PTC India
Financial Services Limited

Annual Report 2010-11

Energizing Tomorrow

Listing Ceremony at NSE on 30 March, 2011
(Left to right) Mr Deepak Amitabh, Director Finance, PTC; Dr. Ashok Haldia, Director, PFS;
Mr. T.N. Thakur, Chairman and Managing Director, PFS

Corporate Directory

BOARD OF DIRECTORS
T. N. THAKUR, Chairman & Managing Director
ASHOK HALDIA, Whole Time Director
SUDHIR KUMAR
M. K. GOEL
P. ABRAHAM (Upto 28 September, 2011)
RAMA MURALI
UDDESH KOHLI
C. R. MURALIDHARAN
VED JAIN
S.S. KOHLI

COMPANY SECRETARY
VISHAL GOYAL

REGISTERED OFFICE AND BUSINESS ADDRESS
2ND FLOOR, NBCC TOWER,
15 BHIKAJI CAMA PLACE,
NEW DELHI - 110 066, INDIA
TEL: 91-11- 41659500/41595122
FAX: 91- 11- 41595155/41659144

BANKERS
YES BANK
PUNJAB NATIONAL BANK
INDIAN BANK
UNION BANK OF INDIA
ORIENTAL BANK OF COMMERCE
CORPORATION BANK

AUDITORS
DELOITTE HASKINS & SELLS (Statutory Auditor for 2010-11)
RAJ HAR GOPAL & CO. (Internal Auditor for 2011-12)
RAVI RAJAN & CO. (Internal Auditor for 2010-11)

EMAIL
info@ptcfinancial.com

WEBSITE
www. ptcfinancial.com

Content

About Company

PTC India Financial Services Ltd ("PFS") is an Indian non-banking finance institution promoted by PTC India Ltd ("PTC") to make principal investments in, and provide financing solutions for companies with projects across the energy value chain. PFS offers an integrated suite of financial services with a focus on development of projects in energy value chain including providing debt (short term and long term) financing to, and making investments in, private sector Indian companies in the power sector, including for power generation, equipment supply and fuel source projects. PFS is currently focused primarily on power generation projects in India. PFS also provides fee based syndication and other services as well as carbon credit financing against Certified Emissions Reduction (CER).

In 2010, RBI has classified PFS as "Infrastructure Finance Company"

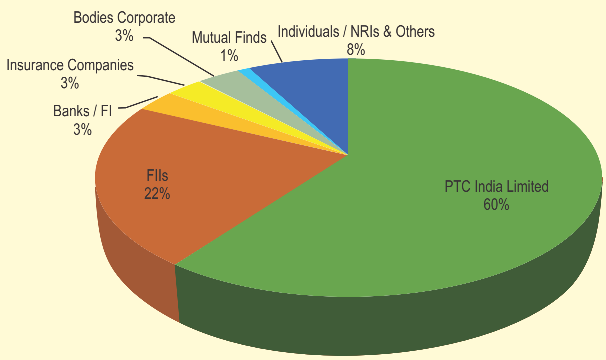
VISION

"Be the most preferred financial services partner in the entire energy value chain."

MISSION

"To partner and forge strong relationship with credible stakeholders to provide complete financial services for all links in the energy value chain."

Shareholding Pattern
as at September 30, 2011

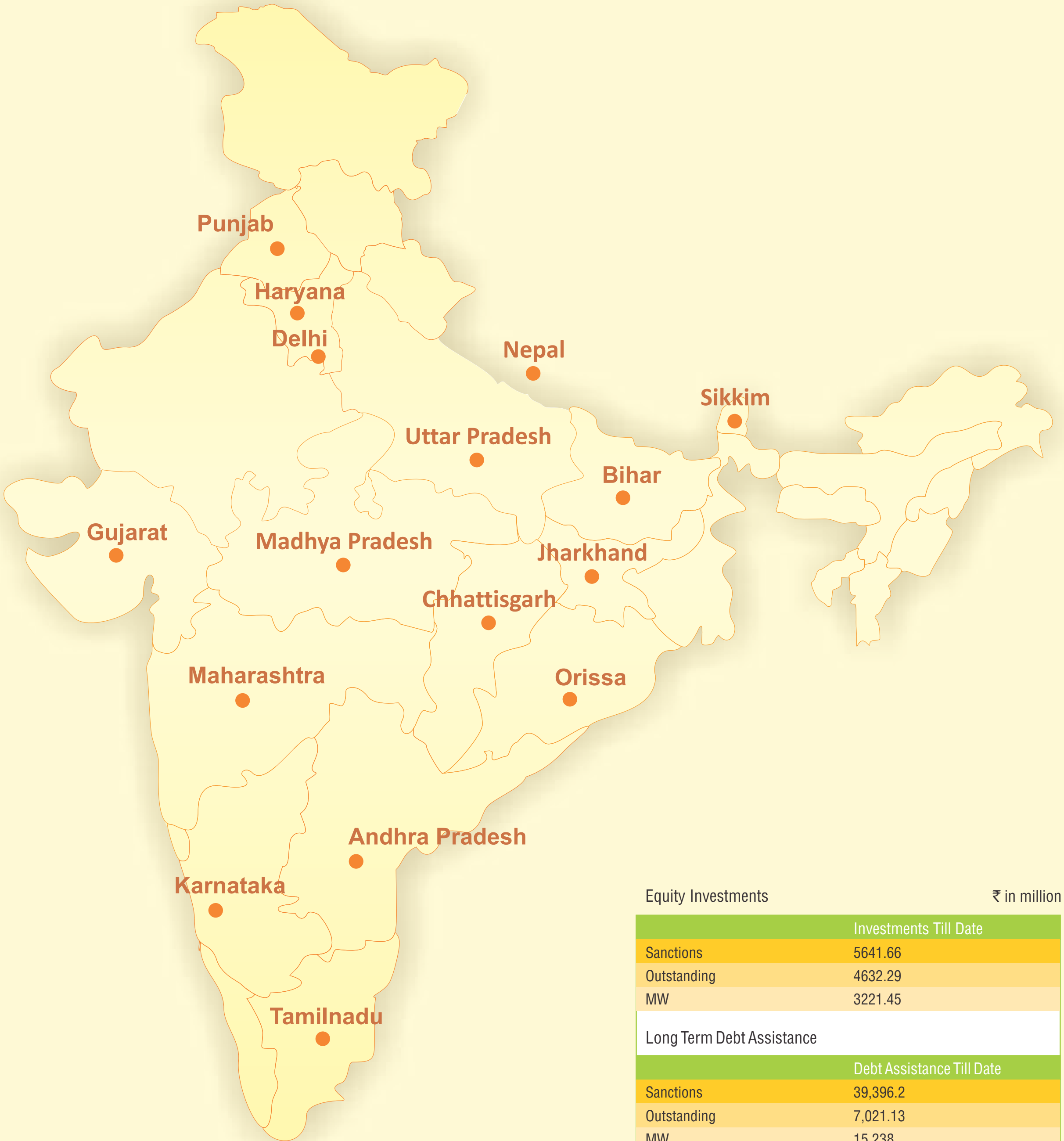


Top 10 shareholders
as at September 30, 2011

1.	PTC India Ltd	60.00%
2.	GS Strategic Investments Ltd	8.66%
3.	HSBC BANK (Mauritius) Limited A/C GMFA Asia Venture Ltd	3.68%
4.	Macquarie India Holdings Ltd	3.46%
5.	Emerging Marketing Growth Fund, Inc.	2.83%
6.	Life Insurance Corporate of India	2.47%
7.	Bajan Allianz Life Insurance Co. Ltd	2.16%
8.	State Bank of India	2.02%
9.	Capital International Emerging Markets Fund	1.82%
10.	HDFC Trustee Company Limited – HDFC Mf Monthly Income Long Term	1.00%

PFS Wind Farm at Davangere Distt. Karnataka

Projects



Equity Investments ₹ in million

	Investments Till Date
Sanctions	5641.66
Outstanding	4632.29
MW	3221.45
Long Term Debt Assistance	
	Debt Assistance Till Date
Sanctions	39,396.2
Outstanding	7,021.13
MW	15,238
Mezzanine/ Short Term Debt Assistance/ CER Financing	
	Mezzanine / Short Term Debt Assistance Till Date
Sanctions	9,741.11
Outstanding	3,076.76
MW	1,753

*as on Sep 30, 2011

Financial Assistance will assist to create capacity of more than 20,000 MW

Portfolio of more than 60 projects across country

Total committed financial assistance of more than ₹50,000 million

The major highlights of the various investments by PFS in Equity and Debt are as follows:

Equity Investments

India's First Power Exchange - Indian Energy Exchange Ltd

- PFS is one of the promoters of the India's first Power Exchange viz. Indian Energy Exchange (IEX) and currently holds 21.12% equity after divesting a part of its holding from earlier holding of 26%. PFS has also initiated the process of sale of its next tranche of holding in IEX to match the CERC guidelines.

