterprises covered under "Micro, Small and Medium Enterprises Development Act, 2006."

30. In the opinion of the Board, on realization in the ordinary course of the company's business the other current assets and loans and advances as stated in the balance sheet are expected to produce at least the amount at which they are stated.

31. Expenditure during Construction Period (Note-13) containing all expenses required to be capitalized has been prepared and the same has been included in Capital Work In Progress.

32. The company has incurred ₹ 3,77,61,970/- (Previous year ₹ 2,23,80,064/-) towards administrative and advertisement expenses for process of land acquisition and includes expenditure of ₹ 65,19,925/- (Previous year ₹ 55,97,822/-) incurred against advance for administrative expenses for land given to the Government of Tamilnadu.

33. Earning Per Share

In terms of Accounting Standard 20 on "Earnings per Share" notified under the Companies Act 1956, Earning per share (Basic & Diluted) is worked out as follows: -

S. No.	Particulars	2011-12	2010-11
1.	Nominal Value of share ₹	**10**	10
2.	Number of Equity shares (No.)	**50,000**	50,000
3.	Net Profit after tax ₹	**740,640**	-
4.	Earning per share ₹	**14.81**	-

34. The disclosure as per AS18 – Related Party Disclosure :
The Coastal Tamil Nadu Power Limited is a wholly owned subsidiary of Power Finance Corporation Ltd. All key decisions are taken by the Board of Coastal Tamil Nadu Power Limited where the nominees of holding company exercise control.

Detail of maximum debit balance during the period in the accounts of related parties as appeared in the accounts and as certified by the management is as under:

Power Finance Corporation Ltd ₹ 23,77,74,681/-(P.Y ₹ 29,90,62,260/-)

S. No.	Name of the Related Party	Nature of Relationship
1.	Power Finance Corporation Limited	Holding Company
2.	PFC Consulting Limited	Fellow Subsidiary
3.	Chhattisgarh Surguja Power Limited	Fellow Subsidiary
4.	Coastal Karnataka Power Limited	Fellow Subsidiary
5.	Coastal Maharashtra Mega Power Limited	Fellow Subsidiary
6.	Orissa Integrated Power Limited	Fellow Subsidiary
7.	Tatiya Andhra Mega Power Limited	Fellow Subsidiary
8.	Ghogarpalli Integrated Power Company Limited	Fellow Subsidiary
9.	Sakhigopal Integrated Power Company Limited	Fellow Subsidiary
10.	PFC Green Energy Limited	Fellow Subsidiary
11.	PFC Capital Advisory Services Limited	Fellow Subsidiary
12.	Power Equity Capital Advisors Private Limited	Fellow Subsidiary
13.	DGEN & Uttrakhand Transmission Company Limited	Enterprises under common control
14.	Nagapattinam Madhugiri Transmission Company Limited	Enterprises under common control (till 29.03.2012)

The related Party Transactions was done only with Holding Company (PFC), details are as follows:-

S. No.	Particulars	2011-12 (₹)	2010-11 (₹)
1.	Equity Contribution	**Nil**	Nil
2.	Interest Income	**1,72,74,515**	1,70,16,567
3.	Interest Expenses	**1,934**	1,535
4.	Manpower Charges*	**4,10,11,028**	1,38,34,644
5.	Closing Balances		
(a)	Interest Payable	**15,516**	13,582
(b)	Interest Receivable	**9,23,27,754**	7,50,54,968
(c)	Loan & Advance (Receivable)	**15,37,27,713**	23,77,74,681

* Charged by PFCCL

35. Balances in various personal accounts are subject to confirmation and reconciliation. The company has sent letters to various parties included under the head Long Term Borrowings, interest payable, interest receivables etc. for confirmation of their balances as per the books of accounts of the company for which confirmations is yet to be received from the respective parties.

36. Since there are no employees in the company, the obligation as per Accounting Standard-15 (Revised) do not arises.

37. The Company has complied with all the applicable Accounting Standards notified under section 211 of the Companies Act 1956. However AS -22 relating to Deferred Tax Liability /Asset pertaining to timing difference is not applicable to the company in view of the fact that the company is still in the construction phase and yet to commence its operation.

38. Most of the additional information pursuant to the provisions of Paragraph 5, (ii), (iii) and (viii) of part II of New Schedule VI to the Companies Act, 1956 are not applicable to the company as the project is still at its development stage and the company has yet to start its commercial activities. Applicable information is provided as under:

a) Expenditure in foreign currency – Nil

b) Income in foreign exchange – Nil

39. Figures have been rounded off to the nearest Rupee unless otherwise stated.

40. Previous Year Figures

Till the year ended 31st March,2011 the company was using pre-revised Schedule-VI to the Companies Act, 1956, for preparation and presentation of its financial statements. During the year ended 31st March 2012, the revised Schedule VI notified under the Companies Act,1956 has became applicable to the company. The company has reclassified/regrouped previous year figures to conform with current year classification.

For and On behalf of Board of Directors

Yogesh Juneja	**A.K. Gupta**	**R. Nagarajan**
Director	**Director**	**Chairman**

SIGNED IN TERMS OF OUR REPORT OF EVEN DATE
For & On Behalf of
Rajiv Gupta & Co.
(CHARTERED ACCOUNTANTS)
Firm Reg. No:3188N

(RAJIV GUPTA)
(Partner)
M No. 82060

Place: New Delhi
Date: 18th May, 2012

SAKHIGOPAL INTEGRATED POWER COMPANY LIMITED

(A wholly owned subsidiary of Power Finance Corporation Limited)

DIRECTORS' REPORT 2011-2012

To

The Members,

Your Directors have pleasure in presenting the 4th Annual Report on the working of the Company for the financial year ending on 31st March, 2012 along with Audited Statements of Accounts and Auditor's Report thereon.

OPERATIONAL ACTIVITIES

Your Company was incorporated on 21st May, 2008 as a Special Purpose Vehicle (SPV) for Orissa first Additional UMPP as a wholly owned subsidiary of PFC Consulting Limited (PFCCL). After transfer of shares to Power Finance Corporation Limited (PFC) on 9th February, 2010 as per the directions of Ministry of Power (MoP), Government of India, your Company became a wholly owned subsidiary Company of PFC.

Power from the project would be procured by the twelve States namely Odisha (2000 MW), Uttar Pradesh (480 MW), Bihar (350 MW), Haryana (275 MW), Rajasthan (250 MW), Delhi (120 MW), Punjab (120 MW), Assam (120 MW), Himachal Pradesh (100 MW), Jammu & Kashmir (75 MW), Meghalaya (60 MW) and Nagaland (50 MW).

Bankhui coal Block in Talcher Coal Fields with indicative reserve of 800 MT has been allocated to the Company by Ministry of Coal in June 2010. In a meeting taken by Chief Secretary, Govt of Odisha in August, 2011 it was decided to set up 1st additional UMPP at the Coastal location using desalination technology. It was also decided that, IPICOL will lead and co-ordinate the visit of the team comprising officers from concerned departments to various locations and suggest suitable locations to take a final view on the selection of sites for the additional UMPP. IPICOL coordinated a field visit of the team comprising officials from CEA, IDCO, local revenue department, forest department, IPICOL, and PFCCL to Dhamra and Chandbali area of Bhadrak district for selection of site for Coastal based UMPP in February 2012.CEA has submitted its site visit report for the selection of site for the Coastal belt UMPP to Department of Energy, Government of Odisha in March 2012 for in-principle approval of the Government of Odisha for the recommended site.

Chief Secretary, Govt of Odisha in the 2nd Steering committee meeting held in May 2012 conveyed the recommendation of Govt. of Odisha for locating the Coastal belt UMPP at Bijoypatna in Chandbali Tehsil of Bhadrak District.

Chief Secretary, Govt of Odisha in the 2nd Steering committee meeting held in May 2012 conveyed the recommendation of Govt. of Odisha for locating the Coastal belt UMPP at Bijoypatna in Chandbali Tehsil of Bhadrak District.

FINANCIAL REVIEW

During the year under review, your Company has not taken up its commercial activities. However, during the year the Company has spent an amount of ₹ 1.06 Crore for the development of the Project which has been transferred to Capital work in progress.

DIVIDEND

As the Company has not started its commercial activities, the Company has not declared any dividend for the period commencing from 1st April, 2011 to 31st March, 2012.

SHARE CAPITAL

The paid-up share capital of the company was ₹ 5,00,000/- (50,000 equity shares of ₹ 10/- each) as on 31st March, 2012. During the year, the entire share capital of the Company was held by PFC and its nominees.

COMMITMENT ADVANCE

The total commitment advance received till date is ₹ 1627.00 Lakh, out of the total commitment advance of ₹ 4000.00 Lakh, which is to be received from various power procurers as per their allocated share of power. Commitment advance yet to be received from various power procurers is ₹ 2373.00 Lakh.

FIXED DEPOSITS

The Company has not accepted any fixed deposit during the period ending 31st March, 2012.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNING & OUTGO

As the Company's operations do not involve any manufacturing or processing activities, the particulars as per the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, regarding conservation of energy and technology absorption, are not applicable. During the year under review, there is no foreign exchange earning and outgo.

AUDITORS

M/s. APN & Associates, Chartered Accountants, were appointed as the Statutory Auditors of the Company for the financial year 2011-2012 by the Comptroller & Auditor General of India. There are no adverse comments, observation or qualification in the Auditor's Report on the accounts of the Company.

PARTICULARS OF EMPLOYEES U/S 217 (2A) OF THE COMPANIES ACT, 1956

The Company has no employees on its roll. Hence, the particulars of employees as prescribed under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 are not applicable.

DIRECTORS

Since the date of last Directors' Report, pursuant to the office order issued by Power Finance Corporation Limited (PFC), Holding Company, Shri P.P.Srivastava has been appointed as additional Director of the Company in place of Shri Ashwani Sharma w.e.f. 28th November, 2011. Your Board places on record its deep appreciation for the valuable contribution made by Shri Ashwani Sharma during his tenure as Director of the Company.

In terms of the provisions of Section 260 of the Companies Act 1956, Shri P.P.Srivastava will hold office upto the date of ensuing Annual General Meeting. The Company has received a notice along with requisite fee, under section 257 of the Companies Act, 1956, proposing his candidature for the office of Director liable to retire by rotation. The Board recommends that Shri P.P.Srivastava may be appointed as a Director, liable to retire by rotation.

Consequent to the aforesaid changes, presently the Board of Directors consists of:

1.	Shri M. K. Goel	Chairman
2.	Shri P.P.Srivastava	Director
3.	Shri Subir Mulchandani	Director
4.	Shri Yogesh Juneja	Director

In accordance with the provisions of Section(s) 255 & 256 of the Companies Act 1956, Shri Yogesh Juneja shall retire by rotation at the ensuing Annual General Meeting of the Company and being eligible has offered himself for re-appointment.

COMMENTS OF COMPTROLLER AND AUDITOR GENERAL (C&AG) OF INDIA WILL BE INCORPORATED AFTER RECEIPT OF COMMENTS FROM C&AG.

C&AG of India vide their letter dated 20th June, 2012 has intimated that on the basis of audit, nothing significant has come to their knowledge which would give rise to any comment or suppplement to Statutory Auditor's Report Under Section 619 (4) of the Companies Act, 1956. A copy of the letter issued by C&AG in this regard is placed at Annexure -I.

DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 217(2AA) of the Companies Act, 1956, your Directors confirm that:

- In the preparation of Annual Accounts for the financial year 2011-12, the applicable accounting standards had been followed along with proper explanation relating to material departure.
- The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year 2011-12.
- The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- The Directors had prepared the annual accounts on a going concern basis.

ACKNOWLEDGEMENT

The Directors place on record their gratitude to the Central and State Governments and various Government agencies for the assistance, co-operation and encouragement they extended to the Company. The Company, in particular, is thankful to the Comptroller & Auditor General of India, the Union Ministry of Power, Government of Odisha, GRIDCO, IPICOL, IDCO, CEA, the Statutory Auditors and PFC for their suggestions and unstinted co-operation and guidance.

For and on behalf of the Board of Directors

Sd/-
(M. K. Goel)
Chairman

Place : New Delhi
Dated : 18th July, 2012

Annexure-I

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF SAKHIGOPAL INTEGRATED POWER COMPANY LIMITED, NEW DELHI FOR THE YEAR ENDED 31 MARCH 2012

The preparation of financial statements of Sakhigopal Integrated Power Company Limited, New Delhi, for the year ended 31 March 2012 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the company. The statutory auditors appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 are responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956 based on independent audit in accordance with the auditing and assurance standards prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 09 May, 2012.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under Section 619(3) (b) of Companies Act, 1956 of the financial statements of Sakhigopal Integrated Power Company Limited, New Delhi, for the year ended 31 March 2012. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records. On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditors' report under Section 619(4) of the Companies Act, 1956.

For and on the behalf of the
Comptroller & Auditor General of India

(Praveen Kumar Singh)
Principal Director of Commercial Audit &
Ex-officio Member Audit Board – III,
New Delhi

Place: New Delhi
Dated: 20 June 2012

AUDITORS' REPORT

TO

THE MEMBERS
SAKHIGOPAL INTEGRATED POWER COMPANY LIMITED.

1. We have audited the attached Balance Sheet of **SAKHIGOPAL INTEGRATED POWER COMPANY LIMITED** as at **31st March 2012,** the Profit & Loss Account and the Cash Flow Statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with the auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditors' Report) order, 2003 read with the companies (Auditors' Report) (Amendment) order, 2004 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in the paragraphs 4 and 5 of said order.

4. Further to our comments in the Annexure referred to in paragraph 3 above we report that:

   a) We have obtained all the information and explanation, which to the best of our knowledge and belief were necessary for the purposes of our audit;

   b) In our opinion, proper books of accounts as required by law have been kept by the company, so far as appears from our examination of the books. The original vouchers for expenditure incurred by Power Finance Corporation Ltd. / PFC Consulting Ltd. (PFC / PFCCL) on behalf of the company are held by PFC / PFCCL and we have relied upon the allocation of expenses done by PFC / PFCCL;

   c) The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;

   d) In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the companies act, 1956;

   e) In pursuance to the notification No. GSR 829(E) dated 21.10.2003 issued by the Department of Company Affairs; clause (g) of sub-section (1) of section 274 of companies Act, 1956 pertaining to disqualification of Directors is not applicable to a Government Company ;

   f) In our opinion and to the best of our knowledge and according to information and explanation given to us, the said financial statements, read together with the Notes on accounts given in Schedule 9 and Accounting Policies annexed thereto, give the information required by the Companies Act, 1956 in the manner so required & give a true and fair view in conformity with the accounting principles generally accepted in India:

      (i) In case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2012,

      (ii) In case of the Profit & Loss Account, of the Profit of the company for the year ended on that date; and

      (iii) In case of Cash Flow Statement, of the Cash Flows of the company for the year ended on that date.

For and on behalf of
APN & Associates
Chartered Accountants
FRN : 001876N
(CA Naresh Chand Gupta)
Partner
Membership No. : 087233

Place : New Delhi
Date : 9th May, 2012

ANNEXURE TO AUDITORS' REPORT OF SAKHIGOPAL INTEGRATED POWER COMPANY LIMITED (REFERRED TO IN PARAGRAPH (3) OF OUR REPORT OF EVEN DATE)

1. (a) In our opinion and according to information and explanation given to us, provision of para 4(i) (a) of the Companies (Auditor's Report) Order, 2003 relating to maintaining proper records showing full particulars, including quantitative details and situation of fixed assets are not applicable to company as it does not have fixed assets.

   (b) In our opinion and according to information and explanation given to us provision of para 4(i) (b) of the companies (Auditor's Report) Order, 2003 relating to physical verification of fixed assets by the management is not applicable to Company as it does not have fixed assets.

   (c) In our opinion and according to information and explanation given to us provision of para 4(i) (c) of the companies (Auditor's Report) Order, 2003 relating to disposal of any substantial part of fixed assets during the year are not applicable to Company as it does not have fixed assets.

2. As the company has not purchased / sold goods during the year nor are there any stocks. Accordingly clauses 4(ii) (a), (b) and (c) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.

3. As explained to us, the Company has neither taken for granted any loans, secured or unsecured from Companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly clauses 4(iii)(a), (b), (c) and (d) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.

4. Having regards to the nature of company's business and based on our scrutiny of company's records and the information and explanation given to us, we report that company's activities do not include purchase of inventory and sale of goods. In our opinion and according to the information and explanation given to us, there are adequate internal control procedures commensurate with the size of the company and nature of its business with regard to expenses incurred in relation to capital work in progress. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls with regards to expenses incurred in relation to capital work in progress.

5. According to the information and explanation given to us, there are no transactions made in pursuance of the contracts or arrangements that need to be entered in the register maintained under section 301 of the Companies Act, 1956.

6. According to the information and explanation given to us, the company has not accepted any deposits from public.

7. As the company does not have paid up capital and reserves of Rs. 50 lakhs as at the commencement of the financial year and also did not have turnover exceeding five crore rupees for a period of three consecutive financial years immediately preceding the financial year concerned, the provisions of para 4(vii) of the Companies (Auditor's Report) Order, 2003 are not applicable to company.

8. Since the company has not started any business / commercial activity during the year, the provisions of para 4(viii) of the Companies (Auditor's Report) Order, 2003 relating to maintaining of cost records under section 209 (I) (d) of the companies act is not applicable to the company.

9. (a) According to information and explanation given to us, the company is regular in depositing undisputed statutory dues including Provident Fund, Investors Education and Protection Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax and other statutory dues with the appropriate Authorities through holding company i.e. PFC Ltd. According to information and explanation given to us, there are no undisputed statutory dues outstanding as at 31st March, 2012 for a period of more than six months from the date they become payable.

(b) According to information and explanation given to us, there are no dues of Provident Fund, Investors Education and Protection Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax and other statutory dues which have not been deposited on account of any dispute.

10. The Company has accumulated losses at the end of the current financial year. However the company has not incurred any cash losses in the current financial year or in the immediately preceding financial year.

11. According to the records made available to us and information and explanation given by the management, the company has not taken any loan, from any financial institution or bank or debenture holder, hence clause (xi) of paragraph 4 of the order is not applicable of the Company.

12. In our opinion and according to information and explanation given to us, provision of para 4 (xii) of the Companies (Auditor's Report) Order, 2003 are not applicable to Company as it has not given any loans and advance on security of shares, Debentures and other securities.

13. In our opinion and according to information and explanation given to us, the Company is not a Chit Fund, Nidhi or Mutual benefit, Trust/Society. Accordingly, the provision of para 4(xiii) of the companies (Auditor's Report) Order, 2003 is not applicable to company.

14. According to information and explanation given to us, the Company is not dealing or trading in share, Securities, debenture and other investment and hence the requirement of para 4(xiv) of the Companies (Auditor's Report) Order, 2003 is not applicable to Company.

15. According to information and explanation given to us, the Company has not given any guarantee in respect of loan taken by it from banks and financial institutions.

16. In our opinion and according to information and explanation given to us, the Company has not obtained any term loan and hence the requirement of para 4 (xvi) of the Companies (Auditor's Report) Order, 2003 are not applicable to Company.

17. According to information and explanation given to us and on an overall examination of the Balance Sheet and Cash Flow statement of the Company, we report that no funds raised on short-term basis have been utilized for long-term investment purpose.

18. During the year, the Company has not made any preferential allotment of share to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.

19. According to information and explanation given to us the company does not have any debentures and hence the requirement of para 4(xix) of the Companies (Auditor's Report) Order, 2003 are not applicable to Company.

20. According to information and explanation given to us the company has not raised any money from public issues during the year.

21. In our opinion and according to the information and explanation given to us, no fraud on or by the company has been noticed or reported during the year that causes the financial statements to be materially misstated.

For and on behalf of
APN & Associates
Chartered Accountants
FRN : 001876N
(CA Naresh Chand Gupta)
Partner
Membership No. : 087233

Place : New Delhi
Date : 9th May, 2012

SAKHIGOPAL INTEGRATED POWER COMPANY LIMITED
BALANCE SHEET AS AT 31.03.2012

(Amount in ₹)

Description	Note No.	As at 31.03.2012	As at 31.03.2011
I. EQUITY AND LIABILITIES			
(1) Shareholder's Funds			
(a) Share Capital	3	**5,00,000**	5,00,000
(b) Reserves & Surplus	4	**(52,813)**	(53,163)
		4,47,187	4,46,837
(2) Non-current Liabilities			
(a) Long Term Borrowings	5	**16,27,00,000**	16,27,00,000
(b) Long- Term Provisions	7	**-**	-
(3) Current Liabilities			
(a) Other Current Liabilities	6	**2,83,17,503**	1,43,25,777
(b) Short- Term Provisions	7	**156**	901
		2,83,17,659	1,43,26,678
Total		**19,14,64,846**	17,74,73,515
II . ASSETS			
(1) Non-current Assets			
(a) Fixed Assets			
(i) Tangible Assets		**-**	-
(ii) Capital Work in Progress	8	**1,06,00,697**	63,91,944
(b) Long-term loans and advances	10	**-**	-
		1,06,00,697	63,91,944
(2) CURRENT ASSETS			
(a) Cash and cash equivalents	9	**1,98,516**	1,88,856
(b) Short-term loans and advances	10	**15,26,98,752**	15,69,21,493
(c) Other Current Assets	11	**2,79,66,881**	1,39,71,222
		18,08,64,149	17,10,81,571
Total		**19,14,64,846**	17,74,73,515
Expenditure During Construction Period	12		
Corporate Infrmation	1		
Summary of Significant accounting policies	2		

The accompanying notes are an integral part of the financial statements

For and On behalf of Board of Directors

P.P. Srivastava	**Subir Mulchandani**	**M.K.Goel**
Director	**Director**	**Chairman**

SIGNED IN TERMS OF OUR REPORT OF EVEN DATE
For & On Behalf of
APN & Associates
Chartered Accountants
Firm Reg. No: 001876N

CA Naresh Chand Gupta
(Partner)
Membership No. : 087233

Place : New Delhi
Date : 9th May, 2012

SAKHIGOPAL INTEGRATED POWER COMPANY LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31.03.2012

(Amount in ₹)

	Description	Note No.	Year ended 31.03.2012	Year ended 31.03.2011
I.	**Revenue from Operations**			
II.	**Other Income**			
	Interest on Income Tax Refund		**506**	2,917
III.	**Total Revenue (I+II)**		**506**	2,917
IV.	**Expenses**		**-**	-
	Total Expenses		**-**	-
V.	**Profit before exceptional and extraordinary items and tax (III-IV)**		**506**	2,917
VI.	Exceptional itmes		**-**	-
VII.	**Profit before extraordinary items and tax (V-VI)**		**506**	2,917
VIII.	Extraordinary itmes		**-**	-
IX.	**Profit Before Tax (VII-VIII)**		**506**	2,917
X.	**Tax Expenses**			
	(1) Current Tax		**156**	901
	(2) Deferred Tax		**-**	-
XI.	**Profit (Loss) for the period (IX-X)**		**350**	2,016
XII.	**Profit (Loss) from discontinuing operations**		**-**	-
XIII.	**Tax Expense of discontinuing operations**		**-**	-
XIV.	**Profit (Loss) from discontinuing operations (after Tax) (XII-XIII)**		**-**	-
XV.	**Profit (Loss) for the period (XI +XIV)**		**350**	2,016
XVI.	**Earnings per equity shares:**			
	(1) Basic	**29**	**0.01**	0.04
	(2) Diluted	**29**	**0.01**	0.04
	Expenditure During Construction Period	**12**		
	Corporate Infrmation	**1**		
	Summary of Significant accounting policies	**2**		

The accompanying notes are an integral part of the financial statements

For and On behalf of Board of Directors

P.P. Srivastava	**Subir Mulchandani**	**M.K.Goel**
Director	**Director**	**Chairman**

SIGNED IN TERMS OF OUR REPORT OF EVEN DATE
For & On Behalf of
APN & Associates
Chartered Accountants
Firm Reg. No: 001876N

CA Naresh Chand Gupta
(Partner)
Membership No. : 087233

Place : New Delhi
Date : 9th May, 2012

SAKHIGOPAL INTEGRATED POWER COMPANY LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2012

(Amount in ₹)

	PARTICULARS	Year ended 31.03.2012	Year ended 31.03.2011
A.	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Net Profit/(Loss) as per Profit & Loss A/c	**350**	2,016
	Prior Period Expenses/ Preliminary expenses	**-**	-
	Operating profit before working capital changes	**350**	2,016
	Adjustment For Increase/Decrease in:		
	Other Current Assets	**(1,39,95,659)**	(1,00,39,014)
	Short Term Loans & Advances	**42,22,741**	(25,77,080)
	Current Liabilities & Provisions	**1,39,90,981**	93,70,654
	TOTAL	**42,18,413**	(32,43,424)
B.	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Capital Work in Progress	**(42,08,753)**	(27,25,972)
	TOTAL	**(42,08,753)**	(27,25,972)
C.	**CASH FLOW FROM FINANCIAL ACTIVITIES**		
	Long Term Borrowings	**-**	60,00,000
	TOTAL	**-**	60,00,000
	NET INCREASE/(DECREASE) IN CASH FLOW	**9,660**	30,604
	CASH & CASH EQUIVALENT AT THE BEGINNING OF THE YEAR	**1,88,856**	1,58,252
	CASH & CASH EQUIVALENT AT THE END OF THE YEAR	**1,98,516**	1,88,856
	Cash on hand and balance with banks	**1,98,516**	1,88,856
	Other Cash and Cash Equivalents	**-**	-

For and On behalf of Board of Directors

P.P. Srivastava	**Subir Mulchandani**	**M.K.Goel**
Director	**Director**	**Chairman**

SIGNED IN TERMS OF OUR REPORT OF EVEN DATE
For & On Behalf of
APN & Associates
Chartered Accountants
Firm Reg. No: 001876N

CA Naresh Chand Gupta
(Partner)
Membership No. : 087233

Place : New Delhi
Date : 9th May, 2012

SAKHIGOPAL INTEGRATED POWER COMPANY LIMITED

Notes to Financial Statements for the year ended 31.03.2012

1. **CORPORATE INFORMATION**

The Company was incorporated on 21/05/2008 under the Companies Act, 1956 and Certificate for Commencement of Business was issued on 17/04/2009. The company is a wholly owned subsidiary of Power Finance Corporation (PFC), a Govt. of India undertaking. The Company is a special purpose vehicle incorporated to facilitate the acquisition of land and complete preliminary work regarding statutory clearances including that of environment, forest, CRZ etc. for the purpose of establishing ultra mega power project of 4000 MW in the state of Orissa (Project).

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

a. **Basis of Preparation**

The Company prepares its financial statements in accordance with applicable accounting standards and generally accepted accounting principles and also in accordance with requirements of the Companies Act, 1956.

b. **Use of Estimates**

The preparation of financial statements requires management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities), revenues and expenses of the reporting period. The difference between the actual results and estimates are recognized in the period in which the results are known and/or materialized.

c. **Recognition of Income/ Expenditure**

Income and expenses (except as stated below) are accounted for on accrual basis.

Fees for advisory and professional services for developing Ultra Mega Power Project payable to PFC /PFCCL will be accounted for in the year of transfer of the company to the successful bidder (as and when due).

d. **Fixed Assets**

Fixed assets are shown at historical cost less current/ accumulated depreciation. The company capitalizes all direct cost including borrowing cost up to the date of commercial use of such assets.

e. **Depreciation**

Depreciation on assets is provided on Written down Value method, in accordance with the rates prescribed in Schedule XIV of the Companies Act, 1956.