Renewable Energy Sector Investments

1. 37% equity in RS India Wind Energy Ltd- Developing 99.45 MW wind farm power project in Maharashtra
   - Phase I of 41.25 MW got commissioned in March 2011
2. 26% equity in Varam Bio-energy Pvt Ltd having 10 MW biomass based power project in Maharashtra
   - Commissioned in February 2009
3. Upto 26% equity in PTC Bermaco Green Energy Systems Ltd- an SPV to undertake several biomass projects across the nation
   - Has been allotted 26 biomass projects in Bihar
   - The projects are in various stages of development

Thermal Power Project in Tamilnadu

Thermal Power Project in Andhra Pradesh

Conventional Energy Sector Investments

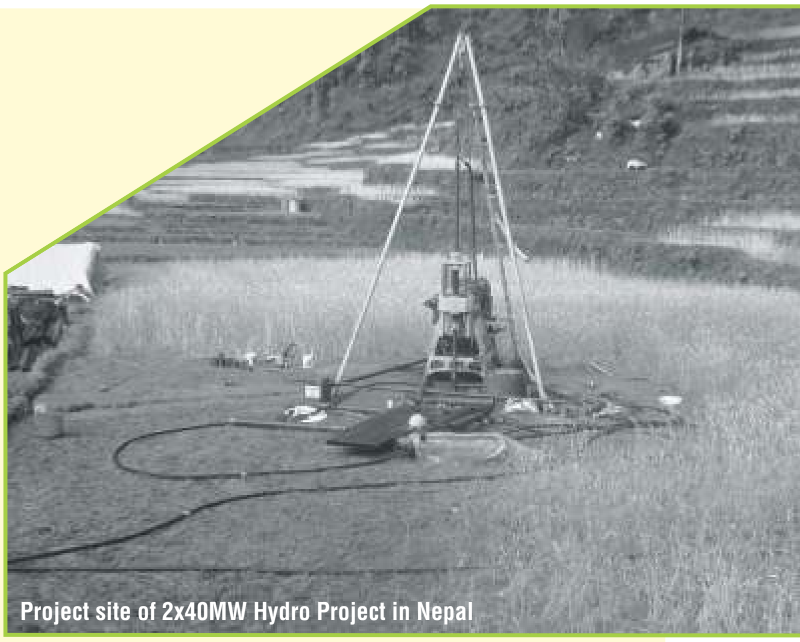
4. 26% equity in Ind-Barath Powergencom Ltd- Developing a 189 MW imported coal Thermal Power Project in Tamil Nadu
   - The project is fully operational.
   - PFS has exited from the investment in October 2011 under which Promoter had bought back the shares as per agreed terms in Equity agreement.
5. 21% equity in Ind-Barath Energy (Utkal) Ltd- Developing a 2*350 MW Thermal Power Project in Chhattisgarh
   - The project is expected to be commissioned by June 2012
6. 19% equity in Meenakshi Energy Pvt Ltd- Developing a 900 MW Thermal Power Project in Andhra Pradesh
   - Phase I of 300 MW is expected to be commissioned by March 2012
   - Financial Closure for Phase II of 600 MW has been achieved and is expected to get commissioned by March 2013
7. 14% Equity in East Coast Energy Pvt Ltd – Developing a 2*660 MW thermal power project in Andhra Pradesh
   - Financial closure for the project achieved and is expected to be commissioned by 2014
   - PFS has got FIPB approval to swap its shareholding into the Holding Company of the Investee

Projects

Debt Assistance

Some of debt assisted projects are:

1. 54 MW Coal based Thermal Power Plant in Rajgangpur, Orissa
   - Loan Sanctioned: ₹ 391.70 Million
   - Disbursed: ₹ 370 Million
   - Expected COD : Unit I has been operational. Unit II is expected by March 2012
2. 10 MW Biomass based Power Project in Gadchiroli, Maharashtra
   - Loan Sanctioned: ₹ 162.50 Million
   - Disbursed: ₹ 162.50 Million
   - Operational since April 2010
3. 350 MW Coal based Thermal Power Plant in Jangir Champa, Chhattisgarh (Phase I)
   - Loan Sanctioned: ₹ 500.00 Million
   - Disbursed: ₹ 179.80 Million
   - Expected COD : 2012
4. 3*360 MW Coal based Thermal Power Plant in Jangir Champa, Chhattisgarh (Phase II)
   - Loan Sanctioned: ₹ 700.00 Million
   - Disbursed: ₹ 115.04 Million
   - Expected COD : June 2014
5. 2*660 MW Coal based Thermal Power Plant in Jhajjar, Haryana
   - Loan Sanctioned: ₹ 318.71 Million



Project site of 2x40MW Hydro Project in Nepal

   - Disbursed: ₹ 318.71 Million
   - Expected COD : May 2012
6. 10 MW Biomass based Power Plant in Amreli district, Gujarat
   - Loan Sanctioned: ₹ 172.50 Million
   - Disbursed: ₹ 169.08 Million
   - Operational since March 2011
7. 270 MW Coal based Thermal Power Plant in Padampur & Srirampur, District Jharkhand
   - Loan Sanctioned: ₹ 400.00 Million
   - Disbursed: ₹ 255.10 Million
   - Expected COD : March 2012
8. 120 MW Coal based Thermal Power Plant in Cuttack, Orrisa
   - Loan Sanctioned: ₹ 1200.00 Million
   - Disbursed: ₹ 857.66 Million
   - Expected COD : March 2012
9. 2*210 MW Coal based Thermal Power Plant in Distt. Raichur, Karnataka
   - Loan Sanctioned: ₹ 1200.00 Million
   - Disbursed: ₹ 800.66 Million
   - Expected COD : April 2013
10. 450 MW Coal based Thermal Power Plant in Uttar Pradesh
    - Loan Sanctioned: ₹ 750.00 Million
    - Disbursed: ₹ 750.00 Million
    - Expected COD : Dec 2011

Thermal Power Project in Odissa

11. 15 MW Coal based Thermal Power Plant in Maharashtra. PFS is also acting as lead FI for project.
    - Loan Sanctioned: ₹ 250.00 Million
    - Disbursed: ₹ 177.00 Million
    - Expected COD : April 2012
12. 10 MW Biomass based power project in Ahmedabad, Gujarat
    - Loan Sanctioned: ₹ 170.00 Million
    - Disbursed: ₹ 64.33 Million
    - Expected COD : June 2012
13. 2*660 MW Coal based Thermal Power Plant in Andhra Pradesh
    - Loan Sanctioned: ₹ 1200.00 Million
    - Disbursed: ₹ 1000.00 Million
    - Expected COD : 2014
14. 20 MW Wind based power project in Gujarat
    - Loan Sanctioned: ₹ 500.00 Million
    - Disbursed: ₹ 500.00 Million
    - Operational since April 2011
15. 20 MW Wind based power project in Gujarat
    - Loan Sanctioned: ₹ 500.00 Million
    - Disbursed: ₹ 500.00 Million
    - Operational since March 2011
16. 2x600 MW Coal based Thermal Power Plant in Janjgir – Champa district Chhattisgarh
    - Loan Sanctioned: ₹ 2000.00 Million
    - Disbursed: ₹ 311.80 Million
    - Expected COD: July 2014

Wind Farm Project in Gujarat

17. 2x600 MW Coal based Thermal Power Plant in Anupur District, Madhya Pradesh
    - Loan Sanctioned: ₹ 2000.00 Million
    - Disbursed: ₹ 371.50 Million
    - Expected COD : March 2014
18. 96 MW Run of River Hydro Power Project in North Sikkim
    - Loan Sanctioned: ₹ 1250.10 Million
    - Expected COD: Dec 2014
19. 120 MW Run of River Hydro Power Project in Nepal
    - Loan Sanctioned: ₹ 1000 Million
    - Expected COD: Dec 2014
20. 10 MW Solar PV based Power Project in Dist. Patan, Gujarat
    - Loan Sanctioned: ₹ 508.10 Million
    - Expected COD: March 2012

CER Financing

In continuation to the new initiatives taken by PFS, we have started advisory services in the field of Clean Development Mechanism. PFS has winged an in house team of CDM experts who are committed to provide end to end solutions in the entire value chain of carbon to its clients.