Items of fixed assets acquired during the year costing up to ₹ 5,000/- are fully depreciated.

f. **Capital Work in Progress**

Expenditure incurred on Land/Survey/ Studies/ Investigations/ Consultancy/ Administration/ Depreciation/Interest etc has been treated as Capital Work In Progress.

g. **Loans**

Expenditure incurred by the company for the Project is financed by the Holding Company/Procurers and considered as Unsecured Loan. Interest has been charged on funds deployed by them.

h. **Loans and Advances**

The Surplus fund parked by the company with the Holding company (PFC) has been considered as loan and advances and interest has been claimed on such funds from Holding company.

i. **Investments**

Investments are stated at cost.

j. **Taxes on Income**

Provision for taxation includes provision for Income Tax and Deferred Tax. Current Income tax has been provided at the rates in force in accordance with the provisions of Income Tax Act 1961 including interest liability, if any. Deferred Tax assets/ liabilities have been accounted for in accordance with the principles laid down under Accounting Standard 22 notified under the Companies Act, 1956.

k. **Borrowing Cost**

Borrowing cost is charged to the statement of profit & loss for the year in which it is incurred except for capital assets which is capitalized till the date of commercial use of the assets.

l. **Preliminary Expenses**

Preliminary expenses are written off in the year in which such expenditure has been incurred, in compliance with the opinion of the Expert Advisory Committee (EAC) of The Institute of Chartered Accountants of India.

m. **Contingent Liability**

Contingent liabilities have not been provided and are disclosed by way of notes on the basis of available information.

n. **Cash Flow Statement**

Cash flow Statement is prepared in accordance with the indirect method prescribed in Accounting Standard-3 on Cash Flow Statement.

3. **SHARE CAPITAL**

(Amount in ₹)

Description	**As at 31.03.2012**	As at 31.03.2011
Authorised :		
50,000 Equity shares of ₹ 10/- each. (Previous year 50,000 Equity shares of ₹ 10/- each)	**5,00,000**	5,00,000
Issued, subscribed and fully paid up shares :		
50,000 Equity shares of ₹ 10/- each. (Previous year 50,000 Equity shares of ₹ 10/- each)	**5,00,000**	5,00,000
Total Issued, subscribed and fully paid up share capital	**5,00,000**	5,00,000

a. **Reconciliation of the shares outstanding at the beginning and at the end of the reporting period**

Equity Shares

	31 March 2012		31 March 2011	
	No. of Shares	**Amount (₹)**	No. of Shares	Amount (₹)
At the beginning of the period	**50,000**	**5,00,000**	50,000	5,00,000
Issued During the period	**-**	**-**	-	-
Outstanding at the end of the period	**50,000**	**5,00,000**	50,000	5,00,000

b. **Terms/ rights attached to equity shares**

The Company has only one class of equity shares having par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c. **Shares held by holding company**

Out of equity shares issued by the company, shares held by its Holding Company are as below:

Amount (₹)

Power Finance Corporation Limited, the Holding Company	**31 March 2012**	31 March 2011
50,000 (31 March 2011: 50,000) equity shares of ₹ 10 each fully paid	**5,00,000**	5,00,000

d. **Details of shareholders holding more than 5% shares in the company**

	31 March 2012		31 March 2011	
	No. of Shares	**% holding in the class**	No. of Shares	% holding in the class
Equity Shares of ₹ 10 each fully paid				
Power Finance Corporation Limited, the Holding Company *	**50,000**	**100%**	50,000	100%
	50,000	**100%**	50,000	100%

*Out of 50,000 (PY: 50,000) equity shares 600 (PY: 600) shares are held by nominees of Power Finance Corporation Limited on its behalf.

4. **RESERVES & SURPLUS**

(Amount in ₹)

Description	**As at 31.03.2012**	As at 31.03.2011
Surplus in the statement of Profit and Loss Account	**(53,163)**	(55,179)
Add : Addition during period	**350**	2,016
TOTAL	**(52,813)**	(53,163)

5. **LONG-TERM BORROWING**

(Amount in ₹)

Description	**As at 31.03.2012**	As at 31.03.2011
Other Loans and Advances		
Commitment Advances		
AVVNL	**90,00,000**	90,00,000
Bihar State E Board	**3,50,00,000**	3,50,00,000
BSES Rajdhani Power Limited	**49,00,000**	49,00,000
BSES Yamuna Power Limited	**29,00,000**	29,00,000
Dakshin Haryana Bijli Vitran Nigam Ltd	**1,37,50,000**	1,37,50,000
HP State Elec Board	**1,00,00,000**	1,00,00,000
JVVNL	**90,00,000**	90,00,000
Jodhpur VVNL	**70,00,000**	70,00,000
Meghalaya Energy Corp Ltd	**60,00,000**	60,00,000
North Delhi Power Ltd	**34,00,000**	34,00,000
U P Power Corporation Ltd	**4,80,00,000**	4,80,00,000
Uttar Haryana Bijali Nigam Ltd	**1,37,50,000**	1,37,50,000
	16,27,00,000	16,27,00,000

6. **OTHER CURRENT LIABILITIES**

(Amount in ₹)

Description	**As at 31.03.2012**	As at 31.03.2011
Interest Payable	**2,66,56,381**	1,32,04,963
Others		
TDS Payable	**14,99,518**	10,62,494
Other Liabilities	**1,61,604**	58,320
TOTAL	**2,83,17,503**	1,43,25,777

7. **PROVISIONS**

(Amount in ₹)

	Long-Term		Short -Term	
Description	**As at 31.03.2012**	As at 31.03.2011	**As at 31.03.2012**	As at 31.03.2011
Taxation - Income Tax	**-**	-	**156**	901
TOTAL	**-**	-	**156**	901

8. **CAPITAL WORK IN PROGRESS**

(Amount in ₹)

Description	**As at 31.03.2012**	As at 31.03.2011
Opening Capital Work in Progress	**63,91,944**	36,65,972
Add: Transferred from expenditure During Construction Period (Note-12)	**42,08,753**	27,25,972
TOTAL	**1,06,00,697**	63,91,944

9. **CASH AND CASH EQUIVALENTS**

(Amount in ₹)

	Non-Current		Current	
Description	**As at 31.03.2012**	As at 31.03.2011	**As at 31.03.2012**	As at 31.03.2011
Cash on Hand	**-**	-	**-**	-
Balances with banks:				
In Current Account	**-**	-	**1,98,516**	1,88,856
TOTAL	**-**	-	**1,98,516**	1,88,856

10. **LOANS AND ADVANCES**

(Amount in ₹)

Description	**As at 31.03.2012**	As at 31.03.2011	**As at 31.03.2012**	As at 31.03.2011
	Non-Current		**Current**	
Security Deposit				
Secured, considered good	**-**	-	**-**	-
Unsecured, considered good	**-**	-	**-**	-
Doubtful	**-**	-	**-**	-
	-	-	**-**	-
Loans and advances to related parties				
Unsecured, considered good	**-**	-	**15,26,97,352**	15,69,12,339
Advances recoverable in cash or kind				
Secured, considered good	**-**	-	**-**	-
Unsecured, considered good	**-**	-	**-**	-
	-	-	**-**	-
Other loans and advances				
Advance Income Tax (net of provision for taxation)	**-**	-	**-**	-
Tax deducted at source	**-**	-	**1,400**	-
Income tax and FBT refundable	**-**	-	**-**	9,154
	-	-	**1,400**	9,154
Total	**-**	-	**15,26,98,752**	15,69,21,493

Loans and advances due by directors or other officers, etc.

Description	**As at 31.03.2012**	As at 31.03.2011	**As at 31.03.2012**	As at 31.03.2011
	Non-Current		**Current**	
Loans to employees include				
Dues from non-executive directors	**-**	-	**-**	-
Dues from officers	**-**	-	**-**	-
Dues from non- executive and officers jointly with other persons	**-**	-	**-**	-
Loans and advances to related parties include				
Dues from partenership firm (name) in which the company's executive director is a partner	**-**	-	**-**	-
Dues from (Name of co.) in which the company's managing director is a member.	**-**	-	**-**	-
Advances recoverable in cash or kind include				
Dues from the partnership firm (name) in which the company's non-executive director is a partner	**-**	-	**-**	-

11. OTHER CURRENT ASSETS

(Amount in ₹)

Description	As at 31.03.2012	As at 31.03.2011
Interest receivable from related party	**2,79,66,881**	1,39,71,222
TOTAL	**2,79,66,881**	1,39,71,222

12. EXPENDITURE DURING CONSTRUCTION PERIOD

(Amount in ₹)

Description	Year ended 31.03.2012	Year ended 31.03.2011
(a) Expenses		
Manpower Charges	**23,27,791**	16,54,067
Bank Charges	**-**	176
Audit Fees	**49,158**	48,256
Legal & Professional Charges	**45,108**	77,566
Consultancy Charges	**93,702**	91,133
Conference Charges	**80,120**	39,678
Printing & Stationary	**11,472**	-
Survey & Studies Expenses	**-**	1,13,243
Travelling Expenses	**5,90,086**	1,83,276
Interest on utilised portion	**9,48,961**	5,00,641
Interest on un-utilised portion	**1,39,97,059**	1,00,76,031
Other Administrative Expenses	**62,355**	17,936
Total (a)	**1,82,05,812**	1,28,02,003
(b) Other Income		
Interest on un- utilised portion	**1,39,97,059**	1,00,76,031
(Gross TDS ₹ 1,400/-, P.Y: ₹ NIL)		
Total (b)	**1,39,97,059**	1,00,76,031
Total	**42,08,753**	27,25,972

13. The Key Management Personnel of the Company are employee of the PFC Ltd (Holding Company) and PFC Consulting Ltd (A wholly owned subsidiary of PFC Ltd) and deployed on Part Time basis.

The details of such Key Management Personnel are as follows:

S. No.	Name	Designation	Date of Appointment	Date of Cessation
1.	Shri M.K.Goel	Chairman	17.12.2008	Continuing
2.	Shri Subir Mulchandani	Director	21.05.2008	Continuing
3.	Shri P.P Srivastava	Director	28.11.2011	Continuing
4.	Shri Yogesh Juneja	Director	30.12.2009	Continuing
5.	Shri Ashwani Sharma	Director	29.05.2009	28.11.2011

14. Pursuant to the Financing Agreement between PFC and the Company, the entire expenditure on development of the Project were incurred by Holding Company (PFCCL/ PFC) from its own funds until receipt of the commitment advance from the procurers and thereafter out of Commitment Advance received from Procurers.

15. All the work for the Company are executed by PFC Consulting Ltd (PFCCL). The Manpower Charges of ₹ 23,27,791 /- (Previous Year ₹ 16,54,067/-) for cost of PFCCL employees charged by PFCCL on the basis of cost to company based on actual man days spent by the employees for the Company as per invoice raised by PFCCL and includes ₹ 14,818/- (Previous year ₹ 90,998/-) of Sh. Subir Mulchandani (Director), ₹ 2,85,244/- (Previous year ₹ NIL) charged for Sh. P.P Shrivastava (Director) and ₹ 74,089 /- (Previous year ₹ 2,15,361/-) charged for Sh. Ashwani Sharma (Director). PFC is complying with statutory provisions related to deduction of tax at source applicable to expenses allocated by it.

16. The expenses appearing as other Administrative Expenses in the Note-12 "Expenditure during Construction period" include Printing & Stationery, Telephone expenses, Travelling / Vehicle hiring expenses etc.

17. Original Supporting bills in respect of expenditures incurred by the PFC/PFCCL are retained by them of which copies are available with the Company. PFC/ PFCCL is complying with all statutory provisions relating to the 'Deduction of tax at source etc. as applicable to the expenses.

18. As per decision of Ministry of Power, Procurers are required to pay commitment advance against their respective share of allocated power to them without specifying payment of interest on commitment advance. Accordingly commitment advance has been received from procurers without any obligation or commitment for payment of interest on commitment advance paid by them. However company has provided interest liability on commitment advance received from procurers as per financing agreement with Holding company. The said commitment advance has been shown in the Balance Sheet as Long Term Borowings and provision of interest is also made in accounts accordingly.

19. During the year, the Company has received Commitment Advance of ₹ NIL (Previous year ₹ 60,00,000/-) from the Power Procuring Utilities (Procurers) in view of decision of Ministry of Power, Government of India as their contribution against allotment of specified quota of power to be given on completion of the project by way of a Power Purchase Agreement with respective Procurers and successful bidder.

20. Out of the total Commitment advance of ₹ 40,00,00,000/- to be receivable from procurers, during the year ₹ NIL (Previous year ₹ 16,27,00,000/-) has been received and given to the Holding Company to meet out expenditures for the project on behalf of the company and to invest and or retain remaining unutilized portion of commitment advance. Total interest expense amounting to ₹ 1,49,46,020/- (Previous Year ₹ 1,05,76,672/-) has been accounted in the books of account for the year which includes interest of ₹ 1,39,97,059/- (Previous year ₹ 1,00,76,031/-) on unutilized portion and ₹ 9,48,961/- (Previous year ₹ 5,00,641/-) on utilized portion. The rate of interest charged / paid on the utilized amount of funds is as applicable in PFC for the Project Loan/Schemes (Generation) for Borrowers under category "State Sector Borrowers (Category 'A') as determined from time to time and on unutilized portion of funds, the interest received/paid is on "monthly average short term deposit rate of PFC". Interest on unutilized portion of fund is receivable from PFC and the same is payable to procurers. Interest on utilized portion has been capitalized. Interest payable has been shown under Current Liabilities.

21. As per the scheme of setting up of the project, entire expenditure to be incurred by the company for project exploration and initial spade work, including interest on funds deployed and professional fees of ₹ 50,00,00,000/- plus applicable taxes will be recovered from the successful bidder of the project as acquisition price for purchase of 100% equity shareholding of the company from its holding company (PFC), consequent upon which the company along with all its assets and liabilities shall stand transferred to such bidder as per the share purchase agreement to be entered into.

22. The shares of the company shall be transferred by the Holding Company to the successful bidder of the project after completion of bidding process. The amount of consideration payable by the successful bidder as acquisition price for purchase of 100% equity shareholding of company and for taking over all assets and liabilities of company shall be at par at book value.

23. The Company has agreed to pay a sum of ₹ 50,00,00,000/- plus applicable taxes to PFC/PFCCL on account of fees for providing advisory & professional services rendered by PFC/PFCCL. The fees for providing advisory & professional services is payable to PFC/PFCCL only when successful bidder for the Project will be selected and company will be transferred to successful bidder, therefore no liability has been provided for fees payable to PFC/PFCCL, since the same will be charged in the year of transfer of the company to successful bidder only in the event of transfer of the company.

24. The company has sent letters to various parties included under the head Long Term Borowings (Commitment advance), interest payable, interest receivables etc. for confirmation of their balances as per the books of accounts of the company. However no confirmation has been received.

25. Auditors Remuneration (including Service Tax)

S. No.	Particulars	2011-12 ₹	2010-11 ₹
1.	Statutory Audit Fees	**49,158**	48,256
2.	Other Audit Fees	**-**	28,954

26. The disclosure as per AS18 – Related Party Disclosure :

The Sakhigopal Integrated Power Company Limited is a wholly owned subsidiary of PFC Ltd. All key decisions are taken by the Board of Sakhigopal Integrated Power Company Limited where the PFC/PFCCL nominees exercise control.

Detail of maximum debit balance during the period in the accounts of related parties as appeared in the accounts and as certified by the management is as under:

Power Finance Corporation Ltd ₹ 15,69,12,339/-(P.Y ₹ 15,97,89,206/-)

Details of Related Parties:-

S. No.	Name of the Related Party	Nature of Relationship
1.	Power Finance Corporation Limited	Holding Company
2.	PFC Consulting Limited	Fellow Subsidiary
3.	Chhattisgarh Surguja Power Limited	Fellow Subsidiary
4.	Coastal Karnataka Power Limited	Fellow Subsidiary
5.	Coastal Maharashtra Mega Power Limited	Fellow Subsidiary
6.	Orissa Integrated Power Limited	Fellow Subsidiary
7.	Coastal Tamil Nadu Power Limited	Fellow Subsidiary
8.	Ghogarpalli Integrated Power Company Limited	Fellow Subsidiary
9.	Tatiya Andhra Mega Power Limited	Fellow Subsidiary
10.	PFC Green Energy Limited	Fellow Subsidiary
11.	PFC Capital Advisory Services Limited	Fellow Subsidiary
12.	Power Equity Capital Advisors Private Limited	Fellow Subsidiary
13.	DGEN & Uttrakhand Transmission Company Limited	Enterprises under common control
14.	Nagapattinam Madhugiri Transmission Company Limited	Enterprises under common control (till 29.03.2012)

The related Party Transactions was done only with Holding Company (PFC), details are as follows:-

S. No.	Particulars	2011-12	2010-11
		PFC	PFC
1.	Equity Contribution	**Nil**	Nil
2.	Interest Income for the year	**1,39,97,059**	1,00,76,031
3.	Manpower Charges*	**23,27,791**	16,54,067
4.	**Closing Balance**		
a)	Interest receivable	**2,79,66,881**	1,39,71,222
b)	Loans & advances	**15,26,97,352**	15,69,12,339

* Charged by PFCCL

27. The Company has complied with all the applicable Accounting Standards notified under section 211 of the Companies Act 1956. However AS -22 relating to Deferred Tax Liability /Asset pertaining to timing difference is not applicable to the company in view of the fact that company is still in the construction stage and yet to commence its operation.

28. i) Estimated amount of contracts remaining to be executed on Project (Capital Work in Progress) and not provided for ₹ NIL (Previous Year ₹ Nil)

ii) Contingent liabilities of the company and claims against the company not acknowledged as debts by the company as certified by the management for the year is ₹ Nil (Previous year ₹ Nil).

29. **Earning Per Share**

In terms of Accounting Standard 20 on "Earnings per Share" notified under the Companies Act 1956, Earning per share (Basic & Diluted) is worked out as follows: -

S. No.	Particulars	2011-12	2010-11
1.	Nominal Value of share ₹	**10**	10
2.	Number of Equity shares (No.)	**50,000**	50,000
3.	Net Profit after tax ₹	**350**	2,016
4.	Earning per share ₹	**0.01**	0.04

30. Expenditure during Construction Period (Note-12) containing all expenses required to be capitalized has been prepared and the same has been included in Capital Work In Progress.

31. The Company owes no dues to small-scale units at year-end and hence provision of interest does not arise. Further based on information available with the management, there are no dues payable to enterprises covered under "Micro, Small and Medium Enterprises Development Act, 2006"

32. Since there are no employees in the company, the obligation as per Accounting Standard-15 (Revised) do not arises.

33. In the opinion of the Board, on realization in the ordinary course of the company's business the other current assets and loans and advances as stated in the balance sheet are expected to produce at least the amount at which they are stated.

34. Most of the additional information pursuant to the provisions of Paragraph 5, (ii),(iii) and (viii) of part II of New Schedule VI to the Companies Act, 1956 are not applicable to the company as the project is still at its development stage and the company has yet to start its commercial activities. Applicable information is provided as under:

a. Expenditure in foreign currency – Nil

b. Income in foreign exchange – Nil

35. Figures have been rounded off to the nearest Rupee unless otherwise stated.

36. **Previous Year Figures**

Till the year ended 31st March,2011 the company was using pre-revised Schedule-VI to the Companies Act, 1956, for preparation and presentation of its financial statements. During the year ended 31st March 2012, the revised Schedule VI notified under the Companies Act 1956, has became applicable to the company. The company has reclassified/regrouped previous year figures to conform with current year classification.

For and On behalf of Board of Directors

P.P. Srivastava **Director**	**Subir Mulchandani** **Director**	**M.K.Goel** **Chairman**

SIGNED IN TERMS OF OUR REPORT OF EVEN DATE
For & On Behalf of
APN & Associates
Chartered Accountants
Firm Reg. No: 001876N

CA Naresh Chand Gupta
(Partner)
Membership No. : 087233

Place : New Delhi
Date : 9th May, 2012

GHOGARPALLI INTEGRATED POWER COMPANY LIMITED

(A wholly owned subsidiary of Power Finance Corporation Limited)

DIRECTORS' REPORT 2011-2012

To

The Members,

Your Directors have pleasure in presenting the 4th Annual Report on the working of the Company for the financial year ending on 31st March, 2012 along with Audited Statements of Accounts and Auditor's Report thereon.

OPERATIONAL ACTIVITIES

Your Company was incorporated on 22nd May, 2008 as a Special Purpose Vehicle (SPV) for Odisha second additional UMPP as a wholly owned subsidiary of PFC Consulting Limited (PFCCL). After transfer of shares to Power Finance Corporation Limited (PFC) on 9th February, 2010 as per the directions of Ministry of Power (MoP), Government of India, your company became a wholly owned subsidiary Company of PFC.

Power from the project would be procured by the eleven States namely Odisha (2000 MW), Tamil Nadu (600 MW), Karnataka (350 MW), Jharkhand (350 MW), Kerala (190 MW), Andhra Pradesh (190 MW) West Bengal (120 MW), Puducherry (70 MW), Tripura (50 MW), Manipur (40 MW) and Mizoram (40 MW).

Ghogarpalli (280 MT) and Dipside of Ghogarpalli (360MT) coal Blocks in Ib valley Coalfields, with indicative reserve of 640 MT have been earmarked for the Company by Ministry of Coal. After further exploration, incase requirement arises, Ministry of Coal will consider allocation of Chatbar Coal Block. The earlier identified site in Mursundi, District Sonepur could not be finalized as the location falls within the command area of Mega Lift Irrigation Scheme of Govt of Odisha. In a meeting taken by Chief Secretary, Govt. of Odisha in August, 2011 it was decided to set up 2nd additional UMPP at the inland location in Kalahandi/ Bolangir district. It was also decided that, Industrial Promotion and Investment Corporation of Odisha Limited (IPICOL) will lead and co-ordinate the visit of the team of officers from concerned departments to various locations and suggest suitable locations to take a final view on the selection of sites for the additional UMPP.

IPICOL coordinated a field visit of the team comprising officials from CEA, IPICOL, Odisha Industrial Infrastructure Development Corporation (IDCO), Local Revenue Department, Forest Department and PFC to Bolangir and Kalahandi districts for selection of site for Inland based UMPP in April 2012.The site visit report of CEA for the selection of site for the Coastal Belt UMPP was submitted to Principal Secretary, Department of Energy, Govt of Odisha in May 2012. Chief Secretary, Govt of Odisha in the 2nd Steering Committee meeting held in May 2012 conveyed the recommendation of Govt. of Odisha for locating the Inland belt UMPP in Narla and Kesinga Subdivision of Kalahandi district.

FINANCIAL REVIEW

During the year under review, your Company has not taken up its commercial activities. However, during the year the Company has spent an amount of ₹ 0.82 Lakh on the development of the Project which has been transferred to capital work in progress.

DIVIDEND

As the Company has not started its commercial activities no dividend has been declared for the financial year 2011-12.

SHARE CAPITAL

The paid-up share capital of the Company was ₹ 5,00,000/- (50,000 equity shares of ₹ 10/- each) as on 31st March, 2012. The entire paid up share capital of the Company is held by Power Finance Corporation Limited (PFC) and its nominees.

COMMITMENT ADVANCE

The total commitment advance received till date is ₹ 1518.00 Lakh, out of the total commitment advance of ₹ 4000.00 Lakh, which is to be received from various power procurers as per their allocated share of power. Commitment advance yet to be received from various power procurers is ₹ 2482.00 Lakh.

FIXED DEPOSITS

The Company has not accepted any fixed deposit during the year ending 31st March, 2012.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNING & OUTGO

As the Company's operations do not involve any manufacturing or processing activities, the particulars as per the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, regarding conservation of energy and technology absorption, are not applicable. During the year under review, there is no foreign exchange earning and outgo.

AUDITORS

M/s. R.P.Narang & Co., Chartered Accountants, were appointed as the Statutory Auditors of the Company for the financial year 2011-2012 by the Comptroller & Auditor General of India. There are no adverse comments, observation or reservation in the Auditor's Report on the accounts of the Company.

PARTICULARS OF EMPLOYEES U/S 217 (2A) OF THE COMPANIES ACT, 1956

The Company has no employees on its roll. Hence, the particulars of employees as prescribed under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 are not applicable.

DIRECTORS

Since the date of last Directors' Report, pursuant to the office order issued by Power Finance Corporation Limited (PFC), Holding Company, Shri P.P.Srivastava has been appointed as additional Director of the Company in place of Shri Ashwani Sharma w.e.f. 28th November, 2011. Your Board places on record its deep appreciation for the valuable contribution made by Shri Ashwani Sharma during his tenure as Director of the Company.

In terms of the provisions of Section 260 of the Companies Act 1956, Shri P.P.Srivastava will hold office upto the date of ensuing Annual General Meeting. The Company has received a notice along with requisite fee, under section 257 of the Companies Act, 1956, proposing his candidature for the office of Director liable to retire by rotation. The Board recommends that Shri P.P.Srivastava may be appointed as a Director, liable to retire by rotation.

Consequent to the aforesaid changes, presently the Board of Directors consists of:

1.	Shri M. K. Goel	Chairman
2.	Shri P.P.Srivastava	Director
3.	Shri Subir Mulchandani	Director
4.	Shri Yogesh Juneja	Director

In accordance with the provisions of Section(s) 255 & 256 of the Companies Act 1956, Shri Yogesh Juneja shall retire by rotation at the ensuing Annual General Meeting of the Company and being eligible has offered himself for re-appointment.

COMMENTS OF COMPTROLLER AND AUDITOR GENERAL (C&AG) OF INDIA

C&AG vide their letter dated 7th June, 2012 mentioned that they have decided not to review the report of the Statutory Auditors on the accounts of the Company for the year ended 31st March, 2012 and as such have no comments to make under Section 619(4) of the Companies Act, 1956. A copy of the letter issued by C&AG in this regard is placed at Annexure - I.

DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 217(2AA) of the Companies Act, 1956, your Directors confirm that:

- In the preparation of Annual Accounts for the financial year 2011-12, the applicable accounting standards had been followed along with proper explanation relating to material departure.

- The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year 2011-12.
- The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- The Directors had prepared the annual accounts on a going concern basis.

ACKNOWLEDGEMENT

The Directors place on record their gratitude to the Central and State Governments and various Government agencies for the assistance, co-operation and encouragement they extended to the Company. The Company, in particular, is thankful to the Comptroller & Auditor General of India, the Ministry of Power, Government of Odisha, GRIDCO, IPICOL, IDCO, CEA, the Statutory Auditors and PFC for their suggestions and unstinted co-operation and guidance.

For and on behalf of the Board of Directors

Sd/-
(M. K. Goel)
Chairman

Place : New Delhi
Dated : 18th July, 2012

Annexure-I

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF GHOGARPALLI INTEGRATED POWER COMPANY LIMITED, NEW DELHI, FOR THE YEAR ENDED 31 MARCH 2012

The preparation of financial statements of Ghogarpalli Integrated Power Company Limited, New Delhi for the year ended 31 March 2012 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the Company. The statutory auditors appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 are responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956 based on independent audit in accordance with the auditing and assurance standards prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 09 May, 2012.

I, on behalf of the Comptroller and Auditor General of India, have decided not to review the report of the Statutory Auditors on the accounts of Ghogarpalli Integrated Power Company Limited, New Delhi for the year ended 31 March 2012 and as such have no comments to make under Section 619(4) of the Companies Act, 1956.