Adding to the existing services of carbon financing, Carbon advisory shall make PFS a one stop shop for it's customers needs in the field of carbon.

Leaf FI

PFS is also acting as lead FI in 2 projects and have got the mandate to act in couple of other projects, which are in different stages of financial closure.

Board of Directors

Mr. T. N. Thakur, Chairman and Managing Director

Since the inception of PFS, Shri Tantra Narayan Thakur, initiator of the concept of power trading in India, has been its Chairman and Managing Director. He is also the Chairman and Managing Director of PTC India Limited.

Possessing an experience of over three decades as a member of the Indian Audit & Accounts Service, Mr. Thakur holds expertise in Treasury Management, Financial Management (including Resource Mobilization, Investment decisions and Appraisal of Projects for Project lending), Accounts, Cash Management, Budgeting and Budgetary Control, Human Resource Management. It is due to his wide knowledge and experience that the company has managed to create a position for itself even in such a short duration.

Mr. Thakur has also served as a Director (Finance & Financial Operations), Power Finance Corporation Ltd. (a Development Financial Institution for the Power Sector in India), New Delhi where he was responsible for mobilizing resources for the company for on-lending to power projects in the public sector (both state and central) as well as in the private sector including captive power plants.

Dr. Ashok Haldia

A member of The Institute of Chartered Accountants of India, Institute of Company Secretaries of India , The Institute of Cost and Works Accountants of India. Dr. Ashok Haldia has diversified experience of project financing and industrial financing policy; public sector policy reforms, evaluation and management; power sector reform, restructuring and financing. Before joining on the Board of PFS, Dr. Haldia was the Secretary, The Institute of Chartered Accountants of India, New Delhi. He has been associated with formulation of accounting & auditing standards, corporate laws and governance, Islamic finance, WTO-GATS, reforms in government accounting and related aspects of public finance. He had been a member of a number of committees set up by the Government of Rajasthan, the Government of India, ICAI, and other national & international bodies. He was Technical Advisor on Board of International Federations of Accountants, confederation of Asian Pacific Accountants and Secretary General of South Asian Federation of Accountants. He has contributed a number of articles in national/international conferences, professional journals and news papers. He had also been a faculty member in number of management training institutions.

Mrs. Rama Murali

Mrs. Murali has more than 35 years of experience. She joined IA&AS in July 1973 and retired from service in May 2008. She has worked as Joint Secretary, Ministry of Finance in Department of Economic Affairs dealing with external aid, privatization of public sector enterprises and administration and policy relating to industrial units engaged in production of currency and coinage. She also worked as Joint Secretary, Govt. of India and Financial Advisor in the Dept of Scientific and Industrial Research, Financial Advisor to the Council of Scientific & Industrial Research, Govt. of India where she was in charge of finance and accounts of the Council. She was also the financial advisor to the New Delhi Municipal Corporation with overall in charge of finance and accounts. She is also the life member of Indian Institute of Public Auditors.

Dr. Uddesh Kohli

Dr. Kohli is an Engineer from the Indian Institute of Technology, Roorkee and holds a Post-Graduate Diploma in Industrial Administration from the Manchester University, UK. He obtained his Ph.D. in Economics from the Delhi School of Economics. Dr. Kohli was also Chairman and Managing Director of Power Finance Corporation Limited, and has worked with the Planning Commission, Government of India, reaching the position of Advisor (Additional Secretary level). He has carried out international assignments for Asian Development Bank, United Nations Industrial Development Organization, United Nations Development Programme and United Nations Office for Project Services. Dr. Kohli's areas of expertise include development planning, finance, project formulation, appraisal, sustainability and monitoring, power/energy planning, Corporate Social Responsibility training and human resource development.

Mr. Surinder Singh Kohli

Mr. Kohli, aged 65 years, is an Independent Director of our Company and has been on the Board of our Company since December 13, 2010. He holds Bachelors degree in Science (Mechanical Engineering) from Benaras Hindu University and a diploma in Industrial Finance from Indian Institute of Bankers. Prior to joining our Company he was the chairman and managing director of India Infrastructure Finance Company Limited, Punjab National Bank, Small Industries Development Bank of India and Punjab and Sind Bank respectively. He was also the chairman of the India Banks Association for two terms

Mr. Sudhir Kumar

Mr. Kumar, aged 54 years, is an Independent Director of our Company and has been on the Board of our Company since March 22, 2010. He holds a Masters degree in Commerce from the Delhi School of Economics, University of Delhi. He is an Indian Administrative Services officer presently serving as Joint Secretary in Ministry of Power, Government of India. He has also served as the officer on special duty to Minister for Railways, Government of India. Presently, he is also on the board of our Promoter, PTC India Limited.

Mr. C. R. Muralidharan

In his earlier capacity, Mr. Muralidharan was Whole-Time Member of IRDA and was looking after the compliance by the insurers of the regulations on investments, analysis of financial statements of insurance companies, on and off-site supervision of insurance companies as well as other regulatory issues including the registration of new insurance companies. Prior to joining IRDA, he worked in RBI for more than three decades in various capacities. He was heading the Department of Banking Operations and Development (DBOD) of RBI, which is responsible for laying down a regulatory framework on a wide range of operations for Indian commercial banks to promote a sound and competitive banking system consistent with the emerging international best practices. He assisted IMF in two overseas assignments and was associated with several High Level Working Groups on Banking Regulation.

Mr. Ved Kumar Jain

Mr. Jain, a Member and Ex-President of ICAI, having more than 30 years of standing has also held various positions like Chairman and Vice-Chairman of Fiscal Laws Committee and Chairman of Audit Committee. Besides the above, he has also served on the Executive Committee, Disciplinary Committee, Accounting Standards Board, Auditing & Assurance Standards Board, Committee for Members in Industry, Committee on Financial Market and Investor's Protection, Professional Development Committee, Board of Studies, Committee on Ethical Standards, Editorial Board, Continuing Professional Education Committee, International Affairs Committee, Committee on Accounting Standards for Local Bodies as a Member.

He also specializes in Direct Taxes and has about 27 years experience of handling complicated tax matters, appeals, tax planning of big Corporates. He has also been a member of Income Tax Appellate Tribunal, Ministry of Law, Justice & Company Affairs, Govt. of India. He regularly contributes articles on tax matters to various journals and newspapers. Mr. Jain is a Fellow Chartered Accountant and holds Bachelor's degrees in law, science and economics.

He is on the Board of Governors of the Indian Institute of Corporate Affairs of the Ministry of Corporate Affairs (India) and is a Government Nominee Director on the Board of IL&FS Engineering and Construction Ltd. In addition, he is on the Board of the National Aluminium Co. Ltd., a public sector undertaking, and PTC India Ltd., and is Chairman of ASSOCHAM, National Council of Direct Taxes

Mr. M K Goel

Shri Goel holds a bachelor's degree in Technology specializing in Electrical Engineering from Kanpur University. Shri Goel has a career spanning over 30 years. Before joining Power Finance Corporation (PFC), he was working with NHPC. Currently he has been in-charge of Institutional Development and Administration. He has been involved in inducting reforms in State Power Utilities, steering Restructured Accelerated Power Development & Reform Programme of GOI and oversees human resource functioning, information technology and legal activities

Mr. P Abraham

Shri P. Abraham has served as Secretary to the Government of India in the Ministry of Power during the first phase of reforms in the power sector. He holds rich experience in the field of administration and specifically the Power Sector. Earlier he was the Chairman of Maharashtra State Electricity Board (MSEB).

Chairman's Speech

Ladies and Gentlemen,

1. I am extremely delighted in welcoming you to the fifth Annual General Meeting of PTC India Financial Services Limited (PFS).

General Overview

2. Building upon the growth momentum of the preceding years, the financial year 2010-11 has been a happening year for PFS both in terms of quantum and quality of growth. During the year, PFS received the status of Infrastructure Finance Company (IFC) from Reserve Bank of India (RBI), issued its first long-term Infrastructure Bonds, completed its Initial Public Offer (IPO) despite the adverse capital market conditions, and concluded External Commercial Borrowings (ECB) with Deutsche Investitions –

und EntwicklungsgesellschaftmbH (DEG), and International Finance Corporation. All this is in translation of the promises that PFS made at the end of the last Annual General Meeting.

3. The Eleventh five year plan contemplated additional generation capacity of 1,00,000 MW by March 2012. The plan accordingly envisaged additional investment of ₹10,31,600 crores for growth and development power sector during the plan period. Private sector was expected to contribute 1/3rd of the additional investment. This was indeed a gigantic task. Private sector's participation needed specialized financial institutions which are not only able to raise additional resources required for supporting private power initiatives, but also to innovate new products and services conforming to the distinguishing needs of private power projects. Committed to the development of power market and incentivizing the private investment in power sector, PTC India Ltd. (PTC) promoted PFS to act as a one stop provider of financial services, to begin with to private power projects.

4. Your company was envisioned to be the most preferred financial services partner in the entire energy value chain and over the period has shaped itself into a fully grown financing institution. More than growth in operational and financial performance, this has been manifested through the institutional and capacity development within PFS, development of product and services along the entire value chain and creation of a network of relationships and strategic tie-ups with various stakeholders. With strong parentage of PTC, business model of your company is unique in itself. Structured as a NBFC, it is the only financing institution in the country that is devoted to private power projects and providing debt and equity linked products over life cycle of the projects. Recognition by RBI as Infrastructure Finance Company puts PFS into the league of select few NBFCs like PFC, REC, and IDFC, and has significantly helped in growth of business as well as mobilization of financial resources.

"Be patient with yourself. Self-growth is tender; it's holy ground.

There's no greater investment."

\- Stephen Covey

Performance Highlight: Further Consolidating Growth Base

5. The financial year 2010-11 has been yet another milestone for all round growth and development of PFS. Sanctions of debt during the year excluding those convertible into long-term debt aggregated to ₹17,030 million recording growth of 36% over the previous year. Disbursements of debt made during the year amounted to ₹6,236.64 million compared to ₹2,827.08 million in the previous year recording an increase of 120%. An additional revenue stream for PFS has been the upfront financing of CERs amounting to ₹222.38 million for the year 2010-11. The equity investment outstanding in 8 power companies made by PFS amounted to ₹4,586.23 million as on 31st March, 2011 leaving an outstanding commitment (for equity investments) at ₹1,043.71 million. Some of the investments made are now ripe for exit/divestment. During the year 2010-11, your company has recorded revenue income of ₹1,088.52 million rising from ₹534.90 million, thus recording 103.50% growth. The Profit before Tax (PBT) has increased from ₹367.00 million in 2009-10 to ₹514.31 million in the year 2010-11 recording increase by 40.14%.

6. Portfolio of projects for which PFS has sanctioned support in the form of debt or equity has now increased to 62 projects compared to 42 projects as at end of the last year. The portfolio represents a wide range of green-field and brown-field projects in renewable as well as non-renewable space, and would help in creation of additional generation capacity of more than 14,000 MW. The portfolio of PFS this year has been diversified to include solar power, EPC transmission projects and carbon financing.

7. Your company has completed its Initial Public Offer (IPO) and mobilised resources amounting to ₹3,527.03 million in March, 2011, despite not so good sentiments in capital market about Indian economy and power sector. IPO of your company was the only sizeable public issue that took place in India in the last quarter of the financial year 2010-11, and was opened immediately after the massive earthquake striking Japan which threatened to destabilize the global economy. Nonetheless steadiness of Indian economy and faith of investors in PTC Group led the IPO subscribed by nearly two times. I take this opportunity to thank the Investors for posing confidence in the growth potential of PFS. The net worth of the company as on March 31st, 2011 was ₹10,176.94 million as compared to ₹6,359.37 million at the end of FY 2009-10. Viewed in the past, net worth of the company was only ₹1,105.82 million at the end of the year 2007-08.

> "Always bear in mind that your own resolution to success is more important than any other one thing."
>
> \- Abraham Lincoln

8. Mobilization of resources from capital market as well as financial institutions, banks and others has been very difficult for private power projects in the year 2010-11. While the capital market almost remained dried for power projects for most part of the year 2010-11, raising of debt remained difficult because of rising interest rates and limitations on exposure norms of banks for lending to power projects. This delayed financial closure of many power projects. Tighter monetary control measures taken by RBI in the wake of rising inflation has led various commercial banks to increase their base rates from time to time in aggregate in the range of 2 – 3%. This has further burdened the viability of power projects.

9. From PFS's perspective, commercial banks were initially a major source of financing for on-lending. PFS, however, continued to focus on diversifying its fund base to include cost effective resources like NCDs, Infrastructure Bonds, External Commercial Borrowing (ECB) and short-term borrowings to meet growing disbursement obligations. PFS could manage to maintain, rather reduce, its average cost of borrowing through successful persuasion with the banks for lowering the spread charged by them over base rate, focusing on alternative sources of funding and efficient management of treasury. Efforts to further reduce the average cost of borrowing would intensify in the year 2011-12 so that we are able to provide funding to power projects at highly competitive rates while maintaining spread.

Economy

10. Indian economy is passing through a phase of uncertainty amidst high inflation, rising prices and higher interest rates. The economic (GDP) growth rate in the first quarter of the year 2011-12 has declined to 7.7% compared to 8.5% during the year 2010-11. Three years after the financial crisis of 2008, global economy is not yet out of the woods. Fear of recession in US and sovereign debt crisis in Euro-zone would have wide ranging effect on economic growth rate in developed economies and, through contagion effect, on the emerging economies. As the global economic crisis unfolds itself to a clarity and is subjected to a global recovery effort, the growth rate of the Indian economy may further moderate to remain in the range of 7–7.5%. However, India may still continue to remain to be one of the fastest growing economies worldwide and a preferred destination for investors. The expectation that interest rates have peaked out also augurs well for financial markets and manufacturing sector.

Power Sector Financing – potential remains despite constraints

> "Energy and persistence conquer all things."
>
> \- Benjamin Franklin

11. During the eleventh five year plan (till July 2011), additional generation

capacity of 48,029 MW has been created – all time high in any five year plan. Continuing power deficit would still necessitate large scale of investment in generation, transmission and distribution sector. Twelfth five year plan requires an estimated investment of about ₹18 trillion in the sector with participation by private sector increasing to 50% from 35-40% of investment requirement during the current plan. Likely shortfall in financing resources is estimated to be around ₹4.2 trillion. Shortfall in debt resources of ₹1.62 trillion during eleventh plan is expected to increase to ₹2.29 trillion during twelfth five year plan. Power sector in India thus continues to offer tremendous business opportunity for investment and provision of financial services across the value chain.