For and on the behalf of the
Comptroller & Auditor General of India

(Praveen Kumar Singh)
Principal Director of Commercial Audit &
Ex-officio Member Audit Board – III,
New Delhi

Place: New Delhi
Dated: 07 June 2012

AUDITOR'S REPORT

TO

THE MEMBERS OF
GHOGARPALLI INTEGRATED POWER COMPANY LIMITED

1. We have audited the attached Balance Sheet of **GHOGARPALLI INTEGRATED POWER COMPANY LIMITED** as at **31st March 2012,** the Profit & Loss account and the Cash Flow Statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with the auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditor's Report) order, 2003 read with the companies (Auditor's Report) (Amendment) order, 2004 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in the paragraphs 4 and 5 of said order.

4. Further to our comments in the Annexure referred to in paragraph 3 above we report that:

   (i) We have obtained all the information and explanation, which to the best of our knowledge and belief were necessary for the purposes of our audit.

   (ii) In our opinion, proper books of accounts as required by law have been kept by the company, so far as appears from our examination of the books. Since some of the payments on behalf of the Company made by the Holding Company i.e. Power Finance Corporation Ltd., the original supports relating to these expenditures etc. are kept with the Holding Company.

   (iii) The Balance Sheet, Profit & Loss account and Cash flow statement dealt with by this report are in agreement with the books of account.

   (iv) In our opinion, the Balance Sheet , Profit & Loss account and Cash flow statement dealt with this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the companies act, 1956.

   (v) In pursuance to the notification No. GSR 829(E) dated 21.10.2003 issued by the Department of Company Affairs; clause (g) of sub-section (1) of section 274 of companies Act, 1956 pertaining to disqualification of Directors is not applicable to a Government Company.

   (vi) In our opinion and to the best of our knowledge and according to information and explanation given to us, the said financial statements, read together with the Notes on accounts and Accounting Policies annexed thereto, give the information required by the Companies Act, 1956 in the manner so required & give a true and fair view in conformity with the accounting principles generally accepted in India:

      a) In case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2012,

      b) In case of the Profit & Loss Account, of Nil Profit / Loss of the company for the year ended on that date; and

      c) In case of Cash Flow Statement, of the Cash Flows of the company for the year ended on that date.

For and on behalf of
R.P.NARANG & CO.
Chartered Accountants
(Firm Registration No.001794N)
PRASHANT NARANG
(Partner)
Membership No.: 098578

Place: New Delhi
Dated: 9th May, 2012

ANNEXURE TO AUDITOR'S REPORT OF GHOGARPALLI INTEGRATED POWER COMPANY LIMITED (REFERRED TO IN PARAGRAPH (3) OF OUR REPORT OF EVEN DATE)

1. (a) In our opinion and according to information and explanation given to us, provision of para 4(i) (a) of the Companies (Auditor's Report) Order, 2003 relating to maintaining proper records showing full particulars, including quantitative details and situation of fixed assets are not applicable to company as it does not have fixed assets.

   (b) In our opinion and according to information and explanation given to us provision of para 4(i) (b) of the companies (Auditor's Report) Order, 2003 relating to physical verification of fixed assets by the management is not applicable to Company as it does not have fixed assets.

   (c) In our opinion and according to information and explanation given to us provision of para 4(i) (c) of the companies (Auditor's Report) Order, 2003 relating to disposal of any substantial part of fixed assets during the year are not applicable to Company as it does not have fixed assets.

2. As the company has not purchased/ sold goods during the year nor are there any stocks. Accordingly clauses 4(ii) (a), (b) and (c) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.

3. As explained to us, the Company has not taken nor granted any loans, secured or unsecured from Companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly clauses 4(iii) (a), (b), (c) and (d) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.

4. Having regards to the nature of company's business and based on our scrutiny of company's records and the information and explanation given to us, we report that company's activities do not include purchase of inventory and sale of goods. In our opinion and according to the information and explanation given to us, there are adequate internal control procedures commensurate with the size of the company and nature of its business with regards to purchase of fixed assets. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls with regards to purchase of fixed assets.

5. According to the information and explanation given to us, there are no transaction made in pursuance of the contracts or arrangements that need to be entered in the register maintained under section – 301 of the Companies Act, 1956.

6. According to the information and explanation given to us, the company has not accepted any deposits from public.

7. The company does not have paid up capital and reserves of Rs 50 lakhs as at the commencement of the financial year concerned, or have a average annual turnover exceeding five crore rupees for a year of three consecutive financial years immediately preceding the financial year concerned, the provision of para 4 (vii) of the Companies (Auditor's Report) Order, 2003 are not applicable to company.

8. The company does not have any business activities during the year, the provision of para 4 (viii) of the Companies (Auditor's Report) order, 2003 relating to maintaining of cost records under section 209 (I) (d) of the companies act is not applicable to the company.

9. (a) According to information and explanation given to us, the company is regular in depositing undisputed statutory dues including Provident Fund, Investors Education and Protection Fund Employees State Insurance, Income Tax, Wealth Tax, and other statutory dues with the appropriate Authorities through holding company i.e. PFC Ltd. According to information and explanation given to us, there are no undisputed statutory dues outstanding as at 31st March, 2012 for a period of more than six months from the date they become payable.

   (b) According to information and explanation given to us, there are no dues of Income Tax, Wealth Tax, which have not been deposited on account of any dispute.

10. In our opinion the Company has accumulated losses at the end of the current financial year. However it has not incurred any cash losses in the current financial year.

11. According to the records made available to us and information and explanations given by the management, the company has not taken any loan, from any financial institution or bank or debenture holder, hence clause (xi) of paragraph 4 of the Order is not applicable to the Company

12. In our opinion and according to information and explanation given to us, provision of para 4 (xii) of the Companies (Auditor's Report) Order, 2003 are not applicable to Company as it has not given any loans and advance on security of shares, Debentures and other securities.

13. In our opinion and according to information and explanation given to us, the Company is not a Chit Fund, Nidhi or Mutual benefit, Trust/Society. Accordingly, the provision of para 4(xiii) of the companies (Auditor's Report) Order, 2003 is not applicable to company.

14. According to information and explanation given to us, the Company is not dealing or trading in shares, Securities, debenture and other investment and hence the requirement of para 4(xiv) of the Companies (Auditor's Report) Order, 2003 is not applicable to Company.

15. According to information and explanation given to us, the Company has not given any guarantee in respect of loan taken by it from banks and financial institutions.

16. In our opinion and according to information and explanation given to us the Company has not obtained any term loan and hence the requirement of para 4 (xvi) of the Companies (Auditor's Report) Order, 2003 are not applicable to Company.

17. According to information and explanation given to us and on an overall examination of the Balance sheet and Cash Flow statement of the Company, we report that no funds raised on short-term basis have been utilized for long term investment purpose.

18. The Company has not made any preferential allotment of share to parties and companies covered in the register maintained under section 301 of the Companies Act 1956.

19. According to information and explanation given to us the company does not have any debentures and hence the requirement of para 4(xix) of the Companies (Auditor's Report) order, 2003 are not applicable to Company.

20. According to information and explanation given to us the company has not raised any money from public issues during the year.

21. In our opinion and according to the information and explanation given to us, no fraud on or by the company has been noticed or reported during the year that causes the financial statements to be materially misstated.

For and on behalf of
R.P.NARANG & CO.
Chartered Accountants
(Firm Registration No.001794N)
PRASHANT NARANG
(Partner)
Membership No.: 098578

Place: New Delhi
Dated: 9th May, 2012

GHOGARPALLI INTEGRATED POWER COMPANY LIMITED

BALANCE SHEET AS AT 31.03.2012

(Amount in ₹)

Description	Note No.	As at 31.03.2012	As at 31.03.2011
I. EQUITY AND LIABILITIES			
(1) Shareholder's Funds			
(a) Share Capital	3	**5,00,000**	5,00,000
(b) Reserves & Surplus	4	**(54,729)**	(54,729)
		4,45,271	4,45,271
(2) Non-current Liabilities			
(a) Long Term Borrowings	5	**15,18,00,000**	15,18,00,000
(b) Long-Term Provisions	7	**-**	-
(3) Current Liabilities			
(a) Other Current Liabilities	6	**2,61,29,004**	1,31,56,492
(b) Short-Term Provisions	7	**-**	-
		2,61,29,004	1,31,56,492
Total		**17,83,74,275**	16,54,01,763
II. ASSETS			
(1) Non-current Assets			
(a) Fixed Assets			
(i) Tangible Assets		**-**	-
(ii) Capital Work in Progress	8	**82,15,838**	54,41,369
		82,15,838	54,41,369
(b) Long- term loans and advances	10	**-**	-
(2) CURRENT ASSETS			
(a) Cash and cash equivalents	9	**74,881**	74,881
(b) Short-term loans and advances	10	**14,41,28,971**	14,70,70,506
(c) Other Current Assets	11	**2,59,54,585**	1,28,15,007
		17,01,58,437	15,99,60,394
Total		**17,83,74,275**	16,54,01,763
Expenditure During Construction Period	12		
Corporate Information	1		
Summary of Significant accounting policies	2		

The accompanying notes are an integral part of the financial statements

For and On behalf of the Board of Directors

P.P. Srivastava Director | **Subir Mulchandani** Director | **M.K.Goel** Chairman

SIGNED IN TERMS OF OUR REPORT OF EVEN DATE
For & On Behalf of
R.P Narang & Co.
(CHARTERED ACCOUNTANTS)
Firm Reg. No: 001794N

Prashant Narang
(Partner)
M No. :098578

Place: New Delhi
Dated: 9th May, 2012

GHOGARPALLI INTEGRATED POWER COMPANY LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31.03.2012

(Amount in ₹)

	Description	Note No.	Year ended 31.03.2012	Year ended 31.03.2011
I.	Revenue from Operations		**-**	-
II.	Other Income		**-**	-
III.	**Total Revenue (I+II)**		**-**	-
IV.	Expenses		**-**	-
	Total Expenses		**-**	-
V.	**Profit before exceptional and extraordinary items and tax (III-IV)**		**-**	-
VI.	Exceptional itmes		**-**	-
VII.	**Profit before extraordinary items and tax (V-VI)**		**-**	-
VIII.	Extraordinary itmes		**-**	-
IX.	**Profit Before Tax (VII-VIII)**		**-**	-
X.	**Tax Expenses**			
	(1) Current Tax		**-**	-
	(2) Deferred Tax		**-**	-
XI.	**Profit (Loss) for the period (IX-X)**		**-**	-
XII.	**Profit (Loss) from discontinuing operations**		**-**	-
XIII.	**Tax Expense of discontinuing operations**		**-**	-
XIV.	**Profit (Loss) from discontinuing operations (after Tax) (XII-XIII)**		**-**	-
XV.	**Profit (Loss) for the period (XI +XIV)**		**-**	-
XVI.	**Earnings per equity shares:**			
	(1) Basic	28	**-**	-
	(2) Diluted	28	**-**	-
	Expenditure During Construction Period	12		
	Corporate Information	1		
	Summary of Significant accounting policies	2		

The accompanying notes are an integral part of the financial statements

For and On behalf of the Board of Directors

P.P. Srivastava Director | **Subir Mulchandani** Director | **M.K.Goel** Chairman

SIGNED IN TERMS OF OUR REPORT OF EVEN DATE
For & On Behalf of
R.P Narang & Co.
(CHARTERED ACCOUNTANTS)
Firm Reg. No: 001794N

Prashant Narang
(Partner)
M No. :098578

Place: New Delhi
Dated: 9th May, 2012

GHOGARPALLI INTEGRATED POWER COMPANY LIMITED

Cash Flow Statement for the year ended 31.03.2012

	PARTICULARS	Year ended 31.03.2012	Year ended 31.03.2011
			(Amount in ₹)
A.	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Net Profit/(Loss) as per Profit & Loss A/c	-	-
	Prior Period Expenses/ Preliminary expenses	-	-
	Operating profit before working capital changes	-	-
	Adjustment For Increase/Decrease in:		
	Other Current Assets	**(1,31,39,578)**	(94,36,421)
	Short-term loans and advances	**29,41,535**	47,29,494
	Current Liabilities & Provisions	**1,29,72,512**	91,48,321
	Net Inflow from Operating Activities (A)	**27,74,469**	44,41,394
B.	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Capital Work in Progress	**(27,74,469)**	(20,51,824)
	Net Inflow from Investing Activities (B)	**(27,74,469)**	(20,51,824)
C.	**CASH FLOW FROM FINANCIAL ACTIVITIES**		
	Unsecured Loans	-	(23,89,636)
	Net Inflow from Financing Activities (C)	-	(23,89,636)
	NET INCREASE/(DECREASE) IN CASH FLOW(A+B+C)	-	(66)
	CASH & CASH EQUIVALENT AT THE BEGINNING OF THE YEAR	**74,881**	74,947
	CASH & CASH EQUIVALENT AT THE END OF THE YEAR	**74,881**	74,881
	Cash on hand and balance with banks	**74,881**	74,881
	Other Cash and Cash Equivalents	-	-

For and On behalf of the Board of Directors

P.P. Srivastava **Director**	**Subir Mulchandani** **Director**	**M.K.Goel** **Chairman**

SIGNED IN TERMS OF OUR REPORT OF EVEN DATE
For & On Behalf of
R.P Narang & Co.
(CHARTERED ACCOUNTANTS)
Firm Reg. No: 001794N

Prashant Narang
(Partner)
M No. :098578

Place: New Delhi
Dated: 9th May, 2012

GHOGARPALLI INTEGRATED POWER COMPANY LIMITED

Notes to Financial Statements for the year ended 31.03.2012

1. Corporate Information

The Company was incorporated on 22/05/2008 under the Companies Act, 1956 as a wholly owned subsidiary of PFC Consulting Limited (PFCCL), (A wholly owned subsidiary of Power Finance Corporation Ltd, a Govt. of India Undertaking) and Certificate for Commencement of Business was issued on 16/04/2009. During the Financial year 2009-10, PFC Consulting Limited has transferred GIPL to PFC Limited on 09/02/2010. Now it is a who1ly owned subsidiary of PFC Limited. The Company is a special purpose vehicle incorporated to facilitate the acquisition of land and to complete preliminary work regarding statutory clearances including that of environment, forest, CRZ etc. for the purpose of establishing ultra mega power project of 4000 MW in the state of Orissa (Project).

2. Summary of Significant Accounting Policies

a. Basis of Preparation

The Company prepares its financial statements in accordance with applicable accounting standards and generally accepted accounting principles and also in accordance with requirements of the Companies Act, 1956.

b. Use of Estimate

The preparation of financial statements requires management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities), revenues and expenses of the reporting period. The difference between the actual results and estimates are recognized in the period in which the results are known and/or materialised.

c. Recognition of Income/ Expenditure

Income and expenses (except as stated below) are accounted for on accrual basis.

Fees for advisory and professional services for developing Ultra Mega Power Project payable to PFC/PFCCL will be accounted for in the year of transfer of the company to the successful bidder.

d. Fixed Assets

Fixed assets are shown at historical cost less current/ accumulated depreciation. The company capitalizes all direct cost including borrowing cost up to the date of commercial use of such assets.

e. Depreciation / Amortisation

Depreciation on assets is provided on Written down Value method, in accordance with the rates prescribed in Schedule XIV of the Companies Act, 1956.

Items of Fixed Assets acquired during the year costing up to Rs. 5,000/- are fully depreciated.

f. Capital Work in Progress

Expenditure incurred on Land / Survey / Studies / Investigations / Consultancy / Administration / Depreciation / Interest / Manpower Charges etc. has been capitalized & treated as Capital Work In Progress.

g. Loans

Expenditure incurred by the company for the Project is financed by the Holding Company/Procurers and considered as Unsecured Loan. Interest has been charged on funds deployed by them.

h. Loans & Advances

The Surplus fund parked by the company with the Holding company (PFC) has been considered as loan and advances and interest has been claimed on such funds from Holding company.

i. Investments

Investments are stated at cost.

j. Borrowing Costs

Borrowing cost is charged to the statement of profit & loss for the year in which it is incurred except for capital assets which is capitalized till the date of commercial use of the assets.

k. Preliminary Expenses

Preliminary expenses are written off in the year in which such expenditure has been incurred, in compliance with the opinion of the Expert Advisory Committee (EAC) of The Institute of Chartered Accountants of India.

l. Contingent Liabilities

Contingent liabilities have not been provided and are disclosed by way of notes on the basis of available information.

m. Cash Flow Statement

Cash flow Statement is prepared in accordance with the indirect method prescribed in Accounting Standard-3 on Cash Flow Statement.

3. SHARE CAPITAL

(Amount in ₹)

Description	As at 31.03.2012	As at 31.03.2011
Authorised :		
50,000 Equity shares of ₹ 10/- each (Previous year 50,000 Equity shares of ₹ 10/- each)	**5,00,000**	5,00,000
Issued, subscribed and fully paid up shares :		
50,000 Equity shares of ₹ 10/- each (Previous year 50,000 Equity shares of ₹ 10/- each)	**5,00,000**	5,00,000
Total Issued, subscribed and fully paid up share capital	**5,00,000**	5,00,000

a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Equity Shares

	31 March 2012		31 March 2011	
	No. of Shares	Amount (₹)	No. of Shares	Amount (₹)
At the beginning of the period	**50,000**	**5,00,000**	50,000	5,00,000
Issued During the period	-	-	-	-
Outstanding at the end of the period	**50,000**	**500,000**	50,000	500,000

b. Terms/ rights attached to equity shares

The Company has only one class of equity shares having par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c. Shares held by holding company

Out of equity shares issued by the company, shares held by its Holding Company are as below:

Amount (₹)

	31 March 2012	31 March 2011
Power Finance Corporation Limited, the Holding Company		
50,000 (31 March 2011: 50,000) equity shares of ₹ 10 each fully paid	**5,00,000**	5,00,000

d. Details of shareholders holding more than 5% shares in the company

	31 March 2012		31 March 2011	
	No. of Shares	% holding in the class	No. of Shares	% holding in the class
Equity Shares of ₹ 10 each fully paid				
Power Finance Corporation Limited, the Holding Company *	**50,000**	**100%**	50,000	100%
	50,000	**100%**	50,000	100%

* Out of 50,000 (PY: 50,000) equity shares 600 (PY: 600) shares are held by nominees of Power Finance Corporation Limited on its behalf.

4. RESERVES & SURPLUS

(Amount in ₹)

Description	As at 31.03.2012	As at 31.03.2011
Surplus in the statement of Profit and Loss Account	**(54,729)**	(54,729)
Add : Addition during period	-	-
TOTAL	**(54,729)**	(54,729)

5. LONG-TERM BORROWINGS

(Amount in ₹)

Description	As at 31.03.2012	As at 31.03.2011
<u>Other Loans and Advances</u>		
Commitment Advances		
Banglore Electricity Supply Co Ltd.	**3,50,00,000**	3,50,00,000
Central Power Distribution Co. of A.P Ltd	**88,00,000**	88,00,000
Eastern Power Distribution Co. of A.P Ltd	**30,00,000**	30,00,000
Government of Pondicherry	**70,00,000**	70,00,000
Government of Mizoram	**40,00,000**	40,00,000
Kerala State Electricity Board	**1,90,00,000**	1,90,00,000
Northern Power Distribution Co. of A.P Ltd	**30,00,000**	30,00,000
Tamil Naidu Electricity Board	**6,00,00,000**	6,00,00,000
West Bengal State Electricity Dist. Co. Ltd	**1,20,00,000**	1,20,00,000
	15,18,00,000	15,18,00,000
The above amount includes		
Secured Borrowings	-	-
Unsecured Borrowings	**15,18,00,000**	15,18,00,000

6. OTHER CURRENT LIABILITIES

(Amount in ₹)

Description	As at 31.03.2012	As at 31.03.2011
Interest Payable	**2,47,66,710**	1,21,42,403
<u>Others</u>		
TDS Payable	**12,95,582**	9,22,210
Other Liabilities	**66,712**	91,879
TOTAL	**2,61,29,004**	1,31,56,492

7. PROVISIONS

(Amount in ₹)

Description	Long-Term		Short -Term	
	As at 31.03.2012	As at 31.03.2011	As at 31.03.2012	As at 31.03.2011
Provision for Income Tax	-	-	-	-
TOTAL	-	-	-	-

8. CAPITAL WORK IN PROGRESS

(Amount in ₹)

Description	As at 31.03.2012	As at 31.03.2011
Opening Capital Work in Progress	**54,41,369**	33,89,545
Add: Transferred from expenditure During Construction Period (Note-12)	**27,74,469**	20,51,824
TOTAL	**82,15,838**	54,41,369

9. CASH AND CASH EQUIVALENTS

(Amount in ₹)

Description	As at 31.03.2012	As at 31.03.2011	As at 31.03.2012	As at 31.03.2011
	Non-Current		Current	
Cash on Hand	-	-	-	-
Balances with banks:				
In Current Account	-	-	**74,881**	74,881
TOTAL	-	-	**74,881**	74,881

10. LOANS AND ADVANCES

(Amount in ₹)

Description	As at 31.03.2012	As at 31.03.2011	As at 31.03.2012	As at 31.03.2011
	Non-Current		Current	
Security Deposit				
Secured, considered good	-	-	-	-
Unsecured, considered good	-	-	-	-
Doubtful	-	-	-	-
	-	-	-	-
Loans and advances to related parties				
Unsecured, considered good	-	-	**14,41,27,656**	14,70,70,506
Advances recoverable in cash or kind				
Secured, considered good	-	-	-	-
Unsecured, considered good	-	-	-	-
	-	-	-	-
Other loans and advances				
Advance Income Tax (net of provision for taxation)	-	-	-	-
Tax deducted at source	-	-	**1,315**	-
	-	-	**1,315**	-
Total	-	-	**14,41,28,971**	14,70,70,506

Loans and advances due by directors or other officers, etc.

Description	As at 31.03.2012	As at 31.03.2011	As at 31.03.2012	As at 31.03.2011
	Non-Current		Current	
Loans to employees include				
Dues from non-executive directors	-	-	-	-
Dues from officers	-	-	-	-
Dues from non-executive and officers jointly with other persons	-	-	-	-
Loans and advances to related parties include				
Dues from partenership firm (name) in which the company's executive director is a partner	-	-	-	-
Dues from (Name of co.) in which the company's managing director is a member.	-	-	-	-
Advances recoverable in cash or kind include				
Dues from the partnership firm (name) in which the company's non-executive director is a partner	-	-	-	-

11. OTHER CURRENT ASSETS

(Amount in ₹)

Description	As at 31.03.2012	As at 31.03.2011
Interest Receivable from related party	**2,59,54,585**	1,28,15,007
TOTAL	**2,59,54,585**	1,28,15,007

12. EXPENDITURE DURING CONSTRUCTION PERIOD

(Amount in ₹)

Description	Year ended 31.03.2012	Year ended 31.03.2011
(a) Expenses		
Manpower Charges	**16,76,924**	12,76,502
Bank Charges	-	66
Audit Fees	**49,157**	48,256
Legal & Professional Charges	**52,608**	49,112
Consultancy Charges	**90,008**	1,09,603
Conference Charges	**80,120**	24,760
Survey & Studies Expenses	-	1,13,244
Interest on utilised portion	**7,74,080**	4,22,908
Interest on un-utilised portion	**1,31,40,893**	94,36,421
Other Administrative Expenses	**51,572**	7,373
Total (a)	**1,59,15,362**	1,14,88,245
(b) Other Income		
Interest on un- utilised portion	**1,31,40,893**	94,36,421
(TDS: CY: ₹1,315/-; PY: ₹ NIL)		
Total (b)	**1,31,40,893**	94,36,421
Total (a-b)	**27,74,469**	20,51,824

13. The Key Management Personnel of the Company are employees of the Power Finance Corporation Ltd (PFC)/Holding Company & PFC Consulting Ltd (A wholly owned subsidiary of PFC) and deployed on Part Time basis.

The details of such Key Management Personnel as on 31.03.2012 are as follows:

S. No.	Name	Designation	Date of Appointment	Date of Resignation
1.	Shri M.K.Goel	Chairman	17.12.2008	Continuing
2.	Shri Ashwani Sharma	Director	25.05.2009	28.11.2011
3.	Shri Subir Mulchandani	Director	22.05.2008	Continuing
4.	Shri P.P Srivastava	Director	28.11.2011	Continuing
5.	Shri Yogesh Juneja	Director	30.12.2009	Continuing

14. Pursuant to the Financing Agreement between PFC and the Company, the entire expenditure on development of the Project were incurred by PFC from its own funds until receipt of the commitment advance from the procurers and thereafter out of Commitment Advance received from Procurers.

15. All the work for the Company are executed by PFC Consulting Ltd. (PFCCL). The Manpower Charges of ₹ 16,76,924/- (Previous Year ₹ 12,76,502/-) for PFCCL employees charged by PFCCL on the basis of cost to company based on actual man days spent for the Company as per invoice raised by PFCCL and include ₹ 36,160/- (Previous Year ₹ Nil) charged for Sh.Ashwani Sharma (Director), ₹ 14,464/- (Previous Year ₹ 78,865/-) of Sh. Subir Mulchandani (Director) and ₹ 1,62,719/- (Previous Year ₹ NIL) of Sh. Srivastava (Director). PFC is complying statutory provisions related to deduction of tax at source applicable to expenses allocated by it.

16. The expenses appearing as other Administrative Expenses in the Note-12 "Expenditure during Construction period" include Official Hospitality, Printing & Stationary etc.

17. Original Supporting bills in respect of expenditure incurred by the PFC/PFCCL are retained by them of which copies are available with the Company. PFC/PFCCL is complying with all statutory provisions relating to the 'Deduction of tax at source etc. as applicable to these expenses.

18. As per decision of Ministry of Power, Procurers are required to pay commitment advance against their respective share of allocated power to them, without specifying payment of interest on commitment advance. Accordingly commitment advance has been received from procurer without any obligation or commitment for payment of interest on commitment advance paid by them. However company has provided interest liability on commitment advance received from procurer as per decision of company/ Holding Company. The said commitment advance along with accrued interest as per terms of financing agreement shall be repayable to the procurers within 15 days from the date of transfer of the company by the Holding Company to its successful bidder.

19. During the year, the Company has received Commitment Advance of ₹ Nil (Previous year ₹Nil) from the Power Procuring Utilities (Procurers) in view of decision of Ministry of Power, Government of India as their contribution against allotment of specified quota of power to be given on completion of the project by way of a Power Purchase Agreement with respective Procurers and successful bidder. The said commitment advance has been shown in the Balance Sheet as Long Term Borrowings.

20. Out of total commitment advance of ₹ 40,00,00,000/- receivable from procurers, a sum of ₹ 15,18,00,000/- received from procurers during financial year 2009-10 was given to the Holding Company (PFC) to meet out expenditures for the project on behalf of the company and to invest / retain remaining unutilized portion of commitment advance. Total Interest Expense amounting to ₹ 1,39,14,973/- (Previous Year ₹ 98,59,329/-) has been accounted for in the books of account for the year which includes interest of ₹ 1,31,40,893/- (Previous year ₹ 94,36,421/-) on unutilized portion and ₹ 7,74,080/- (Previous year ₹ 4,22,908/-) on utilized portion. Interest on utilized portion has been capitalized. The rate of interest charged / paid on the utilized amount of funds is as applicable in PFC for the Project Loan/Schemes (Generation) for Borrowers under category "State Sector Borrowers (Category 'A') as determined from time to time and on unutilized portion of funds, the interest received/paid is on "monthly average short term deposit rate of PFC". Interest payable has been shown under Current Liabilities.

21. The Company has agreed to pay a sum of ₹ 50,00,00,000/- plus applicable taxes to PFC/PFCCL on account of fees for providing advisory & professional services rendered by PFC/PFCCL. The fees for providing advisory & professional services is payable to PFC/PFCCL only when successful bidder for the Project will be selected and company will be transferred to successful bidder, therefore no liability has been provided for fees payable to PFC/PFCCL, since the same will be charged in the year of transfer of the company to successful bidder only in the event of transfer of the company.

22. Expenditure during Construction Period (Note-12) containing all expenses required to be capitalized has been prepared and the same has been included in Capital Work In Progress.

23. As per the scheme of setting up of the project, entire expenditure to be incurred by the company for project exploration and initial spade work, including interest on funds deployed will be recovered from the successful bidder of the project as acquisition price for purchase of 100% equity shareholding of the company from its holding company (PFC), consequent upon which the company along with all its assets and liabilities shall stand transferred to such bidder as per the share purchase agreement to be entered into.

24. The shares of the company shall be transferred by the Holding Company to the successful bidder of the project after completion of bidding process. The amount of consideration payable by the successful bidder as acquisition price for purchase of 100% equity shareholding of company and for taking over all assets and liabilities of company shall be at par at book value.

25. In the opinion of the Board, on realization in the ordinary course of the company's business the other current assets and loans and advances as stated in the balance sheet are expected to produce at least the amount at which they are stated.

26. Since there are no employees in the company, the obligation as per Accounting Standard-15 (Revised) do not arises.

27. The disclosure as per AS18 – Related Party Disclosure :

Ghogarpalli Integrated Power Company Limited is a wholly owned subsidiary of PFC Ltd. All key decisions are taken by the Board of Ghogarpalli Integrated Power Company Limited where the PFC/PFCCL nominees exercise control.

Details of Related Parties:-

S. No.	Name of the Related Party	Nature of Relationship
1.	Power Finance Corporation Limited	Holding Company
2.	PFC Consulting Limited	Fellow Subsidiary
3.	Chhattisgarh Surguja Power Limited	Fellow Subsidiary
4.	Coastal Karnataka Power Limited	Fellow Subsidiary
5.	Coastal Maharashtra Mega Power Limited	Fellow Subsidiary
6.	Orissa Integrated Power Limited	Fellow Subsidiary
7.	Coastal Tamil Nadu Power Limited	Fellow Subsidiary
8.	Sakhigopal Integrated Power Company Limited	Fellow Subsidiary
9.	Tatiya Andhra Mega Power Limited	Fellow Subsidiary
10.	PFC Green Energy Limited	Fellow Subsidiary
11.	PFC Capital Advisory Services Limited	Fellow Subsidiary
12.	Power Equity Capital Advisors Private Limited	Fellow Subsidiary
13.	DGEN & Uttrakhand Transmission Company Limited	Enterprises under common control
14.	Nagapattinam Madhugiri Transmission Company Limited	Enterprises under common control (till 29.03.2012)

The related Party Transactions was done only with Holding Company (PFC), details are as follows:-

S. No.	Particulars	2011-12 PFC	2010-11 PFC
1.	Equity Contribution	**Nil**	Nil
2.	Interest Income for the year	**1,31,40,893**	94,36,421
3.	Manpower Charges *	**16,76,924**	12,76,502
4.	**Closing Balance**		
a)	Interest receivable	**2,59,54,585**	1,28,15,007
b)	Loans & Advance	**14,41,27,656**	14,70,70,506

28. Earning Per Share

In terms of Accounting Standard 20 on "Earnings per Share" notified under the Companies Act 1956, Earning per share (Basic & Diluted) is worked out as follows: -

S. No.	Particulars	2011-12	2010-11
1.	Nominal Value of share ₹	**10**	10
2.	Number of Equity shares (No.)	**50,000**	50,000
3.	Net Profit after tax ₹	**-**	-
4.	Earning per share ₹	**-**	-

29. i) Estimated amount of contracts remaining to be executed on capital account and not provided for is ₹ Nil.

ii) Contingent liabilities of the company and claims against the company not acknowledged by the company as certified by the management for the year is ₹ Nil.

30. Auditors Remuneration (including Service Tax)

S. No.	**Particulars**	**2011-12 ₹**	2010-11 ₹
1.	Statutory Audit Fees	**49,157**	48,256
2.	Other Audit Fees	**-**	28,954

31. The Company has complied with all the applicable Accounting Standards notified under section 211 of the Companies Act 1956. However AS -22 relating to Deferred Tax Liability /Asset pertaining to timing difference is not applicable to the company in view of the fact that the company is still in the construction phase and yet to commence its operation.

32. The Company owes no dues to small-scale units at year-end and hence provision of interest does not arise. Further based on information available with the management, there are no dues payable to enterprises covered under "Micro, Small and Medium Enterprises Development Act, 2006".

33. Most of the additional information pursuant to the provisions of Paragraph 5, (ii),(iii),(viii) of part II of New Schedule VI to the Companies Act, 1956 are not applicable to the company as the project is still at its development stage and the company has yet to start its commercial activities. Applicable information is provided as under:

(a) Expenditure in foreign currency – Nil

(b) Income in foreign exchange – Nil

34. The company has sent letters to various parties included under the head Long Term Borrowings (Commitment advance), interest payable, interest receivables etc. for confirmation of their balances as per the books of accounts of the company for which confirmations is yet to be received from the respective parties.

35. Figures have been rounded off to the nearest Rupee unless otherwise stated.

36. Previous Year Figures

Till the year ended 31st March,2011 the company was using pre-revised Schedule-VI to the Companies Act, 1956, for preparation and presentation of its financial statements. During the year ended 31st March 2012, the revised Schedule VI notified under the Companies Act 1956, has became applicable to the company. The company has reclassified/regrouped previous year figures to conform with current year classification.

For and On behalf of the Board of Directors

P.P. Srivastava	**Subir Mulchandani**	**M.K.Goel**
Director	**Director**	**Chairman**

SIGNED IN TERMS OF OUR REPORT OF EVEN DATE
For & On Behalf of
R.P Narang & Co.
(CHARTERED ACCOUNTANTS)
Firm Reg. No: 001794N

Prashant Narang
(Partner)
M No. :098578

Place: New Delhi
Dated: 9th May, 2012

TATIYA ANDHRA MEGA POWER LIMITED

(A wholly owned subsidiary of Power Finance Corporation Limited)

DIRECTORS' REPORT 2011-2012

To

The Members,

Your Directors have pleasure in presenting their 3rd Annual Report on the working of the Company for the financial year ended 31st March, 2012 together with the Audited Statement of Accounts and Auditor's Report thereon.

OPERATIONAL ACTIVITIES

Your Company was incorporated on 17th April, 2009 as a Special Purpose Vehicle (SPV) to undertake developmental activities for the proposed 4000MW, 2nd UMPP in Nayunipalli village, district Prakasam, Andhra Pradesh as a wholly owned subsidiary of PFC Consulting Limited (PFCCL). After transfer of shares to Power Finance Corporation Limited (PFC) on 9th February, 2010 as per the directions of Ministry of Power (MoP), Government of India, your Company became a wholly owned subsidiary Company of PFC.

The power from the project will be procured by twenty states namely Andhra Pradesh (2000 MW), Uttar Pradesh (595 MW), Madhya Pradesh (170 MW), Jharkhand (165 MW), Chhattisgarh (115 MW), Maharashtra (275 MW), Karnataka (115 MW), Tamil Nadu (115 MW), Kerala (75 MW), West Bengal (55 MW), Rajasthan (55 MW), Haryana (55 MW), Himachal Pradesh (45 MW), Assam (45 MW), Nagaland (20 MW), Meghalaya (20 MW), Manipur (20 MW), Mizoram (20 MW), Puducherry (20 MW) and Arunachal Pradesh (20 MW).

Section 4 notification for 726 acres of land was issued in November, 2010.

Govt. of Andhra Pradesh has accorded in-principle permission to the proposed UMPP for drawing sea water.

VANPIC Ports Pvt. Ltd., is the Port service provider for the proposed UMPP and VANPIC has confirmed that they will be able to handle the coal requirements of the proposed UMPP.

The First and Second Season Marine EIA Studies have been completed and the draft report is being finalized by National Institute of Technology, Vishakhapatnam.

The Feasibility Study on 'Rail Transportation of Coal, Petroleum, Oil and Lubricants' has been completed and the report is being finalized by M/s Rites Ltd. based on observations of South Central Railways and Central Electricity Authority.

FINANCIAL REVIEW

During the year under review, your Company has not taken up its commercial activities. However, during the year the Company has spent an amount of ₹ 219.22 Lakh in the development of the Project which has been transferred to capital work in progress. Total expenditure incurred by the Company till 31st March, 2012 is ₹ 766 Lakh.

DIVIDEND

As the Company has not started its commercial activities, the Company has not declared any dividend for the period commencing from 1st April, 2011 to 31st March, 2012.

SHARE CAPITAL

The paid-up share capital of the company was ₹ 5,00,000/- (50,000 equity shares of ₹ 10/- each) as on 31st March, 2012. During the year, the entire share capital of the Company was held by PFC and its nominees.

COMMITMENT ADVANCE

During the year under review, your Company has received Commitment Advance of ₹ 185.00 Lakh from power procuring states. The total commitment advance received till date is ₹ 2000.00 Lakh.

FIXED DEPOSITS

The Company has not accepted any fixed deposit during the period ending 31st March, 2012.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNING & OUTGO

As the Company operations do not involve any manufacturing or processing activities, the particulars as per the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, regarding conservation of energy and technology absorption, are not applicable. During the year under review, there is no foreign exchange earning and outgo.

AUDITORS

M/s. SVP & Associates, Chartered Accountants, was appointed as Statutory Auditors of the Company for the financial year 2011-2012 by the Comptroller & Auditor General of India. There are no adverse comments, observation or qualification in the Auditor's Report on the accounts of the Company.

PARTICULARS OF EMPLOYEES U/S 217 (2A) OF THE COMPANIES ACT, 1956

The Company has no employees on its roll. Hence, the particulars of employees as prescribed under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 are not applicable.

DIRECTORS

Since the date of last Directors' Report, pursuant to the office order issued by Power Finance Corporation Limited (PFC), Holding Company, Shri Yogesh Juneja has been appointed as Director of the Company in place of Shri Dinesh Vij w.e.f. 17th August, 2011. Your Board places on record its deep appreciation for the valuable contribution made by Shri Dinesh Vij during his tenure as Director of the Company.

Consequent to the aforesaid change, the Board of Directors comprises of the following:

1.	Shri M. K. Goel	Chairman
2.	Shri Subir Mulchandani	Director
3.	Shri Yogesh Juneja	Director
4.	Shri R. Rahman	Director

In accordance with provisions of Companies Act, 1956 Shri Subir Mulchandani, Director shall retire by rotation at the ensuing Annual General Meeting of the Company and being eligible offers himself for re-appointment.

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL (C&AG) OF INDIA

C&AG of India vide their letter dated 20th June, 2012 has intimated that on the basis of audit, nothing significant has come to their knowledge which would give rise to any comment or suppplement to Statutory Auditor's Report Under Section 619 (4) of the Companies Act, 1956. A copy of the letter issued by C&AG in this regard is placed at Annexure-I.

DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 217(2AA) of the Companies Act, 1956, your Directors confirm that:

- In the preparation of Annual Accounts for the financial year 2011-12, the applicable accounting standards had been followed along with proper explanation relating to material departure.
- The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of the affairs of the Company at the end of the financial year 2011-12.
- The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provision of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

- The Directors had prepared the annual accounts on a going concern basis.

ACKNOWLEDGEMENT

The Directors place on record their gratitude to the Central and State Governments and various Government agencies for the assistance, co-operation and encouragement they extended to the Company. The Company is also thankful to the Comptroller & Auditor General of India, the Ministry of Power, the Statutory Auditors and PFC for their suggestions and unstinted co-operation and guidance.

For and on behalf of the Board of Directors

Sd/-
(M. K. Goel)
Chairman

Place : New Delhi
Dated : 18th July, 2012

Annexure-I

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF TATIYA ANDHRA MEGA POWER LIMITED, NEW DELHI FOR THE YEAR ENDED 31 MARCH 2012

The preparation of financial statements of Tatiya Andhra Mega Power Limited, New Delhi, for the year ended 31st March 2012 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the company. The statutory auditors appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 are responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956 based on independent audit in accordance with the auditing and assurance standards prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 9th May, 2012.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under Section 619(3) (b) of Companies Act, 1956 of the financial statements of Tatiya Andhra Mega Power Limited, New Delhi, for the year ended 31st March 2012. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records. On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditors' report under Section 619(4) of the Companies Act, 1956.

For and on the behalf of the
Comptroller & Auditor General of India

(Praveen Kumar Singh)
Principal Director of Commercial Audit &
Ex-officio Member Audit Board – III,
New Delhi

Place: New Delhi
Dated: 20 June 2012

AUDITOR'S REPORT

TO

THE MEMBERS
TATIYA ANDHRA MEGA POWER LIMITED.

1. We have audited the attached Balance Sheet of **TATIYA ANDHRA MEGA POWER LIMITED** as at **31st March 2012,** the Statement of Profit & Loss and the Cash Flow Statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with the auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditor's Report) order, 2003 read with the companies (Auditor's Report) (Amendment) order, 2004 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in the paragraphs 4 and 5 of said order.

4. Further to our comments in the Annexure referred to in paragraph 3 above we report that:

   a) We have obtained all the information and explanation, which to the best of our knowledge and belief were necessary for the purposes of our audit.

   b) In our opinion, proper books of accounts as required by law have been kept by the company, so far as appears from our examination of the books. Since some of the payments on behalf of the Company made by the Holding Company i.e. Power Finance Corporation Ltd., the original supports relating to these expenditures etc. are kept with the Holding Company.

   c) The Balance Sheet, the Statement of Profit & Loss and Cash flow statement dealt with by this report are in agreement with the books of account.

   d) In our opinion, the Balance Sheet , the Statement of Profit & Loss and Cash flow statement dealt with this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the companies act, 1956.

   e) In pursuance to the notification No. GSR 829(E) dated 21.10.2003 issued by the Department of Company Affairs; clause (g) of sub-section (1) of section 274 of companies Act, 1956 pertaining to disqualification of Directors is not applicable to a Government Company.

   f) In our opinion and to the best of our knowledge and according to information and explanation given to us, the said financial statements, read together with the Notes on accounts given in Schedule 9 and Accounting Policies annexed thereto, give the information required by the Companies Act, 1956 in the manner so required & give a true and fair view in conformity with the accounting principles generally accepted in India:

      (i) In case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2012,

      (ii) In case of the Statement of Profit & Loss, of Nil Profit / Loss of the company for the year ended on that date; and

      (iii) In case of Cash Flow Statement, of the Cash Flows of the company for the year ended on that date.

For and on behalf of
SVP & Associates
Chartered Accountants.
(Firm Reg. No : 003838N)
CA. Tarun Kansal
(Partner)
Mem. No.084751

Place: New Delhi
Dated: 9th May, 2012

ANNEXURE TO AUDITOR'S REPORT OF TATIYA ANDHRA MEGA POWER LIMITED (REFERRED TO IN PARAGRAPH (3) OF OUR REPORT OF EVEN DATE)

1) (a) In our opinion and according to information and explanation given to us, provision of para 4(i) (a) of the Companies (Auditor's Report) Order, 2003 relating to maintaining proper records showing full particulars, including quantitative details and situation of fixed assets are not applicable to company as it does not have fixed assets.

   (b) In our opinion and according to information and explanation given to us provision of para 4(i) (b) of the companies (Auditor's Report) Order, 2003 relating to physical verification of fixed assets by the management is not applicable to Company as it does not have fixed assets.

   (c) In our opinion and according to information and explanation given to us provision of para 4(i) (c) of the companies (Auditor's Report) Order, 2003 relating to disposal of any substantial part of fixed assets during the year are not applicable to Company as it does not have fixed assets.

2) As the company has not purchased/ sold goods during the year nor are there any stocks. Accordingly clauses 4(ii) (a), (b) and (c) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.

3) As explained to us, the Company has not taken nor granted any loans, secured or unsecured from Companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly clauses 4(iii) (a), (b), (c) and (d) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.

4) Having regards to the nature of company's business and based on our scrutiny of company's records and the information and explanation given to us, we report that company's activities do not include purchase of inventory and sale of goods. In our opinion and according to the information and explanation given to us, there are adequate internal control procedures commensurate with the size of the company and nature of its business with regards to purchase of fixed assets. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls with regards to purchase of fixed assets.

5) According to the information and explanation given to us, there are no transaction made in pursuance of the contracts or arrangements that need to be entered in the register maintained under section – 301 of the Companies Act, 1956.

6) According to the information and explanation given to us, the company has not accepted any deposits from public.

7) The company does not have paid up capital and reserves of Rs 50 lakhs as at the commencement of the financial year concerned, or have a average annual turnover exceeding five crore rupees for a year of three consecutive financial years immediately preceding the financial year concerned, the provision of para 4 (vii) of the Companies (Auditor's Report) Order, 2003 are not applicable to company.

8) The company does not have any business activities during the year, the provision of para 4 (viii) of the Companies (Auditor's Report) order, 2003 relating to maintaining of cost records under section 209 (I) (d) of the companies act is not applicable to the company.

9) (a) According to information and explanation given to us, the company is regular in depositing undisputed statutory dues including Provident Fund, Investors Education and Protection Fund Employees State Insurance, Income Tax, Wealth Tax, and other statutory dues with the appropriate Authorities through holding company i.e. PFC Ltd. According to information and explanation given to us, there are no undisputed statutory dues outstanding as at 31st March, 2012 for a period of more than six months from the date they become payable.

   (b) According to information and explanation given to us, there are no dues of Income Tax, Wealth Tax, which have not been deposited on account of any dispute.

10) In our opinion the Company has accumulated losses at the end of the current financial year. However it has not incurred any cash losses in the current financial year.

11) According to the records made available to us and information and explanations given by the management, the company has not taken any loan, from any financial institution or bank or debenture holder, hence clause (xi) of paragraph 4 of the Order is not applicable to the Company

12) In our opinion and according to information and explanation given to us, provision of para 4 (xii) of the Companies (Auditor's Report) Order, 2003 are not applicable to Company as it has not given any loans and advance on security of shares, Debentures and other securities.

13) In our opinion and according to information and explanation given to us, the Company is not a Chit Fund, Nidhi or Mutual benefit, Trust/Society. Accordingly, the provision of para 4(xiii) of the companies (Auditor's Report) Order, 2003 is not applicable to company.

14) According to information and explanation given to us, the Company is not dealing or trading in shares, Securities, debenture and other investment and hence the requirement of para 4(xiv) of the Companies (Auditor's Report) Order, 2003 is not applicable to Company.

15) According to information and explanation given to us, the Company has not given any guarantee in respect of loan taken by it from banks and financial institutions.

16) In our opinion and according to information and explanation given to us the Company has not obtained any term loan and hence the requirement of para 4 (xvi) of the Companies (Auditor's Report) Order, 2003 are not applicable to Company.

17) According to information and explanation given to us and on an overall examination of the Balance sheet and Cash Flow statement of the Company, we report that no funds raised on short-term basis have been utilized for long term investment purpose.

18) The Company has not made any preferential allotment of share to parties and companies covered in the register maintained under section 301 of the Companies Act 1956.

19) According to information and explanation given to us the company does not have any debentures and hence the requirement of para 4(xix) of the Companies (Auditor's Report) order, 2003 are not applicable to Company.

20) According to information and explanation given to us the company has not raised any money from public issues during the year.

21) In our opinion and according to the information and explanation given to us, no fraud on or by the company has been noticed or reported during the year that causes the financial statements to be materially misstated.

For and on behalf of
SVP & Associates
Chartered Accountants.
(Firm Reg. No : 003838N)
CA. Tarun Kansal
(Partner)
Mem. No.084751

Place: New Delhi
Dated: 9th May, 2012

TATIYA ANDHRA MEGA POWER LIMITED

BALANCE SHEET AS AT 31.03.2012

(Amount in ₹)

Description	Note No.	As at 31.03.2012	As at 31.03.2011
I. EQUITY AND LIABILITIES			
(1) Shareholder's Funds			
(a) Share Capital	3	**5,00,000**	5,00,000
(b) Reserves & Surplus	4	**(29,459)**	(29,459)
		4,70,541	4,70,541
(2) Non-current Liabilities			
(a) Long Term Borrowings	5	**20,00,00,000**	18,15,00,000
(b) Long- Term Provisions	7	**-**	-
(3) Current Liabilities			
(a) Other Current Liabilities	6	**2,99,49,130**	1,19,52,762
(b) Short-Term Provisions	7	**-**	-
		2,99,49,130	1,19,52,762
Total		**23,04,19,671**	19,39,23,303
II. ASSETS			
(1) Non-current Assets			
(a) Fixed Assets			
(i) Tangible Assets		**-**	-
(ii) Capital Work in Progress	8	**7,65,91,165**	5,46,68,766
		7,65,91,165	5,46,68,766
(b) Long Term Loans & Advances	10	**-**	-
(2) CURRENT ASSETS			
(a) Cash and cash equivalents	9	**94,378**	94,565
(b) Short-term loans and advances	10	**13,44,88,373**	13,19,52,706
(c) Other Current Assets	11	**1,92,45,755**	72,07,266
		15,38,28,506	13,92,54,537
Total		**23,04,19,671**	19,39,23,303
Expenditure During Construction Period	12		
Corporate Information	1		
Summary of Significant accounting policies	2		

The accompanying notes are an integral part of the financial statements

For and on behalf of the Board of Directors

R Rahman **Director**	**Subir Mulchandani** **Director**	**M.K.Goel** **Chairman**

SIGNED IN TERMS OF OUR REPORT OF EVEN DATE
For & On Behalf of
SVP & Associates
(CHARTERED ACCOUNTANTS)
Firm Reg. No: 003838N

CA. Tarun Kansal
(Partner)
M No. 084751

Place: New Delhi
Dated: 9th May, 2012

TATIYA ANDHRA MEGA POWER LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31.03.2012

(Amount in ₹)

Description	Note No.	Year ended 31.03.2012	Year ended 31.03.2011
I. Revenue from Operations		**-**	-
II. Other Income		**-**	-
III. Total Revenue (I+II)		**-**	-
IV. Expenses			
Total Expenses		**-**	-
V. Profit before exceptional and extraordinary items and tax (III-IV)		**-**	-
VI. Exceptional itmes		**-**	-
VII. Profit before extraordinary items and tax (V-VI)		**-**	-
VIII. Extraordinary itmes		**-**	-
IX. Profit Before Tax (VII-VIII)		**-**	-
X. Tax Expenses			
(1) Current Tax		**-**	-
(2) Deferred Tax		**-**	-
XI. Profit (Loss) for the period (IX-X)		**-**	-
XII. Profit (Loss) from discontinuing operations		**-**	-
XIII. Tax Expense of discontinuing operations		**-**	-
XIV. Profit (Loss) from discontinuing operations (after Tax) (XII-XIII)		**-**	-
XV. Profit (Loss) for the period (XI +XIV)		**-**	-
XVI. Earnings per equity shares:			
(1) Basic	31	**-**	-
(2) Diluted	31	**-**	-
Expenditure During Construction Period	12		
Corporate Information	1		
Summary of Significant accounting policies	2		

The accompanying notes are an integral part of the financial statements

For and on behalf of the Board of Directors

R Rahman **Director**	**Subir Mulchandani** **Director**	**M.K.Goel** **Chairman**

SIGNED IN TERMS OF OUR REPORT OF EVEN DATE
For & On Behalf of
SVP & Associates
(CHARTERED ACCOUNTANTS)
Firm Reg. No: 003838N

CA. Tarun Kansal
(Partner)
M No. 084751

Place: New Delhi
Dated: 9th May, 2012

TATIYA ANDHRA MEGA POWER LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2012

(Amount in ₹)

	PARTICULARS	Year ended 31.03.2012	Year ended 31.03.2011
A.	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Net Profit/(Loss) as per Profit & Loss A/c	**-**	-
	Operating profit before working capital changes	**-**	-
	Adjustment For Increase/Decrease in:		
	Other Current Assets	**(1,20,38,489)**	(72,07,266)
	Loans & Advances	**(25,35,667)**	(13,09,42,706)
	Current Liabilities & Provisions	**1,79,96,368**	93,66,973
	Net Inflow from Operating Activities (A)	**34,22,212**	(12,87,82,999)
B.	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Capital Work in Progress	**(2,19,22,399)**	(4,44,47,392)
	Net Inflow from Investing Activities (B)	**(2,19,22,399)**	(4,44,47,392)
C.	**CASH FLOW FROM FINANCIAL ACTIVITIES**		
	Long Term Borrowings	**1,85,00,000**	17,32,25,022
	Net Inflow from Financing Activities (C)	**1,85,00,000**	17,32,25,022
	NET INCREASE/(DECREASE) IN CASH FLOW (A+B+C)	**(187)**	(5,369)
	CASH & CASH EQUIVALENT AT THE BEGINNING OF THE YEAR	**94,565**	99,934
	CASH & CASH EQUIVALENT AT THE END OF THE YEAR	**94,378**	94,565
	Cash on hand and balance with banks	**94,378**	94,565
	Other Cash and Cash Equivalents	**-**	-

For and on behalf of the Board of Directors

R Rahman	**Subir Mulchandani**	**M.K.Goel**
Director	**Director**	**Chairman**

SIGNED IN TERMS OF OUR REPORT OF EVEN DATE
For & On Behalf of
SVP & Associates
(CHARTERED ACCOUNTANTS)
Firm Reg. No: 003838N

CA. Tarun Kansal
(Partner)
M No. 084751

Place: New Delhi
Dated: 9th May, 2012

TATIYA ANDHRA MEGA POWER LIMITED

Notes to Financial Statements for the year ended 31.03.2012

1. Corporate Information

The Company was incorporated on 17/04/2009 under the Companies Act, 1956 as a wholly owned subsidiary of PFC Consulting Limited (PFCCL), (A wholly owned subsidiary of Power Finance Corporation Ltd, a Govt. of India Undertaking). Certificate for Commencement of Business was issued on 19/02/2010. During the financial year 2009-10 PFCCL has transferred the company (TAMPL) to PFC Limited as per decision of Ministry of Power and presently it is wholly owned subsidiary of PFC Limited. The Company is a special purpose vehicle incorporated to facilitate the acquisition of the land and complete the preliminary work regarding the statutory clearances including that of environment, forest, CRZ etc. for the purpose of establishing ultra mega power project for 4000 MW in the state of Andhra Pradesh (Project).

2. Summary of Significant Accounting Policies

a. Basis of Preparation
The Company prepares its financial statements in accordance with applicable accounting standards and generally accepted accounting principles and also in accordance with requirements of the Companies Act, 1956.

b. Use of Estimate
The preparation of financial statements requires management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities), revenues and expenses of the reporting period. The difference between the actual results and estimates are recognized in the period in which the results are known and/or materialized.

c. Recognition of Income/ Expenditure
Income and expenses (except as stated below) are accounted for on accrual basis.