12. The investment climate for the power sector currently, is, however, not conducive and faces fuel risks, off-take/r risk and implementation risk. Shortage of fuel has widened to 40 MT in 2010-11 from 4 MT in 2004-05. Lower than expected coal production particularly due to delay in development of captive coal blocks has added to demand supply gap in recent years. Import of coal is not seen as an effective substitute. Deteriorating financial health of distribution companies in all most all the States has heightened off-take/r risk. Aggregate loss of SEBs during the year 2010-11 is estimated to be more than ₹700,000 million. Policy reform in distribution segment including timely tariff revision remains a major challenge. Unfortunately, the project execution risk of power projects has also grown because of difficulties faced in land acquisition, and uncertainties in obtaining environmental clearances. The heightened risk profile of power sector in India in the recent period has dampened confidence of the investors, and admittedly has caused the lending institutions to follow a more cautious approach.

13. Electricity is a public utility commodity and is highly critical for meeting the aspirations of double-digit growth that the country is holding for future. There also lies ray of hope and promise for all of us amidst the current concerns over health of the power sector. The discoms are already living on edge. Immediate measures for resurrecting financial health of discoms, and regulatory initiatives for tariff increase have, therefore, become inevitable. Recent revision in tariff in some of States, measures to ramp-up coal production, and enhancing the efficacy of regulatory & legal framework provided under the Electricity Act 2003, are heartening to note. In our view, prospects for the power sector in India continue to hold great promise. The Indian growth story looks positive in the long term which will lead to higher economic activities. Higher economic growth would necessitate commensurate additional capacity creation in the power sector.

14. Limitations on the supply of coal and global concerns on climate change would also lead to much more focused efforts for harnessing the renewable energy potential that the country has. The current installed capacity of renewable energy is only 15 GW as against technical potential of 120 GW. The national action plan on climate change envisage 10% of power production in the country through solar, wind and other renewable sources by 2015, and 15% by 2020. Regulatory, fiscal and monetary initiatives taken in the recent times would help tapping the potential for additional investment of more than ₹5 trillion in the renewable energy space.

Future outlook

> "We should be taught not to wait for inspiration to start a thing. Action always generates inspiration. Inspiration seldom generates action."
>
> \- Frank Tibolt

15. Considering the vast funding requirements across the energy value chain, there is tremendous potential for increase in the level of growth of operations of PFS over a period of time. PFS has been structured with a greater ability to develop and promote structured

products linked to equity or debt, tailored to risk profile and needs of specific projects. Your company has internally institutionalized robust risk management systems and practices to address emerging project and sector specific risks. PFS has an added advantage of being an institution exclusively devoted to provide financial assistance to IPPs with patronage of the largest power trader in the country i.e. PTC. This helps in having domain expertise in power projects and access to pipeline of projects for financing. New vistas of opportunities for PFS for getting recognised as public financial institution and for raising resources through emerging avenues like Infrastructure Debt Fund would give newer dimensions to the growth profile of PFS. Despite not so good investment climate in power sector in India, your company has been able to maintain the growth level. Unique business model of PFS has led to a significant pipeline of projects for financial assistance. This apart, focus on fee based services including consulting assignments has increased.

16. Your company has also started to explore opportunities for financing activities in other areas of energy value chain like port development, equipment manufacturing, coal mining and related areas. This would also help diversify the portfolio risk of your company amidst current concerns on power sector in general and on coal based generation capacity in particular, as mentioned earlier. Your company is conscious of potential for investment in renewable energy space. It has so far committed debt assistance to 18 projects in the renewable space. Strategic initiatives for a greater focus on the entire value chain in the renewable space are on.

17. As stated earlier, increase in the net worth after IPO coupled with the arrangements already in place for mobilization of cost effective debt from domestic as well as international resources, your company has tremendous potential to leverage and grow its balance sheet size from the current level of ₹16,989.59 million.

Appreciation

18. Ladies and gentlemen, before I conclude, I would like to place on record my sincere appreciation, on behalf of the Board of Directors and on my personal behalf for the esteemed promoters of our assisted projects, PTC – the parent Company, Ministry of Power, Ministry of Finance, RBI, SEBI, NSE, BSE, investors, banks, and consortium partners for their continued support and confidence. I also extend my sincere thanks to my colleagues on the Board for their involvement and matured counsel. I would also like to thank employees of PFS for their continued hard work, professionalism and commitment to the company's performance. I am sure that your company will always endeavour to perform better and better and meet the expectations of its stakeholders.

19. I thank you all for finding time to be with us at this moment.

Tantra Narayan Thakur
Chairman & Managing Director

DIRECTORS' REPORT

Dear Shareholders,

1. The Directors have pleasure in presenting to you its fifth Annual Report together with the audited accounts of your Company for the financial year 2010-11.

OVERVIEW

2. Power Sector in India has recorded capacity addition of 12160 MW during the year 2010-11taking the additional capacity creation during the Eleventh Five Year Plan so far to 48029 MW. Power Sector in the recent years has been constrained by fuel risk, off-taker risks, and implementation risks. The sector, however, continues to offer tremendous business opportunities for investment and provision of financial services across the value chain. The capacity addition target for the Twelfth Five Year Plan would require capital investment of around ₹ 5 Trillion.

3. PTC India Financial Services Limited (PFS) is a systematically important non-deposit taking NBFC registered with Reserve Bank of India (RBI) and set-up to devote itself exclusively for providing financial solutions to projects in the energy value chain. It has been accorded status of Infrastructure Finance Company (IFC) in August 2010. The operational financial performance of the Company during the year 2010-11 has maintained rather exceeded growth momentum than during the year 2009-10. The year also saw successful completion of Initial Public Offering (IPO) of the Company.

FINANCIAL RESULTS

4. During the year 2010-11, the Company has recorded revenue income of ₹1088.52 million rising from ₹534.90 million, thus recording 103.50 % growth.

   The highlights of the financial results are as under:

(₹ in million)

Particulars	2010-11	2009-10
Income	**1,088.52**	534.90
Expenditure	**574.21**	167.89
Profit before tax	**514.31**	367.00
Tax Expense	**144.04**	112.48
Profit after tax	**370.27**	254.52
Transfer to Statutory Reserve Fund	**74.10**	50.95
Balance carried to Balance Sheet	**296.17**	203.57

Operating income as a percentage of total income increased from 73.91% in 2009-10 to 95.26% in 2010-11. Correspondingly, the operational expenses as a percentage of total revenue increased from 31.39% to 51.12%.

5. The Profit Before Tax (PBT) has increased from ₹367.00 million in 2009-10 to ₹ 514.31 million in the year 2010-11 recording increase by 40.14 %. The Profit after Tax (PAT) recorded increase by 45.48 % from ₹254.52 million in 2009-10 to ₹ 370.27 million during the year 2010-11.

OPERATIONAL PERFORMANCE

6. The amount of debt sanctions during the year 2010-11, excluding those convertible in to long-term loans, increased to ₹ 17,030 million compared to ₹12,490 million in the previous year. The level of disbursement of debt was ₹ 6236.64 million during the year 2010-11 compared to ₹ 2827.08 million in the previous year. A large portion of equity of PFS was already committed and disbursed in the equity investments as at the beginning of the year 2010-11. As a result, the amount of disbursement of equity during the year 2010-11 was lower at ₹890.90 million compared to ₹ 2,309.44 million in the previous year. The amount of equity sanctioned was ₹917 million as compared to ₹1043.71 million in the previous year. Equity investment made in power projects was ₹ 4586.23 million at the end of the financial year 2010-11 compared to ₹ 3707.07 million at the end 2009-10. Outstanding commitments for equity investments as on 31st March 2011 amounted ₹ 1043.71 million. During the year, the Company has divested its part stake in Indian Energy Exchange Limited. Effective commitments for sanctions of debt as on 31st March, 2011 were ₹33,649 million increased to ₹18,332 million as on 31st March, 2010. Upfront financing of CER amounted to ₹ 222.38 million in the year 2010-11 as against ₹50.00 million in the year 2009-10.