Fees for advisory and professional services for developing Ultra Mega Power Project payable to PFC/PFCCL will be accounted for in the year of transfer of the company to the successful bidder.

d. Fixed Assets
Fixed assets are shown at historical cost less current/ accumulated depreciation. The company capitalizes all direct cost including borrowing cost up to the date of commercial use of such assets.

e. Depreciation
Depreciation on assets is provided on Written Down Value method, in accordance with the rates prescribed in Schedule XIV of the Companies Act, 1956.

Items of fixed assets acquired during the year costing up to ₹ 5000/- are fully depreciated.

f. Capital Work in Progress
Expenditure incurred on Land/Survey/Studies/Investigations/Consultancy/Administration /Depreciation/Interest etc has been treated as Capital Work In Progress.

g. Loans
Expenditure incurred by the company for the Project is financed by the Holding Company/Procurers and considered as Unsecured Loan. Interest has been charged on funds deployed by them.

h. Loans and Advances
The Surplus fund parked by the company with the Holding company (PFC) has been considered as loan and advances and interest has been claimed on such funds from Holding company.

i. Investments
Investments are stated at cost.

j. Borrowing Cost
Borrowing cost is charged to the stataement of profit & loss for the year in which it is incurred except for capital assets which is capitalized till the date of commercial use of the assets.

k. Preliminary Expenses
Preliminary expenses has been charged to the Profit & Loss account in the year in which such expenditure has been incurred irrespective of commencement of actual commercial activities.

l. Contingent Liability
Contingent liabilities are not provided but are disclosed by way of notes on the basis of available information / judgement of the management.

m. **Cash Flow Statement**

Cash flow Statement is prepared in accordance with the indirect method prescribed in Accounting Standard-3 on Cash Flow Statement.

3. SHARE CAPITAL

(Amount in ₹)

Description	As at 31.03.2012	As at 31.03.2011
Authorised :		
50,000 Equity shares of ₹ 10/- each (Previous year 50,000 Equity shares of ₹ 10/- each)	**5,00,000**	5,00,000
Issued, subscribed and fully paid up shares :		
50,000 Equity shares of ₹ 10/- each (Previous year 50,000 Equity shares of ₹ 10/- each)	**5,00,000**	5,00,000
Total Issued, subscribed and fully paid up share capital	**5,00,000**	5,00,000

a. **Reconciliation of the shares outstanding at the beginning and at the end of the reporting period**

Equity Shares

	31 March 2012		31 March 2011	
	No. of Shares	**Amount (₹)**	No. of Shares	Amount (₹)
At the beginning of the period	**50,000**	**5,00,000**	50,000	5,00,000
Issued During the period	**-**	**-**	-	-
Outstanding at the end of the period	**50,000**	**5,00,000**	50,000	5,00,000

b. **Terms/ rights attached to equity shares**

The Company has only one class of equity shares having par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividends in Indian rupees.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c. **Shares held by holding company**

Out of equity shares issued by the company, shares held by its Holding Company are as below:

Amount (₹)

	31 March 2012	31 March 2011
Power Finance Corporation Limited, the Holding Company		
50,000 (31 March 2011: 50,000) equity shares of ₹ 10 each fully paid	**500,000**	500,000

d. **Details of shareholders holding more than 5% shares in the company**

	31 March 2012		31 March 2011	
	No. of Shares	**% holding in the class**	No. of Shares	% holding in the class
Equity Shares of ₹ 10 each fully paid	**50,000**	**100%**	50,000	100%
Power Finance Corporation Limited, the Holding Company *				
	50,000	**100%**	50,000	100%

* Out of 50,000 (PY: 50,000) equity shares 600 (PY: 600) shares are held by nominees of Power Finance Corporation Limited on its behalf.

4. RESERVES & SURPLUS

(Amount in ₹)

Description	As at 31.03.2012	As at 31.03.2011
Surplus in the statement of Profit and Loss Account	**(29,459)**	(29,459)
Add : Addition during period	**-**	-
TOTAL	**(29,459)**	(29,459)

5. LONG-TERM BORROWINGS

(Amount in ₹)

Description	As at 31.03.2012	As at 31.03.2011
Other Loans and Advances		
Commitment Advances		
Ajmer-AVVNL	**17,05,000**	17,05,000
Assam State Electricity Board	**45,00,000**	45,00,000
Chattisgarh State Power Holding Co Ltd	**1,15,00,000**	1,15,00,000
Dashin Haryana Bijlee Vitran Nigam Ltd	**27,50,000**	27,50,000
Govt. of Arunachal pradesh	**20,00,000**	20,00,000
Govt. of Manipur	**20,00,000**	20,00,000
Govt. of Mizoram	**20,00,000**	20,00,000
Govt. of Nagaland	**20,00,000**	20,00,000
Govt. Of Puducherry	**20,00,000**	20,00,000
Himachal Pradesh State Electricity Board	**45,00,000**	45,00,000
Jaipur-JVVNL	**20,90,000**	20,90,000
Jharkhand State Electricity Board	**1,65,00,000**	-
Jodhpur-JVVNL	**17,05,000**	17,05,000
Kerala State Electricity Board	**75,00,000**	55,00,000
Maharastra State Electricity Dist. Co Ltd	**2,75,00,000**	2,75,00,000
Meghalaya Energy Corporation Ltd.	**20,00,000**	20,00,000
M.P.Power Trading Co Ltd	**1,70,00,000**	1,70,00,000
Power Company of Karnataka Ltd	**1,15,00,000**	1,15,00,000
Tamil Nadu Elelctricity Board	**1,15,00,000**	1,15,00,000
Uttar Haryana Bijlee Vitran Nigam Limited	**27,50,000**	27,50,000
Uttar Pradesh Power Corp. Limited	**5,95,00,000**	5,95,00,000
West Bengal Electricity Distribution Co Ltd	**55,00,000**	55,00,000
	20,00,00,000	18,15,00,000

6. OTHER CURRENT LIABILITIES

(Amount in ₹)

Description	As at 31.03.2012	As at 31.03.2011
Interest Payable	**2,77,98,027**	1,05,59,394
Others		
TDS Payable	**19,27,767**	11,38,905
Other Liabilities	**2,23,336**	2,54,463
TOTAL	**2,99,49,130**	1,19,52,762

7. PROVISIONS

(Amount in ₹)

Description	Long-Term		Short -Term	
	As at 31.03.2012	As at 31.03.2011	**As at 31.03.2012**	As at 31.03.2011
Taxation - Income Tax (net)	**-**	-	**-**	-
TOTAL	**-**	-	**-**	-

8. CAPITAL WORK IN PROGRESS

(Amount in ₹)

Description	As at 31.03.2012	As at 31.03.2011
Opening Capital Work in Progress	**3,64,58,766**	1,02,21,374
Add:Transferred from expenditure during Construction Period (Note-12)	**2,19,22,399**	2,62,37,392
	5,83,81,165	3,64,58,766
Capital Expenditure for Land	**1,82,10,000**	1,82,10,000
TOTAL	**7,65,91,165**	5,46,68,766

9. CASH AND CASH EQUIVALENTS

(Amount in ₹)

Description	As at 31.03.2012	As at 31.03.2011	As at 31.03.2012	As at 31.03.2011
	Non-Current		Current	
Cash on Hand	-	-	-	-
Balances with banks:				
On current accounts	-	-	94,378	94,565
TOTAL	-	-	94,378	94,565

10. LOANS AND ADVANCES

(Amount in ₹)

Description	As at 31.03.2012	As at 31.03.2011	As at 31.03.2012	As at 31.03.2011
	Non-Current		Current	
Security Deposit				
Secured, considered good	-	-	-	-
Unsecured, considered good	-	-	-	-
Doubtful	-	-	-	-
	-	-	-	-
Loans and advances to related parties				
Unsecured, considered good	-	-	13,44,87,167	13,19,52,706
Advances recoverable in cash or kind				
Secured, considered good	-	-	-	-
Unsecured, considered good	-	-	-	-
	-	-	-	-
Other loans and advances				
Advance Income Tax	-	-	-	-
Tax deducted at source	-	-	1,206	-
	-	-	1,206	-
Total	-	-	13,44,88,373	13,19,52,706

Loans and advances due by directors or other officers, etc.

	As at 31.03.2012	As at 31.03.2011	As at 31.03.2012	As at 31.03.2011
	Non-Current		Current	
Loans to employees include				
Dues from non-executive directors	-	-	-	-
Dues from officers	-	-	-	-
Dues from non-executive and officers jointly with other persons	-	-	-	-
Loans and advances to related parties include				
Dues from partenership firm (name) in which the company's executive director is a partner	-	-	-	-
Dues from (Name of co.) in which the company's managing director is a member.	-	-	-	-
Advances recoverable in cash or kind include				
Dues from the partnership firm (name) in which the company's non-executive director is a partner	-	-	-	-

11. OTHER CURRENT ASSETS

(Amount in ₹)

Description	As at 31.03.2012	As at 31.03.2011
Interest receivable from related party	1,92,45,755	72,07,266
TOTAL	1,92,45,755	72,07,266

12. EXPENDITURE DURING CONSTRUCTION PERIOD

(Amount in ₹)

Description	Year ended 31.03.2012	Year ended 31.03.2011
(a) Expenses		
Manpower Charges	1,02,34,562	98,58,579
Advertisement Exps.	29,400	82,099
Audit Fees	49,158	48,256
Legal & Professional Charges	45,108	1,08,672
Casual Staff Salary	5,06,759	-
Tour & Travelling Expenses	2,69,316	16,73,769
Consultancy Charges	12,28,803	8,80,169
Interest Expenses on utilized portion	71,21,789	39,92,804
Interest Expenses on un-utilized portion	1,20,39,695	72,07,266
Printing & stationery	22,624	20,963
Telephone	12,850	13,926
Survey & Studies Expenses	20,12,975	94,83,367
Other Administration Expenses	3,89,055	74,788
Total (a)	3,39,62,094	3,34,44,658
(b) Other Income		
Interest on un-utilised portion	1,20,39,695	72,07,266
(TDS ₹1206/- Previous Year ₹ 5,91,138/-)		
Total (b)	1,20,39,695	72,07,266
Total	2,19,22,399	2,62,37,392

13. The Key Management Personnel of the Company are employees of the Power Finance Corporation Ltd (PFC)/Holding Company & PFC Consulting Ltd (A wholly owned subsidiary of PFC) and deployed on Part Time basis.

The details of such Key Management Personnel are as follows:

S. No.	Name	Designation	Date of Appointment	Date of Cessation
1.	Shri M.K.Goel	Chairman	17.04.2009	Continuing
2.	Shri Dinesh Vij	Director	17.04.2009	17.08.2011
3.	Shri Subir Mulchandani	Director	17.04.2009	Continuing
4.	Shri Yogesh Juneja	Director	30.12.2009	18.04.2011
5.	Shri R Rahman	Director	18.04.2011	Continuing
6.	Shri Yogesh Juneja	Director	17.08.2011	Continuing

14. All the work for the Company are executed by PFC Consulting Ltd (PFCCL).Manpower Charges of ₹ 1,02,34,562/- (Previous Year ₹ 98,58,579/-) for man power cost of PFCCL employees charged by PFCCL on the basis of cost to company based on actual man days spent by the employees for the Company as per invoice raised by PFCCL and include ₹ 28,726/- (Previous Year ₹ 10,04,006/-) charged for Sh.Dinesh Vij (Director) , ₹ 27,18,956/- (Previous Year ₹ Nil) charged for Sh.R.Rahman and ₹ 41,294/- (Previous Year ₹ 1,01,614/-) charged for Subir Mulchandani (Director). PFC is complying statutory provisions related to deduction of tax at source applicable to expenses allocated by it.

15. Pursuant to the Financing Agreement between PFC and the Company, the entire expenditure on development of the Project being developed by the Company were incurred by PFC from its own funds until receipt of the commitment advance from the procurers and thereafter out of Commitment Advance received from Procurers.

16. The expenses appearing as other Administrative Expenses in the Note-12 "Expenditure during Construction period" include Conference & meeting, Official Hospitality, Bank Charges and Vehicle hiring expenses etc.

17. Original Supporting bills in respect of expenditure incurred by the PFC/PFCCL are retained by them of which copies are available with the Company. The holding company is complying with all statutory provisions relating to the 'Deduction of tax at source' etc. as applicable to these expenses.

18. Expenditure during Construction Period (Note-12) containing all expenses required to be capitalized has been prepared and the same has been included in Capital Work In Progress.

19. As per the scheme of setting up of the project, entire expenditure to be incurred by the company for project exploration and initial development work including interest on funds deployed and professional fees of ₹ 50,00,00,000/- plus applicable taxes will be recovered from the successful bidder of the project as acquisition price for purchase of 100% equity shareholding of the company from its holding company consequent upon which the company along with, all its assets and liabilities shall stand transferred to such bidder.

20. The Company has agreed to pay a sum of ₹ 50,00,00,000/- plus applicable taxes to PFC/PFCCL on account of fees for providing advisory & professional services rendered by PFC/PFCCL. The fees for providing advisory & professional services is payable to PFC/PFCCL only when successful bidder for the Project will be selected and Company will be transferred to successful bidder, therefore no liability has been provided for fees payable, the same will be charged in the year of transfer of the company to successful bidder.

21. As per decision of Ministry of Power, Procurers are required to pay commitment advance against their respective share of allocated power to them @ ₹ 1 Crore for every 100 MW. The said commitment advance along with accrued interest as per terms of financing agreement shall be repayable to the procurers within 15 days from the date of transfer of the company by the Holding Company to its successful bidder.

22. The Commitment advance of ₹ 20,00,00,000/- received from procurers up to 31.03.2012 was given to the Holding Company PFC to meet expenditures for the project on behalf of the company and to invest/retain remaining unutilized portion of commitment advance. The company pay interest to PFC on the expenses incurred by them on behalf of the company and also to procures on Commitment Advance bifurcating into fund unitized for the project and funds unutilized at Interest rate as per the Policy of the company/holding company. Total interest expense amounting to ₹ 1,91,61,484/- (PY: ₹ 1,12,00,070/-) has been accounted in the books of account for the year which includes interest of ₹1,20,39,695/- (PY: ₹ 72,07,266/-) on unutilized portion and ₹ 71,21,789/- (PY: ₹ 39,92,804/-) on utilized portion . The rate of interest charged / paid on the utilized amount of funds is as applicable in PFC for the Project Loan/Schemes (Generation) for Borrowers under category "State Sector Borrowers (Category 'A') as determined from time to time and on unutilized portion of funds, the rate of interest charged / received is on monthly average short term deposit rate of PFC. Interest on unutilized portion of fund is receivable from PFC respectively and the same is payable to procurers. Interest on utilized portion has been capitalized. Interest payable has been shown under Current Liabilities.

23. The application for requisition of 980.30 acres of land (726.51 acres of private land and 253.79 acres of government land) was submitted to the district collector, Prakasam District, through APGENCO on 27.11.09. Payment of ₹ 1.82 Crores towards miscellaneous expenditure, publication charges and other administrative cost incurred towards land acquisition. Section 4(1) notification was published in local newspapers on 15.11.10 to an extent of 726.51 acres of private land. Application for alienation of Government land was submitted to District Collector, Ongole on 01.12.10. Further, process of land Acquisition is under process.

24. i) Estimated amount of contracts remaining to be executed on capital account and not provided for ₹ 1,67,52,500/- (Previous Year ₹ 1,85,77,500/-)

ii) Contingent liabilities of the company and claims against the company not acknowledged by the company as certified by the management for the period is ₹ Nil.

25. Auditors Remuneration (including Service Tax)

S. No.	Particulars	2011-12 ₹	2010-11 ₹
1.	Statutory Audit Fees	**49,158**	48,256
2.	Other Audit Fees	**-**	28,954

26. The disclosure as per AS18 – Related Party Disclosure :

Tatiya Andhra Mega Power Limited is a wholly owned subsidiary of PFC Ltd. All key decisions are taken by the Board of Tatiya Andhra Mega Power Limited where the PFC nominees exercise control.

Detail of maximum debit balance during the period in the accounts of related parties as appeared in the accounts and as certified by the management is as under:

Power Finance Corporation Ltd ₹ 14,28,59,376/-(P.Y ₹ 13,63,31,404/-)

S. No.	Name of the Related Party	Nature of Relationship
1.	Power Finance Corporation Limited	Holding Company
2.	PFC Consulting Limited	Fellow Subsidiary
3.	Chhattisgarh Surguja Power Limited	Fellow Subsidiary
4.	Coastal Karnataka Power Limited	Fellow Subsidiary
5.	Coastal Maharashtra Mega Power Limited	Fellow Subsidiary
6.	Orissa Integrated Power Limited	Fellow Subsidiary
7.	Coastal Tamil Nadu Power Limited	Fellow Subsidiary
8.	Ghogarpalli Integrated Power Company Limited	Fellow Subsidiary
9.	Sakhigopal Integrated Power Company Limited	Fellow Subsidiary
10.	PFC Green Energy Limited	Fellow Subsidiary
11.	PFC Capital Advisory Services Limited	Fellow Subsidiary
12.	Power Equity Capital Advisors Private Limited	Fellow Subsidiary
13.	DGEN & Uttrakhand Transmission Company Limited	Enterprise under common control
14.	Nagapattinam Madhugiri Transmission Company Limited	Enterprise under common control (till 29.03.2012)

The related Party Transactions are as follows:-

(Amount in ₹)

S. No.	Particulars	2011-12 PFC	2010-11 PFC
1.	Equity Contribution	**-**	Nil
2.	Interest Expense	**83,982**	96,568
3.	Interest Income	**1,20,39,695**	72,07,266
4.	Manpower Charges*	**1,02,34,562**	98,58,579
5.	**Closing Balance**		
a)	Interest Payable	**6,73,953**	5,89,971
b)	Interest Receivable	**1,92,45,755**	72,07,266
c)	Loans & Advances	**13,44,87,167**	13,19,52,706

*Charged by PFCCL

27. The Company has complied with all the applicable Accounting Standards notified under section 211 of the Companies Act, 1956. However AS -22 relating to Deferred Tax Liability /Asset pertaining to timing difference is not applicable to the company in view of the fact that the company is still in the construction phase and yet to commence its operation.

28. Since there are no employees in the company, the obligation as per Accounting Standard-15 (Revised) do not arises.

29. In the opinion of the Board, on realization in the ordinary course of the company's business the other current assets and loans and advances as stated in the balance sheet are expected to produce at least the amount at which they are stated.

30. The company has sent letters to various parties included under the head Long Term Borrowings (Commitment advance), interest payable, interest receivables for confirmation of their balances as per the books of accounts of the company for which confirmations is yet to be received from the respective parties.

31. Earning Per Share

In terms of Accounting Standard 20 on "Earnings per Share" notified under the Companies Act 1956, Earning per share (Basic & Diluted) is worked out as follows: -

S. No.	Particulars	2011-12	2010-11
1.	Nominal Value of share ₹	**10**	10
2.	Number of Equity shares (No.)	**50,000**	50,000
3.	Net Profit after tax ₹	**-**	-
4.	Earning per share ₹	**-**	-

32. The Company owes no dues to small-scale units at year-end and hence provision of interest does not arise. Further based on information available with the management, there are no dues payable to enterprises covered under "Micro, Small and Medium Enterprises Development Act, 2006"

33. Most of the additional information pursuant to the provisions of Paragraph 5, (ii),(iii),(viii) of part II of New Schedule VI to the Companies Act, 1956 are not applicable to the company as the project is still at its development stage and the company has yet to start its commercial activities. Applicable information is provided as under:

(a) Expenditure in foreign currency – Nil

(b) Income in foreign exchange – Nil

34. Figures have been rounded off to the nearest Rupee unless otherwise stated.

35. Previous Year Figures

Till the year ended 31st March,2011 the company was using pre-revised Schedule-VI to the Companies Act, 1956, for preparation and presentation of its financial statements. During the year ended 31st March 2012, the revised Schedule VI notified under the Companies Act,1956 has became applicable to the company. The company has reclassified/regrouped previous year figures to conform with current year classification.

For and on behalf of the Board of Directors

R Rahman	Subir Mulchandani	M.K.Goel
Director	**Director**	**Chairman**

SIGNED IN TERMS OF OUR REPORT OF EVEN DATE
For & On Behalf of
SVP & Associates
(CHARTERED ACCOUNTANTS)
Firm Reg. No: 003838N

CA. Tarun Kansal
(Partner)
M No. 084751

Place: New Delhi
Dated: 9th May, 2012

PFC GREEN ENERGY LIMITED

(A Wholly Owned Subsidiary of Power Finance Corporation Limited)

DIRECTORS' REPORT

Dear Shareholders,

Your Directors have great pleasure in presenting the First Annual Report on the performance of your Company for the period March 30, 2011 to March 31, 2012 along with Audited Statements of Accounts and Auditor's Report thereon.

INCORPORATION OF THE COMPANY

The Company has been incorporated on March 30, 2011 as a wholly owned subsidiary of Power Finance Corporation Limited to provide finance and financial support to the renewable energy sector like solar, wind, small hydro, bio mass etc. along with financial support to energy efficiency and conservation also. The Certificate of Commencement of Business was obtained by the Company on July 30, 2011. The Company has applied to RBI for registration as a Non Banking Financial Company, post receipt of which the Company shall commence its business operations.

FINANCIAL PERFORMANCE

As the Company has been incorporated on March 30, 2011, the first accounts have been prepared for the period from the date of incorporation i.e. March 30, 2011 to March 31, 2012.

During the period ended March 31, 2012, your Company has not earned any operating profit as the business operations of the Company are yet to commence. Expenditure amounting to ₹ 2,42,04,430/- has been incurred during this period. The expenditure incurred on filing/ legal fees regarding formation of the Company and all expenses incurred prior to the incorporation of the Company has been treated as Preliminary Expenses.

DIVIDEND

In order to conserve the resources for the business and future growth of the Company; your directors have decided not to recommend any dividend for the period under review. Further no amount is being proposed to be transferred to any reserves in the Balance sheet as at 31st March, 2012.

SHARE CAPITAL

The Company has been incorporated with an initial paid up capital of ₹ 5,00,000/- (Rupees Five lakh) consisting of 50,000 equity shares of ₹ 10/- each and authorised share capital of ₹ 12,00,00,00,000/- (Rupees Twelve Hundred crores) consisting of 100,00,00,000 equity shares of ₹ 10/- each and 20,00,00,000 preference shares of ₹ 10 each. During the period under review, the paid up capital of the Company was increased to ₹ 4,99,00,000/- (Rupees Four crores and Ninety Nine lakh) consisting of 49,90,000 equity shares of ₹ 10/-. During the period, the entire share capital of the Company was held by Power Finance Corporation Limited (the holding company) along with its nominees.

PUBLIC DEPOSITS

The Company has not accepted any deposit from the Public during the year under review as covered under the provisions of Section 58A of the Companies Act, 1956 read with the Companies (Acceptance of Deposits) Rules, 1975.

PERSONNEL

The Company is a wholly owned subsidiary of PFC and all the employees working for the Company are the employees of PFC and the matters related to personnel department are being taken care by the holding Company.

AUDITORS

M/s. SNR & Company, Chartered Accountants, New Delhi was appointed as Statutory Auditor of the Company for the period March 30, 2011 to March 31, 2012 by the Comptroller and Auditor General of India. There are no adverse comments, observations or reservations in the auditors report on the accounts of the company. The observations of the auditors in their report are self-explanatory and therefore, in the opinion of the Directors, do not call for further comments.

COMPTROLLER AND AUDITOR GENERAL REVIEW

C&AG vide letter dated June 8, 2012 has decided not to review the report of the Auditors on the accounts of the Company for the period March 30, 2011 to March 31, 2012 and as such has no comments to make under Section 619(4) of the Companies Act, 1956. A copy of the certificate issued by C&AG in this regard is enclosed as **Annexure I**.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Since the Company is yet to commence its business operations, there are no significant particulars, relating to conservation of energy, technology absorption, under the Companies (Disclosure of Particulars in the report of Board of Directors) Rule, 1988.

Your Company has not undertaken any activity during the period under review. The particulars as required under the provisions of section 217(1)(e) of the Companies Act, 1956 in respect of conservation of energy and technology absorption has been furnished in **Annexure II.**

Further during the period under review, the Company has neither earned nor used any foreign exchange.

PARTICULARS OF EMPLOYEES

There is no employee in the Company whose particulars are required to be given under section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, as amended.

DIRECTORS

Shri Satnam Singh, Chairman, Shri M. K. Goel, and Shri R. Nagarajan being first Directors appointed by virtue of Memorandum and Articles of Association hold office upto the ensuing Annual General Meeting. The shareholders approval is sought for the appointment of the above Directors as Directors liable to retire by rotation.

During the year Shri Rajeev Sharma ceased to be the Director of the Company w.e.f. November 29, 2011, consequent upon appointment as CMD of REC. The Board places on record its warm appreciation of the valuable contribution made by the outgoing Director as member of the Board.

Shri A.K Agarwal is appointed as Additional Director of the Company w.e f August 3, 2012.

OFFICIAL LANGUAGE

The use of Hindi in Company's official work was emphasized. As an effort to promote the language, the Board approved the bilingual logo.

SUBSIDIARY COMPANIES

The Company does not have any subsidiary company. Therefore there is no requirement to comply with Section 212 of the Companies Act, 1956.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956 the Board of Directors of the Company confirms that-

(i) in preparation of the annual accounts for the period March 30, 2011 to March 31, 2012, the applicable accounting standards have been followed along with proper explanation relating to material departures;

(ii) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the period March 30, 2011 to March 31, 2012 and of the profit or loss of the company for that period;

(iii) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities; and

(iv) the directors had prepared the annual accounts on a going concern basis.

ACKNOWLEDGEMENT

The Board of Directors acknowledge and place on record their appreciation for the guidance, co-operation and encouragement extended to the Company by Government of India, Ministry of Power, Reserve Bank of India, Department of Public Enterprises, and other concerned Government departments/agencies at the Central and State level etc.

Your Directors also convey its gratitude to the holding Company i.e. Power Finance Corporation Limited as well as the bankers for the active & continued support to the Company.

The Company is also thankful to the Comptroller & Auditor General of India and the Statutory Auditors for their constructive suggestions and co-operation.

The Board would also like to place on record their appreciation for the untiring efforts and contributions made by the employees to launch and establish the new Company.

For and on behalf of the Board of Directors,

Sd/-
(SATNAM SINGH)
CHAIRMAN

Place: New Delhi
Date : August 3, 2012

ANNEXURE I

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF PFC GREEN ENERGY LIMITED, NEW DELHI FOR THE PERIOD FROM 30.03.2011 TO 31.03.2012

The preparation of financial statements of PFC Green Energy Limited, New Delhi, for the period from 30.03.2011 to 31.03.2012 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the company. The statutory auditors appointed by the Comptroller and Auditor General of India Under Section 619(2) of the Companies Act, 1956 are responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956 based on independent audit in accordance with the auditing and assurance standards prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 17 May, 2012.

I, on behalf of the Comptroller and Auditor General of India, have decided not to review the report of the statutory auditors on the accounts of PFC Green Energy Limited, New Delhi, for the period from 30.03.2011 to 31.03.2012 and as such have no comments to make under Section 619(4) of the Companies Act, 1956.

For and on the behalf of the
Comptroller & Auditor General of India

Sd/-
(Praveen Kumar Singh)
Principal Director of Commercial Audit &
Ex-officio Member Audit Board – III,
New Delhi

Place: New Delhi
Dated: 08 June, 2012

ANNEXURE II

Disclosure of particulars u/s 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 are given as under:

A. CONSERVATION OF ENERGY:

(a) energy conservation measures taken;	The Company will take necessary measures as may be required from time to time for conservation of energy.
(b) additional investments and proposals, if any, being implemented for reduction of consumption of energy;	No specific investment has been made in this regard.
(c) impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods;	Not Applicable
(d) total energy consumption and energy consumption per unit of production as per Form A of the Annexure to the rules in respect of industries specified in the Schedule thereto.	Not Applicable

B. TECHNOLOGY ABSORPTION:

Efforts made in technology absorption as per Form B of the Annexure to the Rules

FORM B: Form for disclosure of particulars with respect to absorption

Research and development (R & D)

1. Specific areas in which R & D carried out by the company.	During the year the Company has not carried any specific R&D
2. Benefits derived as a result of the above R&D	Not Applicable
3. Future plan of action	Not Applicable
4. Expenditure on R & D :	
(a) Capital	NIL
(b) Recurring	NIL
(c) Total	NIL
(d) Total R & D expenditure as a percentage of total turnover	Not Applicable

Technology, absorption, adaptation and innovation

1. Efforts, in brief, made towards technology absorption, adaptation and innovation.	No specific efforts have been taken in this regard.
2. Benefits derived as a result of the above efforts, e.g., product improvement, cost reduction, product development, import substitution, etc.	Not Applicable
3. In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year), following information may be furnished: (a) Technology imported. (b) Year of import. (c) Has technology been fully absorbed? (d) If not fully absorbed, areas where this has not taken place, reasons there for and future plans of action.	Not Applicable

C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

Details of foreign exchange earnings and outgo appear as item no. 9 of part C i.e. other notes on accounts.

AUDITORS' REPORT

THE MEMBERS
M/S PFC GREEN ENERGY LIMITED
NEW DELHI

We have audited the annexed Balance Sheet of **M/s PFC GREEN ENERGY LIMITED** as on March 31, 2012 and the Statement of Profit and Loss for the period ended on that date and the cash flow statement of the Company for the period ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examination, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We report that: -

1. As required by the Companies (Auditors' Report) Order, 2003 (as amended) issued by the Government of India in terms of Section 227(4A) of the Companies Act, 1956 and on the basis of such verification of books and records as we considered necessary and appropriate and according to the information and explanation given to us during the course of our audit, we enclose in the Annexure a statement on matters specified in paragraphs 4 and 5 of the said order.

2. Further to our comments in Annexure referred to in paragraph 1 above, we report that:

   a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

   b) In our opinion, proper books of accounts as required by law have been kept by the company so far as appears from our examination of books;

   c) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with in this report are in agreement with the books of accounts;

   d) In our opinion, the Balance Sheet and the Statement of Profit & Loss comply with the Accounting Standards referred to in Sub Section (3C) of Section 211 of The Companies Act, 1956;

   e) The requirement of clause (g) of sub section (1) of 274 of the Companies Act, 1956 relating to disqualification of directors are not applicable to the company, being a wholly owned subsidiary of a Government Company, in terms of Notification No. G.S.R. 829(E) issued by Ministry of Finance, Department of Company Affairs.

   f) In our opinion, and to the best of our information and according to explanations given to us, the accounts read together with the notes thereon, give the information as required by the Companies Act, 1956 in the manner so required and give a true and fair view: -

      i) In the case of the Balance Sheet, of the state of affairs of the company as at 31st March, 2012.

      ii) In case of the Statement of Profit and Loss, of Loss of the company for the period ended on that date.

      iii) In case of the Cash Flow Statement, of the cash flows of the Company for the period ended on that date

For SNR & COMPANY.
Chartered Accountants

Sd/-
[RAJU VYAS]
Partner
M. No.: 087817
Firm Regn. No.014401N

Date: 17.05.2012
Place: New Delhi

ANNEXURE REFERRED TO IN PARAGRAPH 3 OF OUR REPORT OF EVEN DATE TO THE MEMBERS OF PFC GREEN ENERGY LIMITED ON THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST MARCH, 2012

1. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets on the basis of information available.

   (b) As explained to us, all the fixed assets have been physically verified by the management according to a regular program, which in our opinion is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies with respect to book records were noticed on such verification.

   (c) In our opinion and according to the information and explanations given to us, the Company has not made any substantial disposal of assets during the period.

2. The main objective of the company is to provide finance to Renewable Energy Projects and does not involve carrying of any inventories; hence clause (ii) of paragraph 4 of the Order is not applicable to the Company.

3. The company has neither taken nor granted loans or advances in the nature of loans to parties covered in the register maintained under section 301 of the Companies Act, 1956. Hence, the question of reporting whether the terms and conditions of such loan are prejudicial to the interest of the company and whether reasonable steps for recovery / repayment of over dues loans are taken, does not arise.

4. In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the company and the nature of its business for the purchase of fixed assets and for the sale of services. There are no purchases of inventory and sale of goods. Further, on the basis of our examination of the books and records of the company, and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control procedures.

5. Based on the audit procedure applied by us and the information and the explanation provided by the management, we are of the opinion that there were no transactions during the period that need to be entered in the register maintained under section 301 of the Companies Act, 1956.

6. Based on our scrutiny of the Company's records and according to the information provided by the management, in our opinion, the company has not accepted any public deposits within the meaning of Section 58A and 58AA or any other relevant provisions of Companies Act, 1956 and the rules framed there under.

7. The company's paid up capital and reserves do not exceed ₹ 50 lakhs at the commencement of reported financial year, hence clause (vii) of paragraph 4 of the order relating to applicability of Internal Audit is not applicable to the company.

8. The Company is engaged in providing finance to Renewable Energy Projects, the provisions under section 209(1)(d) of the Companies Act, 1956 pertaining to maintenance of cost records, does not apply.

9. The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employee's state insurance, income tax, wealth tax, service tax etc and other material statutory dues applicable to it.

10. The company has not completed five years since the date of incorporation; hence clause (x) of paragraph 4 of the order relating to erosion of Net Worth is not applicable to the Company.

11. According to the records made available to us and the information given by the management, the company has not taken any loan, from financial institution or bank or debenture holder; hence clause (xi) of paragraph 4 of the order is not applicable to the company.

12. According to the records of the company, the company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures or other securities.

13. The Company is engaged in providing finance to Renewable Energy Projects. The Company has applied to RBI for registration as NBFC. Based on our examination of records and to the best of our information and according to the explanation provided by the management, we are of the opinion that the company is neither a Chit Fund nor a Nidhi / mutual benefit society. Hence, the requirement of para 4(xiii) of the Order does not apply to the company.

14. Based on our examination of records of the company and information and explanation given to us by the management, Company is not dealing or trading in shares, securities, and debenture and other investments, hence clause (xiv) of paragraph 4 of the order is not applicable to the company.

15. Based on our examination of records of the Company and according to the information and explanations given to us, the company has not given any guarantee for loans taken by others from banks or financial institutions during the period.

16. According to the information and explanation given to us, the company has not taken loan from any financial institution or bank or debenture holder, hence clause (xvi) of paragraph 4 of the order is not applicable to the company.

17. On the basis of an overall examination of the balance sheet of the company and according to the information and explanations given to us, there are no funds raised on a short-term basis, which have been used for long-term investment, and vice versa.

18. Based on our examination of records of the company and the information and explanations provided by the management, the company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the period.

19. Based on our examination of records of the company and the information and explanations provided by the management, the company has not issued any debentures; hence clause (xix) of paragraph 4 of the order is not applicable to the company.

20. The company has not raised any capital by public issue during the period.

21. During the course of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the company, noticed or reported during the year, nor have we been informed of such case by the management.

For SNR & COMPANY.
Chartered Accountants

Sd/-
[RAJU VYAS]
Partner
M. No.: 087817
Firm Regn. No.014401N

Date: 17.05.2012
Place: New Delhi

PFC GREEN ENERGY LIMITED
BALANCE SHEET AS AT 31ST MARCH 2012

(Amount in ₹)

Particulars	Note Part A		As at 31 March 2012
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	1		4,99,00,000
Reserves and surplus	2		(1,62,37,282)
Non-current liabilities			-
Current liabilities			
Short-term borrowings	3		5,06,388
Other current liabilities	4		4,21,399
TOTAL			3,45,90,505
ASSETS			
Non-current assets			
Fixed assets			
- Tangible Assets	5		
- Gross Block		2,42,597	
- Accumulated Depreciation		(10,583)	2,32,014
Deferred tax assets (net)			72,92,608
Current assets			
Cash and Bank Balances	6		2,63,58,055
Short-term loans and advances	7		45,526
Other current assets	8		6,62,302
TOTAL			3,45,90,505
SIGNIFICANT ACCOUNTING POLICIES	Part B		
OTHER NOTES ON ACCOUNTS	Part C		

Notes from Part A to Part C form integral part of accounts

For and on Behalf of Board of Directors

Sd/- (Rachna Singh) Company Secretary	Sd/- (A.K. Agarwal) CEO	Sd/- (R. Nagarajan) Director	Sd/- (Satnam Singh) Chairman

As per our report attached
For SNR & Company
(Chartered Accountants)
Firm Regn. No. 014401N

Sd/-
(RAJU VYAS)
Partner
Membership No.087817

Place: New Delhi
Date: 17.05.2012

PFC GREEN ENERGY LIMITED
STATEMENT OF PROFIT AND LOSS FROM 30.03.2011 TO 31.03.2012

(Amount in ₹)

	Paticulars	Note Part A	Period Ended 31, March 2012
	Other income	9	6,74,540
I	**Total Revenue**		6,74,540
	Expenses:		
	Employee benefits expense	10	14,31,960
	Finance costs	11	381
	Depreciation and amortization expense	5	10,583
	Other expenses	12	2,27,61,506
II	Total Expenses		2,42,04,430
III	**Profit before exceptional and extraordinary items and tax (I-II)**		(2,35,29,890)
IV	Exceptional items		-
V	**Profit before extraordinary items and tax (III - IV)**		(2,35,29,890)
VI	Extraordinary Items		-
VII	**Profit before tax (V- VI)**		(2,35,29,890)
VIII	Tax expense:		
	(1) Current tax		-
	(2) Deferred tax		(72,92,608)
IX	**Profit (Loss) for the period from continuing operations (VII-VIII)**		(1,62,37,282)
X	**Profit (Loss) for the period (IX)**		(1,62,37,282)
	Earnings per equity share:		
	(1) Basic		(3.25)
	(2) Diluted		(3.25)
	SIGNIFICANT ACCOUNTING POLICIES	Part B	
	OTHER NOTES ON ACCOUNTS	Part C	

Notes from Part A to Part C form integral part of accounts

For and on Behalf of Board of Directors

Sd/- (Rachna Singh) Company Secretary	Sd/- (A.K. Agarwal) CEO	Sd/- (R. Nagarajan) Director	Sd/- (Satnam Singh) Chairman

As per our report attached
For SNR & Company
(Chartered Accountants)
Firm Regn. No. 014401N

Sd/-
(RAJU VYAS)
Partner
Membership No.087817

Place: New Delhi
Date: 17.05.2012

Note : Part A

1) SHARE CAPITAL

	(Amount in ₹) As at 31 March 2012
Authorised	
20,00,00,000 preference shares of ₹ 10 each	**2,00,00,00,000**
100,00,00,000 Equity Shares of ₹ 10 each	**10,00,00,00,000**
Issued	
49,90,000 Equity Shares of ₹ 10 each	**4,99,00,000**
Subscribed & Paid up	
49,90,000 Equity Shares of ₹ 10 each fully paid	**4,99,00,000**
Total	**4,99,00,000**

1 (a) SHAREHOLDING MORE THAN 5 % SHARES SPECIFYING THE NUMBER OF SHARES HELD:

Name of Shareholder	As at 31 March 2012	
	No. of Shares held	% of Holding
Power Finance Corporation Limited	**49,90,000**	**100%**

2) RESERVES & SURPLUS

	(Amount in ₹) As at 31 March 2012
Surplus	
Opening balance	**-**
(+) Net Profit/(Net Loss) during the period	**(1,62,37,282)**
Closing Balance	(1,62,37,282)

3) SHORT TERM BORROWINGS

	(Amount in ₹) As at 31 March 2012
Unsecured, considered good	
(a) Loans and advances from related parties (of the above, ₹ NIL is guaranteed by Directors and / or others)	**5,06,388**
Total	**5,06,388**

4) OTHER CURRENT LIABILITIES

	(Amount in ₹) As at 31 March 2012
Provision for Expenses	**1,53,132**
Baseline Compensation payable to employees	**1,45,145**
Incentive Payment payable to employees	**95,860**
TDS Payable	**21,498**
Other Payable	**5,764**
Total	**4,21,399**

5) FIXED ASSETS

(Amount in ₹)

Fixed Assets	Gross Block				Accumulated Depreciation				Net Block	
	As at 30 March 2011	Additions/ (Disposals)	Acquired through business combinations	As at 31 March 2012	As at 30 March 2011	Depreciation charge for the year	On disposals	As at 31 March 2012	As at 31 March 2012	As at 30 March 2011
Tangible Assets										
EDP Equipment	-	2,24,833	-	2,24,833	-	10,154	-	10,154	2,14,679	-
Office Equipment	-	17,764	-	17,764	-	429	-	429	17,335	-
Total	**-**	**2,42,597**	**-**	**2,42,597**	**-**	**10,583**	**-**	**10,583**	**2,32,014**	-

6) CASH & BANK BALANCE

	(Amount in ₹) As at 31 March 2012
A) Cash & Cash Equivalents	
a. Balances with banks	
- Current Accounts	5,08,055
- Fixed Deposits (which have original maturity of 3 months or less)	24,60,000
B) Other Balances	
a. Fixed Deposits (which have original maturity of more than 3 months)	2,33,90,000
Total	**2,63,58,055**

7) SHORT-TERM LOANS AND ADVANCES

	(Amount in ₹) As at 31 March 2012
Unsecured, considered good	
- Security Deposit	42,000
- Advance Income Tax and Tax Deducted at Source (net)	3,526
Total	**45,526**

8) OTHER CURRENT ASSETS

	(Amount in ₹) As at 31 March 2012
Interest acrued but not due on deposits & investments	6,62,302
Total	**6,62,302**

9) OTHER INCOME

	(Amount in ₹) Period Ended 31 March 2012
Interest Income from Fixed Deposit with Banks	6,74,540
Total	**6,74,540**

10) EMPLOYEE BENEFITS EXPENSE

	(Amount in ₹) Period Ended 31 March 2012
Salaries and incentives	11,51,983
Contributions to -	
- Provident Fund	41,900
- Superannuation Fund	2,28,565
- Gratuity fund	9,512
Total	**14,31,960**

11) FINANCE COSTS

	(Amount in ₹) Period Ended 31 March 2012
Bank Charges	381
Total	**381**

12) OTHER EXPENSES

	(Amount in ₹) Period Ended 31 March 2012
Legal & Professional Fees	64,308
Preliminary Expenses	2,25,35,030
Auditors' Remuneration	56,768
Telephone Expenses	11,242
Office Maintenance	11,060
Manpower Expenses - On Contract Basis	31,098
Brokerage Charges	42,000
Business Promotion Expenses	10,000
Total	**2,27,61,506**

12 (a) AUDITOR'S REMUNERATION (INCLUDING SERVICE TAX)

Particulars	(Amount in ₹) Period Ended 31 March 2012
Statutory Audit Fee	28,090
Certification Fee	28,678
Total	**56,768**

Note – Part B

SIGNIFICANT ACCOUNTING POLICIES

1. **Basis for Preparation of Financial Statements**

The financial statements have been prepared in accordance with the generally accepted accounting principles and accounting standards notified by the Companies (Accounting Standards) Rules, 2.6 and relevant provisions of the Companies Act, 1956.

The preparation of financial statements requires management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities), revenues and expenses of the reporting period. The difference between the actual results and estimates are recognized in the period in which the results are known and/or materialised.

2. **Fixed Assets**

(a) Fixed Assets are shown at historical cost less accumulated depreciation and impairment losses, if any. The assets retired from active use and held for disposal, which are stated at lower of the book value or net realizable value. The historical cost includes all cost attributable for bringing the assets to its working condition for its intended use

(b) Intangible Assets are recorded at their cost of acquisition.

3. **Depreciation/Amortization**

(a) Depreciation on Fixed Assets is provided on pro-rata basis on written down value method at the rates prescribed under schedule XIV of the Companies Act, 1956.

(b) Depreciation on addition to/deduction from fixed assets during the year is charged on prorata basis from/up to the date in which assets are available for use/disposal.

(c) Items of Fixed Assets acquired during the year costing upto ₹ 5,000/- are fully depreciated.

4. **Expenditure Incurred by Holding Company**

Expenditure incurred by the Holding Company on behalf of the company is recognized on accrual basis and same is classified as Short Term Borrowing payable to Holding Company.

5. **Revenue Recognition**

Income is accounted for on accrual basis, unless otherwise stated.

6. **Preliminary Expenditure**

Preliminary Expenses relating to the formation of the company has been written off in the year in which the same has been incurred.

7. **Taxes on Income**

Provision for taxation includes provision for Income Tax and Deferred Tax. Current Income tax has been provided at the rates in force in accordance with the provisions of Income Tax Act 1961 including interest liability, if any. Deferred Tax assets/ liabilities have been accounted for in accordance with the principles laid down under Accounting Standard 22 on Accounting for Taxes on Income of the Institute of Chartered Accountants of India.

8. **Earnings per Share**

Basic earnings per share is computed by dividing the net profit after tax by the weighted average number of equity shares outstanding during the period. Diluted earnings per share is computed by dividing the profit after tax by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares.

9. **Profit and Loss Account**

(a) The liabilities towards employee benefits in respect of gratuity, leave encashment, post-retirement medical benefits, transfer travelling allowance on retirement/death, long service awards to employees, farewell, gift on retirement and economic rehabilitation scheme are ascertained by the Holding Company as per actuarial valuation at the year-end. The company provides for such employee benefits on the basis of apportionment by the Holding Company.

(b) Pre-paid expenses and prior period expenses/income of items of ₹ 5,000/- and below are charged to natural heads of accounts.

10. **Provisions and Contingencies**

(a) A provision is recognized when the company has a present obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation and in respect of which a reliable estimate can be made. Provisions as determined based on management estimate required to settle the obligation at the balance sheet date and are not discounted to present value. These are reviewed at each balance sheet date and adjusted to reflect the current management estimates.

(b) Contingent liabilities are disclosed at present value. Contingent liabilities are disclosed on the basis of judgment of the management/independent experts based on information available at Balance Sheet Date. These are reviewed at each Balance Sheet Date and adjusted to reflect the current management estimate.

11. **Cash and Cash Equivalents**

Cash and cash equivalents comprise cash and cash on deposit with banks. The company considers all highly liquid investments with a remaining maturity at the date of purchase of three months or less and that are readily convertible to known amount of cash to be cash equivalents.

12. **Cash Flow Statement**

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the company are segregated.

Note – Part C

OTHER NOTES ON ACCOUNTS

1. "PFC Green Energy Limited" (PFC GEL) was incorporated under Companies Act, 1956 as a wholly owned subsidiary of Power Finance Corporation Limited (PFC) on 30th Mar 2011. This is the first annual accounts of the company which have been prepared for the period from 30th March 2011 to 31st March 2012 in conformity with Sec 210 of Companies Act, 1956 that allows that the preparation of annual accounts for more than a calendar year. Being the first year of the company, previous year figures are not applicable. Company has received certificate for commencement of business from Registrar of Companies on 30th Jul 2011. For pursuing the main objects, the Company has applied for registration as NBFC Company with Reserve Bank of India.

2. All the employees of the Company are from the Holding Company i.e. Power Finance Corporation Limited. All the expenses relating to employees are charged from Company by the Holding Company. All the liabilities including PF, ESI, gratuity, leave encashment, Bonus, Incentive etc. have been provided by the holding company and accounted for by the Company accordingly.

3. The Company does not have more than one reportable segment in terms of Accounting Standard No. 17 on Segment Reporting.

4. Wherever any expenditure is incurred or payment made by Holding Company on behalf of the Company, procedural and statutory requirements in respect of deduction of Tax at Source and other statutory compliances, as applicable, are complied by the Holding Company.

5. The Company has no outstanding liability towards micro, small & medium enterprises.

6. The disclosure as per AS-18 "Related Party Disclosure":-

(a) Name and Nature of the relationship of the related parties:

S. No.	Name of the Related Party	Nature of Relationship		
1.	Power Finance Corporation Limited	Holding Company		
2.	**Key Management Personnel**			
S. No.	**Name**	**Designation**	**Date of Appointment**	**Date of Resignation**
(i)	Shri Satnam Singh	Chairman	30.03.2011	Continuing
(ii)	Shri M. K. Goel	Director	30.03.2011	Continuing
(iii)	Shri R. Nagarajan	Director	30.03.2011	Continuing
(iv)	Shri Rajeev Sharma	Director	30.03.2011	29.11.2011
(v)	Shri A. K. Agarwal	CEO	30.03.2011	Continuing

(b) Details of Related Party Transactions:

S. No.	Name	Nature of Transactions	Volume of Transactions	Outstanding Balance on 31.03.2012
(i)	Power Finance Corporation Limited	Expenses incurred on behalf of PFC GEL	2,30,44,418	5,06,388

7. The Deferred Tax Asset/Liabilities have been created in terms of the Accounting Standard No.22 notified under the Companies Act 1956. The net deferred tax asset has been calculated as under: -

Amount (₹)

S. No.	Description	31.03.2012
A.	**Deferred Tax Assets**	
	Preliminary Expenses	73,11,490
	Total (A)	**73,11,490**
B.	**Deferred Tax Liability**	
	Depreciation	18,882
	Total (B)	**18,882**
	Net Deferred Tax Assets / (Liability) (A-B)	**72,92,608**

8. In terms of Accounting Standard 20 on "Earnings per Share" notified under the Companies Act 1956, Earning per share (Basic & Diluted) is worked out as follows: -

Amount (₹)

S. No.	Particulars	31.03.2012
1.	Net Profit after tax used as Numerator (₹)	**(1,62,37,282)**
2.	Weighted average number of equity shares used as denominator (basic & diluted)	**49,90,000**
3.	Earnings Per Share (Basic & Diluted) (₹)	**(3.25)**
4.	Face Value per Share (₹)	**10**

9. No foreign currency transaction occurred during the period.

10. Figures have been rounded off to the nearest rupees unless otherwise stated.

11. As on 31.03.2012, there is no contingent liability.

12. Notes from Part A to Part C form an integral part of Balance Sheet and Statement of Profit & Loss.

For and on Behalf of Board of Directors

Sd/-	Sd/-	Sd/-	Sd/-
(Rachna Singh)	**(A.K. Agarwal)**	**(R. Nagarajan)**	**(Satnam Singh)**
Company Secretary	**CEO**	**Director**	**Chairman**

As per our report attached
For SNR & Company
(Chartered Accountants)
Firm Regn. No. 014401N

Sd/-
(RAJU VYAS)
Partner
Membership No.087817

Place: New Delhi
Date: 17.05.2012

PFC GREEN ENERGY LIMITED
CASH FLOW STATEMENT FOR THE PERIOD FROM 30.03.2011 TO 31.03.2012

(Amount in ₹)

Particulars	Period Ended 31, March 2012	Period Ended 31, March 2012
Cash Flow from Operating Activities :-		
Net Loss before Tax and Extraordinary items	(2,35,29,890)	
ADD: Adjustments for		
Depreciation	10,583	
Interest Income on Fixed Deposits	(6,74,540)	
Operating profit before working Capital Changes:		**(2,41,93,847)**
Increase / Decrease in Working Capital :		
Current Liabilities	9,27,787	
Current Assets	(45,526)	**8,82,261**
Cash flow before extraordinary items		**(2,33,11,586)**
Extraordinary items		-
Cash Inflow/Outflow from operations before Tax		**(2,33,11,586)**
Income Tax paid		**3,526**
A) Net Cash flow from Operating Activities		**(2,33,08,060)**
Cash Flow From Investing Activities :		
Interest received on Fixed Deposits	8,712	
Purchase of Fixed Assets	(2,42,597)	
Purchase of Fixed Deposits	(2,33,90,000)	
B) Net Cash flow from Investing Activities		**(2,36,23,885)**
Cash Flow From Financial Activities :		
Issue of Equity Shares	4,99,00,000	
C) Net Cash flow from Financial Activities		**4,99,00,000**
D) Net Change in Cash & Cash Equivalents (A+B+C)		**29,68,055**
E) Cash & Cash Equivalents at the beginning of period		-
F) Cash & Cash Equivalents at the end of the period (D+E)		**29,68,055**

For and on Behalf of Board of Directors

Sd/-	Sd/-	Sd/-	Sd/-
(Rachna Singh)	**(A.K. Agarwal)**	**(R. Nagarajan)**	**(Satnam Singh)**
Company Secretary	**CEO**	**Director**	**Chairman**

As per our report attached
For SNR & Company
(Chartered Accountants)
Firm Regn. No. 014401N

Sd/-
(RAJU VYAS)
Partner
Membership No.087817

Place: New Delhi
Date: 17.05.2012

PFC CAPITAL ADVISORY SERVICES LIMITED

(A Wholly Owned Subsidiary of Power Finance Corporation Limited)

DIRECTORS' REPORT

Dear Shareholders,

Your Directors take great pleasure in presenting the 1st Annual Report on the business and operations of your Company for the period from 18.07.2011 to 31.03.2012 together with audited statements of accounts and auditors' report thereon.

INCORPORATION OF THE COMPANY

PFC Capital Advisory Services Limited, a wholly owned subsidiary of Power Finance Corporation Limited was incorporated on July18, 2011 to provide debt syndication services in the areas of power, energy, infrastructure and other industries. The Certificate for Commencement of Business was obtained by the company on September 02, 2011.

FINANCIAL RESULTS

(Figures in Lakhs)

Sl. No.	Particulars	Period ended March 31, 2012
1.	Total Income	16.31
2.	Total Expenditure	8.48
3.	Profit Before Tax	7.83
4.	Provision for Tax - Current Tax - Deferred Tax	 3.41 (0.55)
5.	**Profit After Tax carried to Balance Sheet**	**4.97**

REVIEW OF OPERATIONS

- Total income for the period was INR 16.31 lakhs.
- Profit after tax was INR 4.97 lakhs.
- Basic earnings per share was INR 4.97.

DIVIDEND

To conserve the resources for the business of the Company, your Directors have decided not to declare any dividend for the financial year 2011-12 and to carry forward the profits to the Reserves and Surplus of the Company.

SHARE CAPITAL

During the period under review, there were no changes in the capital structure of the Company. As of March 31, 2012, the authorised share capital of the Company was INR 1,00,00,000 (Rupees One Crore only) divided into 10,00,000 (Ten lakh) equity shares of INR 10 (Rupees Ten) each and the issued, subscribed and paid up share capital was INR 10,00,000 (Rupees Ten lakh) divided into 1,00,000 (One lakh) equity shares of INR 10 (Rupees Ten) each. The entire paid up share capital of the Company is held by Power Finance Corporation Limited (PFC) and its nominees.

FIXED DEPOSITS

The Company has not accepted any fixed deposit during the period ending March 31, 2012, as covered under the provisions of Section 58A of the Companies Act, 1956 read with the Companies (Acceptance of Deposits) Rules, 1975.

PERSONNEL

The Company is a wholly owned subsidiary of PFC and all the employees working for the Company are the employees of PFC and the matters related to Personnel Development are being taken care of by the holding company.