7. The number of new projects for which financial assistance was sanctioned during the year was 20 taking the total number of sanctioned projects till 31st March, 2011 to 62. The financial assistance sanctioned by PFS so far would help capacity creation of more than 14000 MW. Fuel wise assisted projects comprised of 20 coal-based thermal projects, 17 biomass-based projects, 5 hydro-based projects, and 4 wind-based projects.

8. Most of the assisted projects have progressed well compared with the schedule of implementation. 2 biomass projects, 1 wind project have achieved commercial operations during the year 2010-11. Through a comprehensive project monitoring mechanism, PFS, continuously monitors status of implementation of assisted projects on a regular basis.

DIVIDEND

9. The Directors have not recommended dividend for the financial year ended 31st March, 2011.

SHARE CAPITAL

10. During the financial year 2010-11, the Company has completed its Initial Public Offer (IPO) comprising of fresh issue of 127,500,000 equity shares

(excluding an offer for sale of 29,200,000 equity shares by Macquarie India Holdings Limited, a shareholder of the Company) of face value of ₹10 each for cash at a price of ₹28 per share (including a share premium of ₹18 per equity share). Discount of Re.1/- per share was given to the retail investors. The Company towards mobilized ₹3,527.03 million through IPO (excluding the offer for sale) for utilization for general business purposes (the details of utilizations are mentioned in notes to the accounts). The shares of the Company are listed on National Stock Exchange and Bombay Stock Exchange. The paid-up share capital of the Company as at 31st March, 2011 aggregated to ₹5,620.83 million comprising of 562,083,335 equity shares of ₹10 each fully paid up. PTC India Limited holds 60% of the paid up capital of the Company as at 31st March, 2011 down from 77.60% held as at 31st March, 2010.

RESERVES

11. Out of the profits earned during the financial year 2010-11, the Company has transferred an amount of ₹74.10 million to Statutory Reserve Fund in accordance with the requirements of Section 45-IC of the Reserve Bank of India Act, 1934.

RESOURCE MOBILIZATION

12. In order to meet the growing requirements for disbursement, and to continuously optimise the borrowing cost, PFS has adopted a multi-pronged strategy for resource mobilisation, as under:-

(i) mobilisation of additional capital through Initial Public Offer (IPO) completed in March, 2011.

(ii) raising NCD Series-3 amounting to ₹900 million subscribed by Life Insurance Corporation (LIC) in January 2011.

(iii) raising of ₹420.86 million through Infrastructure Bonds eligible for tax benefit under Section- 80CCF of Income Tax Act, 1961 in March 2011 consequent upon receiving recognition as Infrastructure Finance Company (IFC).

(iv) contracting External Commercial Borrowing (ECB) of aggregate amount of USD 26 million from DEG Germany. Since PFS is Infrastructure Finance Company (IFC), ECB has been raised under the automatic route. Additional ECB of USD 50 million was under advanced stage of finalization with International Finance Corporation (IFC). The necessary agreements to the effect were signed after 31st March, 2011.

The total borrowing of the Company is ₹ 5,698.75 million as on 31st March 2011 as compared to ₹ 3108.01 million as on 31st March 2010. Continuous and persistent efforts have enabled PFS to maintain its cost of borrowings despite the rising interest rate scenario in the market.

REALISATION

13. The Company gives utmost priority to the realization of the amounts due towards principal and interest. During the year, PFS recovered short-term loan of ₹2,440 million, and interest of ₹ 736.02 million on both short-term and long-term loans. There was no outstanding amount recoverable as on 31st March, 2011. The Company has regularly realized all the amounts due from the borrowers during the year and has not made any additional provision on Loan Assets (non performing) in its financial statements upto the year ended 31st March, 2011 other than the statutory provisions as mandated by the Reserve Bank of India. During the year 2010-11, the Company has created provision for contingencies against standard assets in its financial statement amounting to ₹ 17.77 million, in accordance RBI Circular No. DNBS.PD.CC.No.207/ 03.02.002 /2010-11 dated 17th January, 2011.

CREDIT RATINGS

14. During the financial year ended 31st March, 2011, the long term bank borrowings have been rated LA+ by ICRA while our Non Convertible Debentures have been rated LA+ by ICRA and BWR AA by Brickwork. The Company's short term domestic borrowing programme was awarded the highest rating of 'A1+' by ICRA.

HUMAN RESOURCE

15. Human Resources becomes critical to the rapid growth of your Company. Broadening and deepening the human skills and conducive HR practices have been core to the HR initiatives. Apart from the campus recruitments being made from the reputed institutions, direct recruitments have been made for specialised positions. In order to keep pace with the recent trends in the industry, the remuneration structure in PFS has been revised upward. This should help in attracting and retaining the best talent in the industry. Other HRD initiatives taken include employee welfare measures, in-house and out-station training programmes and promoting participative management.

DIRECTORS' RESPONSIBILITY STATEMENT

16. In pursuance of Section-217 (2AA) of the Companies Act, 1956, the Directors make the following statement:

(i) In the preparation of the Annual Accounts, the applicable accounting standards have been followed by PFS along with proper explanation relating to material departures;

(ii) The Directors have selected such Accounting policies, and applied them consistently, and made judgements 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 2010-11 and of the profit or loss of the Company for that period;

(iii) Proper and sufficient care has been taken by the Directors for 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 frauds and other irregularities; and

(iv) The Annual Accounts have been prepared on a going concern basis.

NON-ACCEPTANCE OF PUBLIC DEPOSIT

17. PFS is a Non- Deposit taking Systemically Important NBFC. It has not accepted any public deposit during the year 2010-11.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS & OUTGO ETC.

18. Since PFS is engaged in investment and lending activities, particulars relating to conservation of energy and technology absorption are not applicable to it.

The Company has incurred expenditure of ₹ 21.45 million (previous year ₹ 1.42 million) in foreign exchange during the year ended 31st March, 2011. These included payment of Rs 15.45 million as charges/fee for raising ECB.

PARTICULARS OF EMPLOYEES

19. During the Financial Year ended on 31st March, 2011, no employee was employed for full or part of the year and who was in receipt of remuneration from PFS of more than ₹ 6.00 million per annum or ₹0.5 million per month, in aggregate.

AUDITORS

20. M/s. Deloitte Haskins & Sells were appointed as Statutory Auditors of the Company for financial year 2009-10 by the shareholders and shall hold office upto the conclusion of the forthcoming Annual General Meeting.

The Auditors have audited the Accounts of the Company for the year ended 31st March, 2011. Audited Accounts together with the Auditor's Report thereon are annexed to this report.

CORPORATE GOVERNANCE

21. A detailed report on Corporate Governance and Management Discussion & Analysis report, pursuant to the requirement of Clause 49 of the Listing Agreement forms part of the Annual Report. A certificate obtained from the Statutory Auditor of the Company, confirming compliance of conditions of Corporate Governance as stipulated under the aforesaid Clause 49 is annexed to the Report on Corporate Governance.

ACKNOWLEDGEMENT

22. The Board of Directors acknowledge with deep appreciation the cooperation received from Ministry of Power, Ministry of Finance, Reserve Bank of India, SEBI, NSE, BSE, PTC India Limited and other stakeholders, International Finance Corporation (IFC), DEG Germany, various Banks, Consortium Partners and Officials of the Company.

For and on behalf of the Board of Directors

T.N. Thakur
Chairman & Managing Director

Date : 29th July, 2011
Place: New Delhi

REPORT ON CORPORATE GOVERNANCE

PTC India Financial Services Limited

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Corporate Governance is to ensure fairness and transparency in all dealings and in the functioning of the management. Corporate Governance is concerned with the morals, ethics, values, parameters, conduct and behaviour of the Company and its management. The spirit of governance of PTC India Financial Services Limited (PFS) is derived from this philosophy and has been articulated through the Company's various policies.

Being a finance Company, PFS has to regularly pursue businesses that maximise returns while effectively managing the inherent risks. Decision making and execution is driven by its governance structure, ethics and value systems. Corporate Governance ensures transparency and accountability. The presence of strong governance standards earns faith of all the stakeholders which is very essential for successfully running any organization and contributes in a best possible manner in sustaining and enhancing economic growth. Corporate Governance also has broader social and institutional dimensions. Properly designed rules of governance focus on implementing the values of fairness, transparency, accountability, and responsibility to all the stakeholders.