AUDITORS' REPORT

The Comptroller and Auditor General of India (C&AG) vide letter dated September 23, 2011 had appointed V K Khosla and Co, Chartered Accountants as Statutory Auditor of the Company for the financial year 2011-12. M/s V K Khosla and Co had conducted statutory audit of the books of accounts for the financial year 2011-12 and there is no adverse comment, observation or qualification in the Auditors' Report on the accounts of the Company.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNING & OUTGO

Particulars relating to conservation of energy: NIL

Particulars relating to technology absorption: NIL

Foreign Exchange Earnings & Outgo: NIL

PARTICULARS OF EMPLOYEES U/S 217 (2A) OF THE COMPANIES ACT, 1956

As no employee in the Company is receiving remuneration equal to or exceeding the limits prescribed under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Amendment Rules, 2011, no statement containing details of employees is required to be attached.

DIRECTORS

During the period under review, the following changes took place in the office of directors of the Company.

Shri M. K. Goel was appointed as Additional Director of the Company.

The Company has received notice under Section 257 of the Companies Act, 1956 from a member along with requisite deposit signifying its intention to propose Shri M. K. Goel as Director of the Company.

Shri Rajeev Sharma ceased to be a Director of the Company w.e.f. November 29, 2011. The Directors placed on record their appreciation for the services rendered by him during his tenure as Director of the Company.

COMPTROLLER AND AUDITOR GENERAL REVIEW

C&AG vide their letter dated June 08, 2012 have communicated that C&AG have decided not to review the report of the Statutory Auditors on the accounts of the Company for the period from 18.07.2011 to 31.03. 2012 and as such have no comments to make under Section 619(4) of the Companies Act, 1956. A copy of the letter issued by C&AG in this regard is enclosed as an Annexure-I to this report.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956, your Directors confirm that:

1. in the preparation of the Annual Accounts for the period from 18.07.2011 to 31.03.2012, the applicable accounting standards have been followed along with proper explanation;
2. the Directors have selected such accounting policies and applied them consistently, and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of the affairs of the Company as at March 31, 2012 and of the profits of the Company for the period under review;
3. the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provision of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. the Directors had prepared the annual accounts for the period from 18.07.2011 to 31.03.2012 on a going concern basis.

ACKNOWLEDGEMENT

The Directors place on record their gratitude to the Central Government, State Governments and their respective agencies for the assistance, co-operation and encouragement they extended to the Company. The Company, in particular, is thankful to Power Finance Corporation, the holding company, Ministry of Power, Govt. of India, the Statutory Auditors, C&AG and Bankers for their unstinted co-operation and guidance, without whose active support the achievement of the Company during the period under review would not have been possible.

For and on behalf of the Board of Directors

Sd/-

(Satnam Singh)

Chairman

Place: New Delhi

Date: August 03, 2012

Annexure-I

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF PFC CAPITAL ADVISORY SERVICES LIMITED, NEW DELHI FOR THE PERIOD FROM 18.07.2011 to 31.03.2012

The preparation of financial statements of PFC Capital Advisory Services Limited, New Delhi, for the Period from 18.07.2011 to 31.03.2012 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the Company. The statutory auditors appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 are responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956 based on independent audit in accordance with the auditing and assurance standards prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 14 May 2012.

I, on behalf of the Comptroller and Auditor General of India, have decided not to review the report of the Statutory Auditors on the accounts of PFC Capital Advisory Services Limited, New Delhi, for the Period from 18.07.2011 to 31.03.2012 and as such have no comments to make under Section 619(4) of the Companies Act, 1956.

For and on the behalf of the
Comptroller & Auditor General of India

Sd/-
(Paveen Kumar Singh)
Principal Director of Commercial Audit &
Ex-officio Member Audit Board – III,
New Delhi

Place: New Delhi
Dated: 08 June 2012

AUDITOR'S REPORT

TO THE MEMBERS OF
PFC CAPITAL ADVISORY SERVICES LIMITED

1. We have audited Balance Sheet of **PFC CAPITAL ADVISORY SERVICES LIMITED**, New Delhi as on 31st March 2012 and also the Profit and Loss Account for the period ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with auditing standards generally accepted in India. These Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditor's Report) order, 2003 and read together with the Companies (Auditor's Report) Amendment Order, 2004, issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order:

4. Further to our comments in the annexure referred to in paragraph-3 above we report that;

   a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;

   b) In our opinion proper books of accounts as required by Law have been kept by the company so far as it appears from our examination of those books;

   c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt by this report are in agreement with the books of Accounts;

   d) In our opinion, the Balance Sheet, Profit & Loss Account dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;

   e) The requirement of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956 relating to disqualification of directors are not applicable to the Company being a wholly owned subsidiary company of a Government Company, in term of Notification No. G.S.R.829(E), dated 21.10.2003 issued by Ministry of Finance, Department of Company Affairs.

5. In our opinion and to the best of our information and according to the explanations given to us, the said Accounts give the information required by the Companies Act, 1956, in the manner so required and give a true & fair view in conformity with the accounting principles generally accepted in India:

   i) In case of the Balance Sheet, of the State of Affairs of the company as on 31st March 2012.

   ii) In case of Profit & Loss Account, of the profit of the Company for the period from 18th July, 2011 to 31st March 2012.

   iii) In case of Cash Flow Statement, of the cash flows for the period from 18th July, 2011 to 31st March 2012.

For V.K. Khosla & Co.
(Chartered Accountants)
Firm Registration No.002283N

Sd/-
(**Kamal Khosla**)
Partner
M.No.095944

Place : New Delhi
Date : 14.05.2012

ANNEXURE TO AUDITOR'S REPORT OF
PFC CAPITAL ADVISORY SERVICES LIMITED

(REFERRED TO IN PARAGRAPH 3 OF OUR REPORT OF EVEN DATE)

1. (a) In our opinion and according to information and explanations given to us, provision of para 4(i) (a) of the companies (Auditors Reports) Order, 2003 relating to maintaining proper records showing full particulars, including quantitative details and situation of fixed assets are not applicable to company as it does not have fixed assets.

   (b) In our opinion and according to information and explanations given to us, provision of para 4(i) (b) of the companies (Auditors Reports) Order, 2003 relating to physical verification of fixed assets by the management is not applicable to company as it does not have fixed assets.

   (c) In our opinion and according to information and explanations given to us, provision of para 4(i) (c) of the companies (Auditors Reports) Order, 2003 relating to disposal of any substantial part of fixed assets during the period are not applicable to company as it does not have fixed assets.

2. The main objective of the company is to provide syndication services & does not involve any stocks. Accordingly clauses 4(ii) (a), (b) and (c) of the companies (Auditor's Report) order 2003 are not applicable to the company.

3. As explained to us, the company has neither taken nor granted any loans secured or unsecured from companies, firm or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.Accordingly clauses 4(iii) (a), (b),(c) and (d) of the companies (Auditor's Reports) order 2003 are not applicable to the company.

4. In our opinion and according to the information and explanation given to us, the company does not have fixed assets and inventories and has no commercial activities by the company during the period, the provision of para 4(iv) of companies (Auditor's reports) order 2003 relating to adequate internal control procedure commensurate with the size of the company and nature of its business, for the purchase of inventory and fixed assets and for the sale of goods are not applicable to company.

5 According to the information and explanation given to us, there are no transaction made in pursuance of the contracts or arrangements that need to be entered in the register maintained under section 301 of the Companies Act, 1956.

6. According to the information and explanation given to us, the company has not accepted any deposit from public within the meaning of Sec. 58A & 58AA or any other relevant provision of Companies Act.

7. The company does not have paid up capital and reserve of Rs.50 lakhs as the commencement of the financial year concerned, or have average annual turnover exceeding five crore rupees for a period of three consecutive financial years immediately preceding the financial period concerned, the provision of para 4(vii) of the companies (Auditor's Report) order 2003 are not applicable to company.

8. The company does not have any business activities during the period the provision of para 4(viii) of the companies (Auditor's Report) order 2003 relating to maintaining of cost records under section 209 (i) (d) of the companies act is not applicable to the company.

9. a) According to the information and explanation given to us, The company is regular in depositing undisputed statutory dues with appropriate authorities including Provident Fund, Investor Education & Protection Fund, Employees' State Insurance, Income Tax, Wealth-Tax, and other statutory dues with appropriate authorities through holding company i.e. PFC Ltd. According to the information and explanation given to us there are no undisputed statutory dues outstanding as on 31st March,2012 for a period a more than six months from the date they become payable.

b). According to the information and explanations given to us, there are no dues of Income-tax, Wealth Tax, which have not been deposited on account of any dispute.

10. The Company has been incorporated on 18.07.2011. It has not incurred any cash losses in the current financial period.

11. According to the records made available to us and information and explanations given by the management, the company has not taken any loan, from any financial institution or bank or debenture holder, hence clause (xi) of paragraph 4 of the Order is not applicable to the Company.

12. In our opinion and according to information and explanations given to us, provision of para 4(xii) of the companies (Auditors Reports) Order, 2003 are not applicable to company as it has not given any loans and advance on securities of shares, Debenture and other securities.

13. In our opinion and according to information and explanations given to us, the company is not a Chit Fund, Nidhi or mutual benefit, trust/ Society. Accordingly the provision of para 4(xiii) of the companies (Auditor's Report) order 2003 is not applicable to company.

14. According to the information and explanations given to us,the company is not dealing in or trading in shares, securities, debentures and other investments, hence the requirement of para 4(xiv) of the companies (Auditor's Report) order 2003 is not applicable to the company.

15. According to the information and explanations given to us, the company has not given any guarantee for loans taken by others from bank or financial institutions.

16. In our opinion and according to information and explanations given to us, the company has not obtained any term loan and hence the requirement of para 4(xvi) of the companies (Auditor's Report) order 2003 is not applicable to the company

17. According to the information and explanations given to us, and on an overall examination of the balance sheet and cash flow statement of the company, we report that no funds raised on short-term basis have been used for long-term investment purpose.

18. The company has not made any preferential allotment of share to parties and companies covered in the register maintained under section 301 of the companies act 1956.

19. According to the information and explanations given to us the company does not have any debenture and hence the requirement of para 4(xix) of the companies (Auditor's Report) order 2003 is not applicable to the company.

20. According to the information and explanations given to us the Company has not raised any money from public issue during the period

21. According to the information and explanations given to us no fraud on or by the company has been noticed or reported during the course of our audit.

For and on behalf of

V.K. Khosla & Co
Chartered Accountants
(Firm registration No.002283N)

Sd/-
Kamal Khosla
(Partner)
M.No. 095944

Place : New Delhi
Date : 14.05.2012

PFC CAPITAL ADVISORY SERVICES LIMITED
BALANCE SHEET AS AT 31ST MARCH 2012

(Amount in ₹)

Particulars	Note No.	As at 31st March 2012
I. EQUITY AND LIABILITIES		
1. Shareholders' funds		
(a) Share capital	1	10,00,000
(b) Reserves and surplus	2	4,96,783
(c) Money received against share warrants		
2. Share application money pending allotment		
3. Non-current liabilities		
(a) Long-term borrowings		
(b) Deferred tax liabilities (Net)		
(c) Other Long term liabilities		
(d) Long-term provisions		
4. Current liabilities		
(a) Short-term borrowings		
(b) Trade payables		
(c) Other current liabilities	3	1,25,685
(d) Short-term provisions	4	4,70,401
TOTAL		**20,92,869**
II. ASSETS		
1. Non-current assets		
(a) Fixed assets		
(i) Tangible assets		
(ii) Intangible assets		
(iii) Capital work-in-progress		
(iv) Intangible assets under development		
(b) Non-current investments		
(c) Deferred tax assets (net)		54,885
(d) Long-term loans and advances		
(e) Other non-current assets		
2. Current assets		
(a) Current investments		
(b) Inventories		
(c) Trade receivables		
(d) Cash and Bank balance	5	16,47,655
(e) Short-term loans and advances	6	3,90,329
(f) Other current assets		
TOTAL		**20,92,869**

Significant Accounting Policies - Note 10 and Notes on Accounts - Note 11

The Notes referred to above form an integral part of the accounts

For and on behalf of the Board of Directors

Sd/-	**Sd/-**	**Sd/-**	**Sd/-**
(SACHIN ARORA)	**(A. CHAKRAVARTI)**	**(R. NAGARAJAN)**	**(SATNAM SINGH)**
Company Secretary	**CEO**	**Director**	**Chairman**

AS PER OUR REPORT OF EVEN DATE
For V.K. Khosla & Company
Chartered Accountants

Sd/-
Kamal Khosla
Partner
Membership No. - 095944
Firm Regn No. 002283N

Place : New Delhi
Date : 14.05.12

PFC CAPITAL ADVISORY SERVICES LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE PERIOD 18.07.2011 TO 31.03.2012

(Amount in ₹)

	Particulars	Note No.	Period Ended 31st Mar 2012
I.	Income from Operations	7	16,31,250
II.	Other income		-
III.	**Total Revenue (I + II)**		16,31,250
IV.	Expenses:		
	Employee benefits expense	8	6,02,788
	Finance costs		
	Depreciation and amortization expense		
	Other expenses	9	2,45,326
	Total expenses		8,48,114
V.	**Profit before exceptional and extraordinary items and tax (III-IV)**		7,83,136
VI.	Exceptional items		-
VII.	**Profit before extraordinary items and tax (V - VI)**		7,83,136
VIII.	Extraordinary Items		-
IX.	**Profit before tax (VII- VIII)**		7,83,136
X.	Tax expense:		
	(1) Current tax		3,41,238
	(2) Deferred tax		(54,885)
XI.	**Profit (Loss) for the period from continuing operations (IX-X)**		4,96,783
XII.	Profit/(loss) from discontinuing operations		-
XIII.	Tax expense of discontinuing operations		-
XIV.	**Profit/(loss) from Discontinuing operations (after tax) (XII-XIII)**		-
XV.	**Profit (Loss) for the period (XI + XIV)**		4,96,783
XVI.	Earnings per equity share:		
	(1) Basic		4.97
	(2) Diluted		4.97

Significant Accounting Policies - Note 10 and Notes on Accounts - Note 11

The Notes referred to above form an integral part of the accounts

For and on behalf of the Board of Directors

Sd/-	Sd/-	Sd/-	Sd/-
(SACHIN ARORA)	**(A. CHAKRAVARTI)**	**(R. NAGARAJAN)**	**(SATNAM SINGH)**
Company Secretary	**CEO**	**Director**	**Chairman**

AS PER OUR REPORT OF EVEN DATE
For V.K. Khosla & Company
Chartered Accountants

Sd/-
Kamal Khosla
Partner
Membership No. - 095944
Firm Regn No. 002283N

Place : New Delhi
Date : 14.05.12

NOTE '1'
Share Capital

	As at 31st March 2012 ₹
Shareholder's Funds	
Authorised	
10,00,000 Equity Shares of ₹ 10 each	1,00,00,000
Issued, Subscribed & Paid up	
1,00,000 Equity Shares of ₹ 10 each fully paid	10,00,000
Total	10,00,000

Notes:- Information on shares in the company held by each shareholder holding more than 5% of paid - up equity share capital as on 31.03.2012

Name of the shareholder	% of share holding	No. of shares held	Amount (in ₹)
PFC Limited	99.30	99,300	9,93,000
Total			9,93,000

NOTE '2'
Reserves & Surplus

		As at 31st March 2012 ₹
a.	**Surplus**	
	Opening balance	-
	(+) Net Profit/(Net Loss) for the current period	4,96,783
	(+) Transfer from Reserves	-
	(-) Proposed Dividends	-
	(-) Interim Dividends	-
	(-) Transfer to Reserves	-
	Closing Balance	4,96,783

NOTE '3'
Other Current Liabilities

	As at 31st March 2012 ₹
Audit Fees Payable	25,281
TDS Payable	15,459
Payable to PFC	84,945
Total	1,25,685

NOTE '4'
Short Term Provisions

		As at 31st March 2012 ₹
(a)	**Provision for employee benefits**	
	Salary & Reimbursements	
	Contribution to PF	
	Gratuity (Funded)	
	Leave Encashment (funded)	
	Superannuation (funded)	
	ESOP /ESOS	
	Base Line Compensation	77,788
	Incentive Payment	51,375
(b)	**Others (Specify nature)**	
	Provision for Income Tax	3,41,238
	Total	4,70,401

NOTE '5'
Cash & Bank balance

		As at 31st March 2012 ₹
Cash & Bank balance		
a.	Balances with banks	
	- Current Accounts	**16,47,655**
	- Fixed Deposits	
b.	Cheques, drafts on hand	**-**
c.	Cash in hand	**-**
d.	Others (specify nature)	**-**
	Total	**16,47,655**

NOTE '6'
Short-term loans and advances

		As at 31st March 2012 ₹
a.	**Loans and advances to related parties**	
	Secured, considered good	**29**
	Unsecured, considered good	
	Doubtful	
	Less:Provision for doubtful loans and advances	
b.	**Others (specify nature)**	
	Secured, considered good	
	Unsecured, considered good	
	- Security Deposit	
	- Advance Income Tax and Tax Deducted at Source (net)	**3,90,300**
	Doubtful	
		3,90,329
	Total	**3,90,329**

NOTE '7'
Revenue from Operation

	For the period ending on 31.03.2012 ₹
Income from operations	
Syndication Fee	**16,31,250**
Total	**16,31,250**

NOTE '8'
Employee Benefits Expense

			For the period ending on 31.03.2012 ₹
(a)	Salaries		
	(i) Reimbursement of Employee Cost to PFC Ltd.	1,29,293	
	(ii) Salaries paid	2,02,047	**3,31,340**
(b)	Contributions to -		
	(i) Leave encashable		**20,832**
	(ii) Superannuation Fund		**76,189**
(c)	Gratuity fund contributions		**4,905**
(d)	Base Line compensation		**77,788**
(e)	PRP- Incentive		**51,375**
(f)	Medical expensees - Retired employee		**40,146**
(g)	PF Administrative Expenses inclusive of Inspection charges on PF & EDLI		**213**
			6,02,788

NOTE '9'
Other expenses

	For the period ending on 31.03.2012 ₹
Legal & Professional Fees	**14,206**
Preliminary Expenses	**2,02,030**
Auditors' Remuneration	**28,090**
Stamp duty expenses	**1,000**
Total	**2,45,326**

Notes Annexed to and forming part of accounts
For the period from 18.07.2011 to 31.03.2012

NOTE '10'
SIGNIFICANT ACCOUNTING POLICIES

1. **Basis for Preparation of Financial Statements**

   The financial statements are prepared as per going concern assumption under the historical cost convention on accrual basis and in accordance with the generally accepted accounting principles and relevant provisions of the Companies Act, 1956 complying with Accounting Standards notified therein. Accounting policies have been consistently applied except where an accounting standard is newly adopted or an accounting policy is revised by the company.

2. **Expenditure Incurred by Holding Company**

   Expenditures incurred by the Holding Company on behalf of the company are recognized on accrual basis and same are classified as "Other Current Liabilities" payable to Holding Company.

3. **Revenue Recognition**

   Income is accounted for on accrual basis, unless otherwise stated.

4. **Preliminary Expenditure**

   Preliminary Expenses relating to the formation of the company are written off in the year in which the same has been incurred in accordance to AS-26 " Intangible Assets".

5. **Taxes on Income**

   Provision for taxation includes provision for Income Tax and Deferred Tax. Current Income tax has been provided at the rates in force in accordance with the provisions of Income Tax Act 1961. Deferred Tax assets/ liabilities have been accounted for in accordance with the principles laid down under Accounting Standard 22.

6. **Earnings per Share**

   Basic earnings per share is computed by dividing the net profit after tax by the weighted average number of equity shares outstanding during the period. Diluted earnings per share is computed by dividing the profit after tax by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares.

7. **Profit and Loss Account**

   The liabilities towards employee benefits in respect of gratuity, leave encashment, post-retirement medical benefits, transfer traveling allowance on retirement/death, long service awards to employees, farewell, gift on retirement and economic rehabilitation scheme are ascertained by the Holding Company as per acturial valuation at the year-end. The company provides for such employee benefits on the basis of apportionment by the Holding Company.

8. Provisions and Contingencies

The liabilities "Provisions" towards employee benefits (Base Line Compensation & Performance Related Pay) are determined annually by the Holding Company i.e. PFC Limited based on management estimations at the year-end. The company provides for such employee benefits as apportioned by the Holding Company.

9. Cash Flow Statement

Cash flows are reported using the indirect method, as per AS3 "Cash Flow Statement" whereby profit before tax is adjusted for the effects of the transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts and payments. The cash flows from Operating, Financing and Investing activities are shown separately in accordance with AS-3.

NOTE - '11'
NOTES ON ACCOUNTS

1. "PFC Capital Advisory Services Limited" (PFCCAS) is incorporated under Companies Act,1956 as a wholly owned subsidiary of Power Finance Corporation Limited(PFC) on July 18,2011. The Certificate for Commencement of Business was obtained by the Company on September 2, 2011. Accordingly, this being the first accounting period of the Company commencing from date of incorporation 18.07.2011 to 31.03.2012, the accounts are prepared for the period from 18.07.2011 to 31.03.2012.Being the first year of the company, previous year figures are not applicable.

2. The Company is in the business of providing syndication services mainly in the areas of power, Energy, infrastructure & other industries and is operating within India, therefore the disclosure requirements of AS-17 on Segment Reporting is not applicable to the company.

3. The company has not outstanding liability towards micro, small & medium enterprises.

4. Auditors Remuneration:

Amount in Rs.

Particulars	Fees	Service Tax	Total
Statutory Audit Fee	25,000	3,090	28,090

5. The disclosure as per AS 18 Related Party Disclosure: -

The PFC Capital Advisory Services Ltd is a wholly owned subsidiary of Power Finance Corporation Ltd. All key decisions are taken by the Board of PFC CAS where the PFC nominees exercise the control.

(a) Name and nature of the relationship of the related parties: -

S. No.	Nature of Relationship	Name of the Related Party
1.	Holding Company	Power Finance Corporation Limited
2.	Key Management Personnel :	
	The Key Management personnel of the Company are employees of the Holding Company (PFC) deployed on part time basis except C.E.O. who is on full time basis. No sitting fee has been paid to the directors. The details of such key Management Personnel during the year are as follows:	

S. No.	Name	Designation	Date of Appointment	Date of Resignation
1.	Shri Satnam Singh	Chairman	18.07.2011	Continuing
2.	Shri M. K. Goel	Director	02.01.2012	Continuing
3.	Shri R.Nagarajan	Director	18.07.2011	Continuing
5.	Shri Rajeev Sharma	Director	18.07.2011	29.11.2011
4.	Shri A.Chakravarti	CEO		Continuing

(b) Details of related parties transactions: -

S. No.	Name	Nature of Transactions	Outstanding Balance on 31.03.2012 (Rs)
(i)	Power Finance Corporation Limited	Expenses incurred on behalf of PFC CAS	84,945

6. The Deferred Tax Asset/Liabilities have been created in terms of the Accounting Standard No.22 "Accounting for Tax on Income" notified under the Companies Act 1956. The deferred tax asset has been calculated as under: -

S. No.	Description	Amount in Rs. 31.03.2012
A	Deferred Tax Assets	
i	Provision for employees benefits	41,907
ii	Preliminary Expenses	12,978
	Total (A)	54,885
B	Deferred Tax Liability	NIL
	Total (B)	NIL
	Net Deferred Tax Assets / (Liability) (A-B)	54,885

7. In terms of Accounting Standard 20 on "Earnings per Share" notified underthe Companies Act 1956, Earning per share (Basic & Diluted) is worked out as follows: -

S. No.	Particulars	Amount in Rs. As on 31.03.2012
1	Nominal Value of share (Rs.)	10
2	Number of Equity shares (No.)	1,00,000
3	Net Profit after tax (Rs.)	4,96,783
4	Earnings per share (Rs.)	4.97

8. Transactions in foreign currency (Income/ Expenses) - NIL.

9. Figures have been rounded off to the nearest rupees unless otherwise stated.

10. In the opinion of the Management, the value of current assets, loans and advances on realization in the ordinary course of business, will not be less than the value at which these are stated in the Balance Sheet. As on 31.03.2012, there is no contingent liability.

11. Notes 1 to 11 form an integral part of financial statements and have been so authenticated.

For and on behalf of the Board of Directors

Sd/-	Sd/-	Sd/-	Sd/-
(SACHIN ARORA)	**(A. CHAKRAVARTI)**	**(R. NAGARAJAN)**	**(SATNAM SINGH)**
Company Secretary	**CEO**	**Director**	**Chairman**

AS PER OUR REPORT OF EVEN DATE
For V.K. Khosla & Company
Chartered Accountants

Sd/-
Kamal Khosla
Partner
Membership No. - 095944
Firm Regn No. 002283N

Place : New Delhi
Date : 14.05.12

PFC CAPITAL ADVISORY SERVICES LTD.
CASH FLOW STATEMENT FOR THE PERIOD
FROM 18.07.2011 TO 31.03.2012

	(Amount in ₹)	(Amount in ₹)
Cash Flow from Operating Activities :-		
Net Profit before Tax and Extraordinary items	7,83,136	
ADD: Adjustments for		
Depreciation		
Interest Income on Fixed Deposits		
Operating profit before working Capital Changes:		7,83,136
Increase / Decrease in Working Capital :		
Current Liabilities	2,54,848	
Current Assets	(29)	2,54,819
Cash flow before extraordinary items		10,37,955
Extraordinary items		-
Cash Inflow/Outflow from operations before Tax		10,37,955
Income Tax paid		-3,90,300
A) Net Cash flow from Operating Activities		6,47,655
Cash Flow From Investing Activities :		
B) Net Cash flow from Investing Activities		-
Cash Flow From Financing Activities :		
Issue of Equity Shares	10,00,000	
C) Net Cash flow from Financing Activities		10,00,000
D) Net Change in Cash & Cash Equivalents (A+B+C)		16,47,655
E) Cash & Cash Equivalents at the beginning of period		-
F) Cash & Cash Equivalents at the end of the period (D+E)		16,47,655

For and on behalf of the Board of Directors

Sd/-	Sd/-	Sd/-	Sd/-
(SACHIN ARORA)	**(A. CHAKRAVARTI)**	**(R. NAGARAJAN)**	**(SATNAM SINGH)**
Company Secretary	**CEO**	**Director**	**Chairman**

AS PER OUR REPORT OF EVEN DATE
For V.K. Khosla & Company
Chartered Accountants

Sd/-
Kamal Khosla
Partner
Membership No. - 095944
Firm Regn No. 002283N

Place : New Delhi
Date : 14.05.12

DIRECTORS' REPORT

Dear Shareholders,

Your Directors have great pleasure in presenting the Fourth Annual Report on the performance of your Company for the year ended 31st March, 2012 along with Audited Statements of Accounts and Auditor's Report thereon.

CONVERSION OF THE COMPANY INTO WHOLLY OWNED SUBSIDIARY OF POWER FINANCE CORPORATION LIMITED

Your Company was incorporated on 25th March, 2008 under the aegis of Power Finance Corporation Limited (PFC) where 30% stake was held by PFC and the balance 70% stake was held by 5 individuals. The BoD of PFC had approved a proposal for PFC to acquire 70% stake held by individuals in your Company where PFC already held 30% stake. Subsequently, as approved, the formalities of transfer were completed on 11.10.2011 and PECAP became a wholly owned subsidiary of PFC w.e.f 11.10.2011. Your Company has not transacted any business till date. Further, the Company is in the process of taking necessary approvals for dissolving the Company and getting the name of the Company Struck off from the records of Registrar of Companies under the provisions of Section 560 of the Companies Act, 1956.