As per the requirements of the listing agreement with the Stock Exchanges, and also in tune with our practice of sharing the information with the shareholders, government, clients, employees and society at large, a report on the Corporate Governance is given below as a part of the Director's Report along with the Certificate issued by the Statutory Auditors regarding compliance with the requirements in regard to Corporate Governance specified in Clause 49 of the listing agreement.

PFS is committed to achieve the best standards of the Corporate Governance. The Company has built up a strong foundation for making Corporate Governance a way of life by having an independent Board with experts of eminence, forming a core team of top level executives, inducting competent professionals across the organization and putting in place best systems and processes. Going beyond PFS has endeavoured to regulatory and legal compliances and adopt practices of high level of business ethics.

BOARD OF DIRECTORS

The Board of Directors of PFS provide leadership and strategic guidance, objective judgement and exercises control over the Company, while remaining at all times accountable to the stakeholders.

COMPOSITION

As on 31st March, 2011 the Company's Board comprised of 10(Ten) Directors out of which 6 are Independent Directors. The Composition of the Board is in conformity with Clause 49 of the Listing Agreement.

Brief profile of the Directors is set out separately in the Annual Report.

S. No.	Name of Director	Designation
1.	Mr. Tantra Narayan Thakur	Chairman and Managing Director
2.	Dr. Ashok Haldia	Whole Time Director and Chief Financial Officer
3.	Mr. Prathipati Abraham	Non–Executive Director (Independent Director)
4.	Dr. Uddesh Kohli	Non – Executive Director (Independent Director)
5.	Mrs. Rama Murali	Non – Executive Director (Independent Director)
6.	Mr. Ramarao Muralidharan Coimbatore	Non – Executive Director (Independent Director)
7.	Mr. Mukesh Kumar Goel	Non – Executive Director
8.	Mr. Sudhir Kumar	Non – Executive Director (Independent Director)
9.	Mr. Neil Kant Arora*	Non – Executive Director
10.	Mr. Surinder Singh Kohli	Non – Executive Additional Director (Independent Director)

* resigned on 11th May, 2011

NUMBER OF BOARD MEETING

There were 9 (Nine) Meetings of the Board of Directors held during the financial year ended 31st March, 2011 i.e. on 21st June, 2010; 19th July, 2010; 24th September, 2010; 13th October, 2010; 9th November, 2010; 13th December, 2010; 7th January, 2011; 1st March, 2011 and 25th March, 2011.

Board Meetings and Attendance:

S. No.	Name	Designation	Board Meeting Held during the tenure	attended	No. of Directorships as on 31st March, 2011	Membership in Committees of other companies (Audit / Shareholders' Grievance) as on 31st March, 2011	Attendance the last AGM
1	Mr. T. N. Thakur	Chairman and Managing Director	9	9	6	Nil	Present
2	Dr. Ashok Haldia	Whole Time Director and Chief Financial Officer	9	9	5	Nil	Absent
3	Mr. Deepak Amitabh (resigned on 22nd September, 2010)	Non – Executive Director (Independent Director)	2	2	Not applicable	Not applicable	Not applicable
4	Mr. Shashi Shekhar (resigned on 17th January, 2011)	Non – Executive Director (Independent Director)	7	4	Not applicable	Not applicable	Not applicable
5	Mr. P. Abraham	Non – Executive Director (Independent Director)	9	9	13	4	Present

S. No.	Name	Designation	Board Meeting Held during the tenure	attended	No. of Directorships as on 31st March, 2011	Membership in Committees of other companies (Audit / Shareholders' Grievance) as on 31st March, 2011	Attendance the last AGM
6	Dr. Uddesh Kohli	Non – Executive Director (Independent Director)	9	8	7	8	Absent
7	Mrs. Rama Murali	Non – Executive Director (Independent Director)	9	8	–	Nil	Absent
8	Mr. C. R. Muralidharan	Non – Executive Director (Independent Director)	9	6	2	1	Absent
9	Mr. M. K. Goel	Non – Executive Director	9	5	8	1	Absent
10	Mr. Sudhir Kumar	Non – Executive Director (Independent Director)	9	4	6	Nil	Absent
11	Mr. Neil Kant Arora (resigned on 11th May, 2011)	Non – Executive Director (Independent Director)	9	5	4	Not applicable	Absent
12	Mr. L. B. Naidu (resigned on 13th December, 2010)	Non – Executive Director (Independent Director)	6	2	Not applicable	Not applicable	Absent
13	Mr. S. S. Kolhi (appointed on 13th December, 2010)	Non – Executive Additional Director (Independent Director)	3	3	7	3	Not applicable

None of the Directors on the Board is a member of more than 10 committees and chairman of more than 5 committee (as prescribed in the clause 49 of the Listing Agreement), across all the companies in which he/she is a Director.

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

Detail of shareholding of Directors as on 31st March, 2011 are as under:

Sr. No.	Name of the Director	No of shares
1.	Mr. T. N. Thakur	7000
2.	Dr. Uddesh Kohli	3500

INFORMATION AVAILABLE TO THE BOARD

Detailed Agenda Notes with information as enumerated in the Listing Agreement were circulated in advance to the Board. All the relevant information as mentioned in clause 49 of the Listing Agreement have been placed before the Board for its consideration. The information regularly supplied to the Board / Board Committees specifically includes:

- Annual budgets and any updates therein.
- Agenda Notes for financing of various long term and short term projects.
- Quarterly results for the Company.
- Annual Financial Statements of the Company
- Minutes of meetings of Audit Committee and other Committees of the Board.
- 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.
- 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.

CODE OF CONDUCT

The Board of Directors after Listing of Shares of PFS, in its meeting held on 25th May, 2011 has adopted Code of Conduct for Board Members and Senior Management Personnel. The code 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 and Objectives and aims at enhancing ethical and transparent process in managing the affairs of the Company. A copy of the Code has been put on the website of the Company i.e. www.ptcfinancial.com.

CODE FOR PREVENTION OF INSIDER TRADING

In terms of Securities and Exchange Board of India (Insider Trading) Regulations, 1992; the Company has formulated a comprehensive Code for Prevention of Insider Trading to preserve the confidentiality and to prevent misuse of unpublished price sensitive information. Every Director, officer and designated employee 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 adherence to '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 and other Committees of Directors. Notice of closure of trading window was issued to all the employees well in advance, restraining all the employees not to deal in the shares of the Company when the window is closed.

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.

As on 31st March, 2011 the Board had ten (10) committees:

1) Audit Committee
2) Nomination Committee
3) Remuneration Committee
4) Shareholders' & Investors' Grievance Committee
5) Compensation committee for ESOP
6) Asset Liability Management Committee
7) Risk Management Committee
8) Committee of Directors for IPO
9) Committee of Directors for Bond issuance
10) Committee of Directors

1. Audit Committee

The role and terms of reference of Audit Committee is in line with the requirements of Clause 49 of the Listing Agreement read with Section 292A of the Companies Act, 1956.

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

The powers of the audit committee include the following:

1. To investigate any activity within its terms of reference
2. To seek information from any employee.
3. To obtain outside legal or other professional advice.
4. To secure attendance of outsiders with relevant expertise, if it considers necessary.