FINANCIAL PERFORMANCE

During the year ended March 31, 2012, your Company has earned a net profit of ₹ 23,450/- (before tax) which is basically the interest Income.

DIVIDEND

Your directors have decided not to recommend any dividend for the period under review. Further no amount is being proposed to be transferred to any reserves in the Balance sheet as at 31st March, 2012.

SHARE CAPITAL

The Company has been incorporated with an initial Paid up capital of 5,00,000/- (Rupees Five lakh only) consisting of 50,000 equity shares of ₹ 10/- each and authorised share capital of ₹ 10,00,000/- (Rupees Ten lakh only) consisting of 1,00,000 equity shares of ₹ 10/- each. Initially, 30% stake was held by PFC and the balance 70% stake was held by 5 individuals. The BoD of PFC had approved a proposal for PFC to acquire 70% stake held by individuals in PECAP where PFC already held 30% stake. Subsequently, as approved, the formalities of transfer were completed on 11.10.2011 and PECAP became a wholly owned subsidiary of PFC w.e.f 11.10.2011.

PUBLIC DEPOSITS

The Company has not accepted any deposit from the Public during the year under review as covered under the provisions of Section 58A of the Companies Act, 1956 read with the Companies (Acceptance of Deposits) Rules, 1975.

PERSONNEL

The Company is a wholly owned subsidiary of PFC and all the employees working for the Company are the employees of PFC and the matters related to Personnel department are being taken care by the holding Company.

AUDITORS

M/s. A. Salwan&Associates, Chartered Accountants, New Delhi was appointed as Statutory Auditor of the Company for the year ended March 31, 2012 by the Comptroller and Auditor General of India. There are no adverse comments, observations or reservations in the auditors report on the accounts of the company. The observations of the auditors in their report are self-explanatory and therefore, in the opinion of the Directors, do not call for further comments.

COMPTROLLER AND AUDITOR GENERAL REVIEW

The Comptroller & Auditor General of India vide letter dated July 13, 2012 has mentioned that on the basis of audit, nothing significant has come to their knowledge which would give rise to any comment upon or supplement to Statutory Auditors' Report under Section 619 (4) of the Companies Act, 1956. A copy of the certificate issued by C&AG in this regard is enclosed as annexure A to the report of the Statutory Auditor's.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Since the Company is yet to commence its business operations, there are no significant particulars, relating to conservation of energy, technology absorption, under the Companies (Disclosure of Particulars in the report of Board of Directors) Rule, 1988.

Your Company has not undertaken any activity during the year under review.The particulars as required under the provisions of section 217(1)(e) of the Companies Act, 1956 in respect of conservation of energy and technology absorption has been furnished in Annexure I.

Further during the year under review, the Company has neither earned nor used any foreign exchange.

PARTICULARS OF EMPLOYEES

There is no employee in the Company whose particulars are required to be given under section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, as amended.

DIRECTORS

At the beginning of the year, the Company had the following 7 Directors:

1.	Sh. C. Gangopadhyay	Director (PFC Nominee)
2.	Sh. D. Ravi	Director (PFC Nominee)
3.	Dr. Uddesh Kohli	Director
4.	Dr. Kailash Behari Lal Mathur	Director
5.	Sh. R. K. Narayan	Director
6.	Sh. V. V. Ramkrishna Rao	Director
7.	Sh. Hem Raj	Director

On 11.10.2011, Dr. Uddesh Kohli, Dr. Kailash Behari Lal Mathur, Sh. R. K. Narayan, Sh. V. V. Ramkrishna Rao and Sh. Hem Raj resigned from the Board of the Company and Shri Arunava Chakravarti was appointed as PFC Nominee Director on the Board.

OFFICIAL LANGUAGE

The use of Hindi in Company's Official work was emphasized.

SUBSIDIARY COMPANIES

The Company does not have any subsidiary. Therefore there is no requirement to comply with Section 212 of the Companies Act, 1956.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956 the Board of Directors of the Company confirm that-

(i) in preparation of the annual accounts for the year ended 31st March, 2012, the applicable accounting standards have been followed along with proper explanation relating to material departures;

(ii) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the period April 1, 2011 to March 31, 2012 and of the profit or loss of the company for that period;

(iii) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities; and

(iv) the directors had prepared the annual accounts on a going concern basis.

ACKNOWLEDGEMENT

The Board of Directors acknowledge and place on record their appreciation for the guidance, co-operation and encouragement extended to the Company by Government of India, Ministry of Power, Reserve Bank of India, Department of Public Enterprises, and other concerned Government departments/agencies at the Central and State level etc.

Your Directors also conveys its gratitude to the holding Company Power Finance Corporation Limited as well as the bankers for the active & continued support to the Company.

The Company is also thankful to the Comptroller & Auditor General of India and the Statutory Auditors for their constructive suggestions and co-operation.

The Board would also like to place on record our appreciation for the untiring efforts and contributions made by the employees to launch and establish the new Company.

For and on behalf of the Board of Directors

(C. Gangopadhyay) Director   **(D. Ravi)** Director

Place : New Delhi
Dated : 03.08.2012

ANNEXURE - I

Disclosure of particulars u/s 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 are given as under:

A. CONSERVATION OF ENERGY:

(a)	energy conservation measures taken ;	The Company will take necessary measures as may be required from time to time for conservation of energy.
(b)	additional investments and proposals, if any, being implemented for reduction of consumption of energy ;	No specific investment has been made in this regard.
(c)	impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods;	Not Applicable
(d)	total energy consumption and energy consumption per unit of production as per Form A of the Annexure in respect of industries specified in the Schedule thereto.	Not Applicable

B. TECHNOLOGY ABSORPTION:

e. Efforts made in technology absorption as per Form B of the Annexure to the Rules

FORM B : Form for disclosure of particulars with respect to absorption

Research and development (R & D)

1.	Specific areas in which R & D carried out by the company.	During the year the Company has not carried any specific R & D
2.	Benefits derived as a result of the above R&D	Not Applicable
3.	Future plan of action	Not Applicable
4.	Expenditure on R & D :	
	(a) Capital	NIL
	(b) Recurring	NIL
	(c) Total	NIL
	(d) Total R & D expenditure as a percentage of total turnover	Not Applicable

TECHNOLOGY, ABSORPTION, ADAPTATION AND INNOVATION

1.	Efforts, in brief, made towards technology absorption, adaptation and innovation.	No specific efforts have been taken in this regard.
2.	Benefits derived as a result of the above efforts, e.g., product improvement, cost reduction, product development, import substitution, etc.	Not Applicable
3.	In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year), following information may be furnished : (a) Technology imported. (b) Year of import. (c) Has technology been fully absorbed? (d) If not fully absorbed, areas where this has not taken place, reasons there for and future plans of action.	Not Applicable

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

There was no outgo or inflow of foreign exchange during the year.

AUDITOR'S REPORT

TO THE MEMBERS OF
POWER EQUITY CAPITAL ADVISORS PVT. LTD.

1. We have audited the attached Balance Sheet of **POWER EQUITY CAPITAL ADVISORS PVT. LTD.**, as at **31st March, 2012** and also the Profit and Loss Account for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

   (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

   (b) In our opinion, proper books of accounts as required by law have been kept by the company so far as appears from our examination of the books of accounts;

   (c) The Balance Sheet dealt with by this report are in agreement with the books of accounts;

   (d) In our opinion, the Balance Sheet of the company comply with the Accounting Standards as referred in Sub-Section (3C) of Section 211 of the Companies Act, 1956, to the extent applicable;

   (e) As per information and explanations given to us, none of the directors of the company are disqualified from being appointed as a director under clause (g) of Sub-Section (1) of Section 274 of the Companies Act, 1956;

   (f) In our opinion and to the best of our information and according to explanations given to us, the said accounts, read together with Significant Accounting Policies and Notes forming part of Accounts, give the information required by the Companies Act, 1956 in the manner so required, and give a true and fair view in conformity with the accounting principles generally accepted in India,

      (i) in case of Balance Sheet, of the state of the affairs of the company as at **31st March 2012**

      (ii) In case of Profit and Loss Account, of the Profit of the Company for the year ended on that date.

3. The companies (Auditor's Report) Order 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the companies Act 1956, is not applicable to this company.

for **A. SALWAN & ASSOCIATES**
Chartered Accountants
FRN:004287N

ASHWANI SALWAN
Proprietor
M.No. 083424

Place: DELHI
Date : 25.04.2012

ADDENDUM TO OUR AUDIT REPORT DATED 25.04.12

AUDITOR'S REPORT

TO THE MEMBERS OF
POWER EQUITY CAPITAL ADVISORS PVT. LTD.

1. We have audited the attached Balance Sheet of **POWER EQUITY CAPITAL ADVISORS PVT. LTD.**, as at **31st March, 2012** and also the Profit and Loss Account for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

   (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

   (b) In our opinion, proper books of accounts as required by law have been kept by the company so far as appears from our examination of the books of accounts;

   (c) The Balance Sheet and Statement of Profit & Loss and Cash Flow dealt with by this report are in agreement with the books of accounts;

   (d) In our opinion, the Balance Sheet and Statement of Profit & Loss of the company comply with the Accounting Standards as referred in Sub-Section (3C) of Section 211 of the Companies Act, 1956, to the extent applicable;

   (e) As per information and explanations given to us, none of the directors of the company are disqualified from being appointed as a director under clause (g) of Sub-Section (1) of Section 274 of the Companies Act, 1956;

   In our opinion and to the best of our information and according to explanations given to us, the accounts, read together with Significant Accounting Policies and Notes forming part of accounts, give the information required by the Companies Act, 1956 in the manner so required, and give a true and fair view in conformity with the accounting principles generally accepted in India

   1. in case of Balance Sheet, of the state of the affairs of the company as at 31st March 2012
   2. In case of Statement of Profit and Loss, of the Profit of the Company for the year ended on that date.
   3. In the case of cash flow, of the cash flows for the period ended on that date.

3. As required by the Companies (Auditor's Report) order, 2003 issued by the Central Government of India in terms of sub section (4A) of section 227 of the Companies Act , 1956 , we enclose in the Annexure a statement on the matters specified in paragraph 4 & 5 of the said order.

for **A. SALWAN & ASSOCIATES**
Chartered Accountants
FRN:004287N

ASHWANI SALWAN
Proprietor
M.No. 083424

Place: DELHI
Date : 10.07.2012

ANNEXURE REFERRED TO IN PARAGRAPH 1 OF OUR REPORT OF EVEN DATE

1. The Company does not have any fixed assets.
2. The Company does not have any inventories during this year; hence this clause is not applicable.
3. In our opinion and according to information and explanations given to us, the company has neither taken nor given any loans/advances to/ from companies, firms or other parties listed in the register maintained under section 301 of the Companies Act 1956 during the year.
4. In our opinion and according to the information and explanation given to us, the company does not have fixed assets, inventories and has no commercial activity during the year , the provisions w.r.t. applicability of adequate internal control procedures are not applicable to the company.
5. In respect of the transactions entered in the register maintained in pursuance of section 301 of the Companies Act, 1956;
   - To the best of our knowledge and belief and according to the information and explanations given to us, there are no transactions that need to be entered into the register maintained under section 301 of the Companies Act .
   - Having regard to this, in our opinion and according to the information and explanations given to us, no transactions have been made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupee five lakhs in respect of any party during the year.
6. The Company has not accepted any deposits from the public to which the provisions of Section 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of deposits) Rules, 1975 would apply.
7. The company is not a listed company and does not have paid up capital and reserve exceeding Rs. 50 lacs as at the commencement of the financial year concerned or have an average annual turnover exceeding five crores rupees for a period of three consecutive financial years immediately proceeding the financial period concerned. Therefore, the provisions of internal audit system are not applicable to the company.
8. The company does not have any business activity during the period, the provisions w.r.t. maintenance of cost records are not applicable to the company.
9. According to the books & records examined by us, in accordance with the generally accepted auditing practices in India and also based on the representations received from the management, the company has been regular in depositing undisputed Statutory dues including Income Tax, Service Tax and other material statutory dues applicable to it.
10. According to the information & explanations given to us, and the records of the company, no undisputed amounts payable in respect of Sales Tax, Income Tax, Wealth Tax, service tax, excise duty were outstanding as at 31st March, 2012 for a period of more than six months from the date of becoming payable.
11. The company's does not have any accumulated losses at the end of financial year. The company did not incur any cash losses during the year ended 31st March 2012 and for the preceding year ended on 31st March 2011.
12. In our opinion and according to information and explanation given to us, the Company has not taken any loans from the banks or financial institutions. The company has not issued any debentures.
13. In our opinion and according to information and explanation given to us, the company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures or other securities.
14. The company is not a chit fund / nidhi / mutual benefit funds / society to which the provisions of special statute relating to chit fund are applicable.
15. The company is not dealing and trading in shares, stock/debentures/ securities. .
16. In our opinion and according to information and explanation given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
17. In our opinion and according to the information and explanations given to us, no term loans were availed by the company.
18. In our opinion and according to information and explanation given to us, and overall examination of the Balance Sheet of the Company, no funds are raised by the company on short term basis.
19. The Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Companies Act, 1956, during the year.
20. The company has not issued any debentures during the year.
21. The company has not raised money by way of public issue during the year.
22. During the course of our examination of the books of accounts carried out in accordance with generally accepted auditing practices in India, we have neither come across any incidence of fraud on or by the company nor have we been informed of any such case by the management .

FOR A. SALWAN & ASSOCIATES

Chartered Accountants

ASHWANI SALWAN

Prop.

Place: DELHI

Date : 10.07.2012

Annexure A

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF POWER EQUITY CAPITAL ADVISORS PRIVATE LIMITED FOR THE YEAR ENDED 31 MARCH 2012.

The preparation of financial statements of Power Equity Capital Advisors private Limited for the year ended 31 Mar 2012 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the company. The statutory auditors appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 are responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956 based on independent audit in accordance with the auditing and assurance standards prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 25 April 2012 followed by addendum dated 10 July 2012.

I, on the behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under section 619(3) (b) of the Companies Act, 1956 of the financial statements of Power Equity Capital Advisors Private Limited for the year ended 31 Mar 2012. The supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records. On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditors' report under Section 619 (4) of the Company Act, 1956.

(Praveen Kumar Singh)
Principal Director of Commercial Audit &
Ex-officio Member Audit Board - III,
New Delhi

Place : New Delhi
Date : 13.07.2012

POWER EQUITY CAPITAL ADVISORS PRIVATE LIMITED
BALANCE SHEET AS AT 31ST MARCH 2012

(Amount in Rs.)

Particulars	Note No.	As at 31/03/2012	As at 31/03/2011
I. Equity and Liablities			
Shareholder's Funds			
Share Capital	1	**500,000.00**	500,000.00
Reserves and Surplus	2	**8,060.59**	(9,688.00)
Current Liabilities			
Other Current Liabilities	3	**10,800.00**	11,000.00
Short-Term Provisions	4	**5,701.00**	1,094.00
Total		**524,561.59**	502,406.00
II. Assets			
Current Assets			
Cash and Cash Equivalents	5	**487,599.00**	479,528.00
Other Current Assets	6	**36,962.59**	22,878.00
Total		**5,24,561.59**	5,02,406.00

AS PER OUR REPORT OF EVEN DATE ATTACHED
FOR A.SALWAN & ASSOCIATES
Chartered Accountants

(ASHWANI SALWAN) **Prop.**

(C.GANGOPADHYAY) **Director**

(D.RAVI) **Director**

Place : New Delhi
Dated : 25.04.2012

POWER EQUITY CAPITAL ADVISORS PRIVATE LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2012

(Amount in Rs.)

Particulars	Note No.	As at 31/03/2012	As at 31/03/2011
I. Revenue From Operations		-	-
II. Other Income		**43,380.59**	32,438.00
III. Total Revenue (I+II)		**43,380.59**	32,438.00
IV. Expenses:			
Other Expenses	7	**19,931.00**	33,897.00
Total Expenses		**19,931.00**	33,897.00
V. Profit Before Exceptional and Extraordinary Items and Tax (III-IV)		**23,449.59**	(1,459.00)
VI. Exceptional Items		-	-
VII. Profit Before Extraordinary Items and Tax (V-VI)		**23,449.59**	(1,459.00)
VIII. Extraordinary Items		-	-
IX. Profit Before Tax (Vi-viii)		**23,449.59**	(1,459.00)
X. Tax Expenses:			
(1) Current Tax		**5,701.00**	3,876.00
(2) Deferred Tax		-	-
Profit/(Loss) for the Period from Continuing Operations after Tax (VII-VIII)		**17,748.59**	(5,335.00)
Profit/(Loss) for the Period		**17,748.59**	(5,335.00)
Earnings Per Equity Share:			
(1) Basic		**0.35**	(0.11)
(2) Diluted		-	-

AS PER OUR REPORT OF EVEN DATE ATTACHED
FOR A.SALWAN & ASSOCIATES
Chartered Accountants

(ASHWANI SALWAN) **Prop.**

(C.GANGOPADHYAY) **Director**

(D.RAVI) **Director**

Place : New Delhi
Dated : 25.04.2012

POWER EQUITY CAPITAL ADVISORS PRIVATE LIMITED
NOTES ON ACCOUNTS FORMING PART OF FINANCIAL STATEMENTS

Note No. 1
SHARE CAPITAL

(Amount in Rs.)

Particular	As at 31st March, 2012	As at 31st March, 2011
AUTHORISED SHARE CAPITAL		
1,00,000 Equity Shares of Rs.10/- each.	**1000,000.00**	1000,000.00
	1000,000.00	1000,000.00
ISSUED, SUSCRIBED & PAID UP		
50,000 Equity Shares of Rs. 10/- each fully paidup in cash	**500,000.00**	500,000.00
Total	**500,000.00**	500,000.00

Note No. 2
RESERVES & SURPLUS

(Amount in Rs.)

Particular	As at 31st March 2012	As at 31st March 2011
RESERVES & SURPLUS		
SURPLUS		
Opening Balance of Profit & Loss Account	**(9,688.00)**	(4,353.00)
Additon/deduction during the year	**17,748.59**	(5,335.00)
Total	**8,060.59**	(9,688.00)

Note No. 3
OTHER CURRENT LIABILITIES

(Amount in Rs.)

Particular	As at 31st March 2012	As at 31st March 2011
Sundry Creditors	**10,800.00**	11,000.00
Total	**10,800.00**	11,000.00

Note No. 4
SHORT TERM PROVISIONS

(Amount in Rs.)

Particular	As at 31st March 2012	As at 31st March 2011
Provisions For Current Tax	**5,701.00**	1,094.00
Total	**5,701.00**	1,094.00

Note No. 5
CASH AND CASH EQUIVALENTS

(Amount in Rs.)

Particular	As at 31st March 2012	As at 31st March 2011
Cash and Cash Equivalents		
(a) Cash on Hand	**-**	-
(b Deposits (having original maturity of 3 Months or less)	**-**	-
Balances with banks		
(ii) Current Accounts	**11,599.00**	5,033.00
(ii) Bank Deposists with maturity upto 12 months	**476,000.00**	474,495.00
Total	**487,599.00**	479,528.00

Note No. 6
OTHER CURRENT ASSETS

(Amount in Rs.)

Particular	As at 31st March 2012	As at 31st March 2011
Tax Deducted At Source(FY11-12)	**3,890.00**	-
Interest Receivable on FDR;'s	**33,072.59**	22,878.00
Total	**36,962.59**	22,878.00

Note No. 7
OTHER EXPENSES

(Amount in Rs.)

Particular	As at 31st March 2012	As at 31st March 2011
Audit Fee	**11,500.00**	11,000.00
Bank Charges	**270.00**	237.00
Digital Signature Renewal Expenses	**1,600.00**	-
Professional Charges	**5,361.00**	2,758.00
Preliminary Expenses W/o	**-**	19,002.00
ROC Fee	**1,200.00**	900.00
Total	**19,931.00**	33,897.00

AS PER OUR REPORT OF EVEN DATE ATTACHED
FOR A.SALWAN & ASSOCIATES
Chartered Accountants

(ASHWANI SALWAN)	**(C.GANGOPADHYAY)**	**(D.RAVI)**
Prop.	**Director**	**Director**

Place : New Delhi
Dated : 25.04.2012

SIGNIFICANT ACOUNTING POLICIES:

1. The financial statements are prepared on accrual basis under the historical cost convention in accordance with applicable mandatory Accounting Standards and relevant presentational requirements of Companies Act, 1956.
2. The Company generally follows mercantile system of accounting and recognises significant items of Income and Expenditure on accrual basis. All income & expenses are debited to profit & loss Account on accrual basis.
3. Contingent Liabilities if any are not provided for in the accounts and are shown separately in Notes of accounts.
4. Defferred tax is recongised subject to consideration of produce and materiality on timing difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.Defferred tax\assets are not recongised on unabsorbed deprecation and carried forward losses unless there is virtual certainity that sufficient future taxable income will available against which such deferred tax assets can be realized.
5. Accounting policies not specifically referred to otherwise, are consistent and in consonance with generally accepted accounting principles.

AS PER OUR REPORT OF EVEN DATE
FOR A.SALWAN & ASSOCIATES
Chartered Accountants

(ASHWANI SALWAN)	**(C.GANGOPADHYAY)**	**(D.RAVI)**
Prop.	**Director**	**Director**

Place : New Delhi
Dated : 25.04.2012

POWER EQUITY CAPITAL ADVISORS PRIVATE LIMITED
CASH FLOW STATEMENT FOR THE PERIOD ENDED 31ST MARCH 2012

(Amount in Rs.)

Particulars		31.03.2012		31.03.2011
Cash Flow from Operating Activities				
Net Profit before Tax and Extraordinary items	23,449.59		(1,459.00)	
Adjustments for				
Preliminery expenses written off	-		19,002.00	
Operating profit before working Capital Changes:		23,449.59		17,543.00
Increase / Decrease in Working Capital :				
Current Liabilities	(200.00)		6,000.00	
Current Assets	(10,194.59)	(10,394.59)	1,155.00	7,155.00
Cash flow before extraordinary items		13,055.00		24,698.00
Extraordinary items		-		-
Cash Inflow/Outflow from operations before Tax		13,055.00		24,698.00
Income Tax paid		4,984.00		5,795.00
A) Net Cash flow from Operating Activities		8,071.00		18,903.00
B) Net Cash flow from Investing Activities		-		-
C) Net Cash flow from Financial Activities		-		
D) Net Change in Cash & Cash Equivalents (A+B+C)		8,071.00		18,903.00
E) Cash & Cash Equivalents at the beginning of period		479,528.00		460,625.00
F) Cash & Cash Equivalents at the end of the period (D+E)		487,599.00		479,528.00

FOR A.SALWAN & ASSOCIATES
Chartered Accountants

(ASHWANI SALWAN)	**(C.GANGOPADHYAY)**	**(D.RAVI)**
Prop.	**Director**	**Director**

Place : New Delhi
Dated : 25.04.2012

POWER FINANCE CORPORATION LIMITED

***Regd. Office* : 'Urjanidhi', 1, Barakhamba Lane, Connaught Place, New Delhi -110001**

ATTENDANCE SLIP

Members or their proxies are requested to present this form for admission, duly signed in accordance with their specimen signatures registered with the company.

NAME OF ATTENDING PERSON (IN BLOCK LETTERS) ____________________

* Regd. Folio no. ____________________

No. of shares held ____________________

DP ID No. ____________ Client ID No. ____________

I, HEREBY RECORD MY PRESENCE AT THE 26th ANNUAL GENERAL MEETING OF THE COMPANY BEING HELD ON FRIDAY THE 21st OF SEPTEMBER, 2012 AT 10.00 AM AT MANEKSHAW CENTRE, PARADE ROAD, DELHI CANTT., NEW DELHI-110010

Please ☑ in the box

☐ MEMBER ☐ PROXY

____

Member's / Proxy's Signature

* Applicable for investors holding shares in Physical Form

POWER FINANCE CORPORATION LIMITED

***Regd. Office* : 'Urjanidhi', 1, Barakhamba Lane, Connaught Place, New Delhi -110001**

PROXY FORM

DP ID No. ____________ Client ID No. ____________

No. of shares held ____________ *Regd. Folio No. ____________

I/We ______________________________,S/o______________________ in the district of ____________________

being a member/members of **Power Finance Corporation Limited**, hereby appoint ____________________

of________________ as my/our proxy to vote for me/us and on my/our behalf at the 26th Annual General Meeting of the Company to be held **at 10.00 a.m. on Friday, the 21st September, 2012,** and at any adjournment thereof.

Signed this ____day of ________2012

____

(Signature)

(Affix Revenue Stamp of appropriate value)

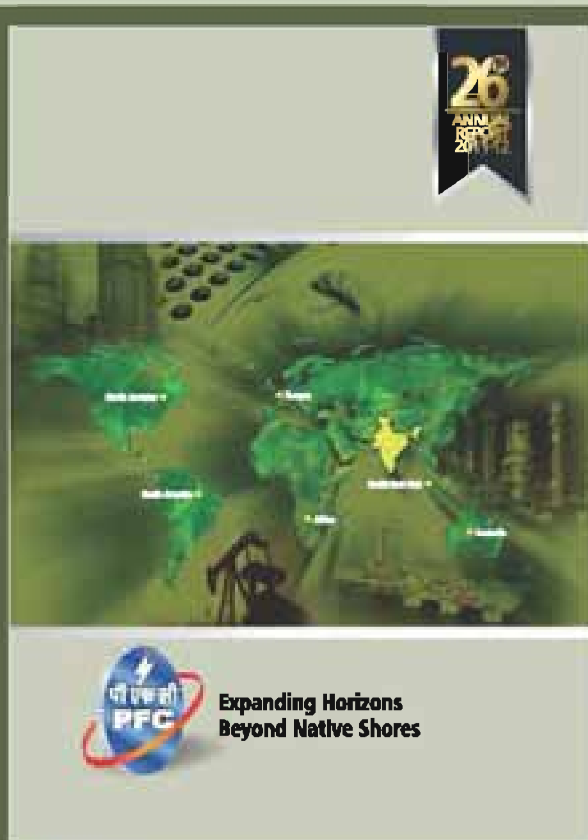
* Applicable for investors holding shares in Physical Form

NOTE: The Proxy form duly completed and signed should be deposited at the Registered Office of the Company, not later than 48 hours before the commencement of the Annual General Meeting.

Notes

Shri Satnam Singh, CMD, PFC receiving “Dun & Bradstreet PSU Award 2012” in “Non Banking Financial Company” category from Dr. M. Veerappa Moily, Hon'ble Union Minister of Corporate Affairs on 28th May, 2012.

Shri Satnam Singh, CMD, PFC, receiving the “4th KPMG Infrastructure Today Award 2011” for Special Recognition for Contribution to the Power Sector over 25 years from Dr. Montek Singh Ahluwalia, Deputy Chairman, Planning Commission, Government of India, on 9th December, 2011



PFC is a company dedicated to the continuous growth of power sector . Not content with its dominant position in India, the company is in the process of expanding its operations. This powerful image represents PFC's increasing global reach.

POWER FINANCE CORPORATION LTD.

(A Govt. of India Undertaking)

Regd. Office : "Urjanidhi", 1, Barakhamba Lane, Connaught Place, New Delhi - 110 001

Ph. : 011-23456000, Fax : 011-23412545, Website : http://www.pfcindia.com

We Create Possibility of a Better Tomorrow

Thomson Press