The role of the Audit Committee includes the following:

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
4. Reviewing with the management the annual financial statements before submission to the Board for approval, with particular reference to:
    a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2M) of section 217 of the Companies Act. 1956.
    b. Changes, if any. In accounting policies and practices and reasons for the same.
    c. Major accounting entries involving estimates based on the exercise of judgment by management.
    d. Significant adjustments made in the financial statements arising out of audit findings.
    e. Compliance with listing and other legal requirements relating to financial statements.
    f. Disclosure of any related party transactions.
    g. Qualifications in the draft audit report, if any.
5. Reviewing with the management the quarterly/ annual financial statements before submission to the Board for approval.
6. Reviewing, with the management, the statement of uses/ application or 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, if any, and making appropriate recommendations to the Board to take up steps in this matter.
7. Reviewing, with the management, performance of statutory and Internal auditors and adequacy of the internal control systems.
8. Reviewing the adequacy of Internal audit function including the appointment and removal of the internal audit firm and frequency of internal audit.
9. Discussion with Internal auditors any significant findings and follow up there on.
10. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
11. Discussion with statutory auditors before the audit commences about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
12. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
13. To review the functioning of the Whistle Blower mechanism, in case the same is existing.
14. Carrying out any other functions which may be specified under amendments from time to time as per the Listing Agreement, Companies Act, 1956 and other applicable statute.

The Committee is chaired by Mrs. Rama Murali, Independent Director w.e.f. 9th November, 2010. The Composition of Audit Committee as at 31st March 2011 and meeting attended by members are as follows:

S. No.	Name of Members	No. of meetings attended during the year
1.	Mrs. Rama Murali	6
2.	Mr. P. Abraham	6
3.	Mr. C. R. Muralidharan	3

The constitution of Audit committee is in line with requirement of Section 292A of the Companies Act, 1956 and clause 49 of the Listing Agreement and presently consists of three Non – executive and Independent Directors.

During the Financial Year 2010-11, 6 meetings of Audit Committee were held on 21st June, 2010; 19th July, 2010; 9th November, 2010#; 24th November, 2010; 1st March, 2011 and 25th March, 2011.

Adjourned meeting of 24th September, 2010.

The Ex - Chairman of the Audit committee, Mr. P Abraham was present at the last AGM of the Company.

CFO, Internal auditors and Statutory auditors are permanent invitees at the meetings of the Audit Committee.

2. Nomination Committee

The Board originally constituted Nomination cum Remuneration Committee on 5th August, 2008 and subsequently renamed it to its present name on 13th December, 2010. It has been constituted for the purpose of ensuring 'fit and proper' status of proposed/ existing Directors of the Company in terms of RBI guidelines. During the last year no meeting of the committee was held.

The Committee comprises of the following members:

Name of the Directors	Designation
Mr. T. N. Thakur	Chairman
Mr. P. Abraham	Member
Dr. Uddesh Kohli *	Member
Mr. S. S. Kohli *	Member

* Appointed as member on 25th May, 2011

3. Compensation Committee for ESOP

The Compensation Committee for ESOP was constituted by the Board on 29th April, 2008. It has been constituted for the purpose of preparing and managing an ESOP scheme for the Company. During the year, no meetings of the Compensation committee for ESOP were held.

The Committee comprises of the following members:

Name of the Directors	Designation*
Mr. T. N. Thakur	Member
Mr. S. S. Kohli	Member
Dr. Uddesh Kohli	Member

*The members shall appoint a chairman from amongst themselves.

4. Asset Liability Management Committee

The Asset Liability Management Committee was originally constituted pursuant to Board resolution dated 30th March, 2009. It has been constituted for the purpose of performing functions as required under the asset liability management policy and comprises of the following members:

Name of the Directors	Designation
Mr. T. N. Thakur	Chairman
Mr. P. Abraham	Member
Dr. Ashok Haldia	Member
Mr. C.R. Muralidharan *	Member

* Appointed as member on 25th May, 2011

The scope of Asset Liability Management Committee includes market risk management and it shall specifically focus on interest rate risk, foreign exchange risk, and liquidity risk.

During the year, 3 meetings of Asset Liability Management Committee were held on 21st June, 2010; 24th September, 2010 and 31st March, 2011.

5. Risk Management Committee

The Risk Management Committee was constituted by Board on 7th July, 2009. It has been constituted under Risk Management Policy of the Company for the purpose of reviewing risk management in relation to various risks, namely, market risk, credit risk, and operational risk and comprises of the following members:

Name of the Directors	Designation
Mr. S. S. Kohli	Chairman
Dr. Ashok Haldia	Member

During the year, 3 meetings of Risk Management Committee were held on 21st June, 2010; 24th September, 2010 and 29th March, 2011.

6. Shareholders'/Investors' Grievance Committee

The Shareholders' and Investor' Grievance Committee was constituted by Board on 13th December, 2010. The Shareholders' and Investors' Grievance Committee presently comprises of the following members:

Name of the Directors	Designation*
Dr. Uddesh Kohli	Member
Dr. Ashok Haldia	Member
Mr. C.R. Muralidharan	Member

*The members shall appoint a chairman from amongst themselves.

Scope and terms of reference:

The Committee has the powers to promptly resolve the complaints of shareholders'/ investors such as non-receipt of shares after transfer, nonreceipt of declared dividends, non-receipt of balance sheet and other related types of complaints/ queries.

Shares were allotted to the public under the Initial Public Offer of the Company on 26th March, 2011 therefore, during the year, no meeting of Shareholders' and Investor' Grievance Committee was held.

During the year ended, the Company has not received any complaints from the investors.

7. Remuneration Committee

The Remuneration Committee was constituted pursuant to Board resolution dated 13th December, 2010. It presently comprises of the following members:

Name of the Directors	Designation	Attendance in the meeting
Mr. P. Abraham	Chairman	Present
Mrs. Rama Murali	Member	Absent
Dr. Uddesh Kohli	Member	Present

During the year, 1 meeting of Remuneration Committee was held 11th March, 2011.

Scope and terms of reference:

The scope and terms of reference of the Remuneration Committee are in line with the listing agreement, provisions of the Companies Act, 1956 and any guidelines / circulars issued by Reserve Bank of India and include determining on behalf of the Board and the shareholders of the Company, the Company's policy on specific remuneration packages for executive directors including pension rights and any compensation payment.

8. Committee of Directors for IPO

The Committee of Directors for IPO (IPO Committee) was constituted pursuant to Board resolution dated 22nd March, 2010 for taking the necessary steps for IPO and pre-IPO private placement. It comprised of the following members:

Name of the Directors	Designation
Mr. T. N. Thakur	Chairman
Dr. Ashok Haldia	Member
Mr. P. Abraham	Member
Dr. Uddesh Kohli	Member

During the year, 9 meetings of Committee of Directors for IPO were held 20th April, 2010; 2th June, 2010; 7th September, 2010; 18th December, 2010; 5th March, 2011; 11th March, 2011; 15th March, 2011; 21th March, 2011 and 26th March, 2011.

9. Committee of Directors for Issuance of Bonds

The Committee of Directors for issuance of Bonds was originally constituted by Board on 21st August, 2009. It has been constituted for taking the necessary decision related to raising the fund through Bond and other similar purpose of considering and determining the terms and conditions of issuance and allotments of secured non-convertible debentures and comprises of the following members:

Name of the Directors	Designation
Mr. T. N. Thakur	Chairman
Dr. Ashok Haldia	Member
Dr. Uddesh Kohli	Member

During the year, 3 meetings of Committee of Directors for issuance of Bonds were held 19th November, 2010; 27th January, 2011 and 31st March, 2011.

10. Committee of Directors

The Committee of Directors was constituted by Board on 21st August, 2009. It has been constituted for the purpose of considering and sanctioning debt financing or equity participation or both taken together to a single Company upto ₹250 million, subject to an aggregate limit of overall limit by ₹1,000 million in a Financial Year. It presently comprises of the following members:

Name of the Directors	Designation
Mr. T. N. Thakur	Chairman
Dr. Ashok Haldia	Member
Dr. Uddesh Kohli	Member

During the year, 3 meetings of Committee of Directors were held 31st May, 2010; 29th September, 2010 and 1st March, 2011.

ANNUAL GENERAL MEETING

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

AGM	Date	Day	Time	Location	Special Resolution
4th AGM	24/09/2010	Friday	5.00 PM	Board Room, 2nd Floor, NBCC Towers, 15, Bhikaji Cama Place, New Delhi.	Further issue of Equity Shares (Section 81(1A)) of the Companies Act, 1956
3rd AGM	25/09/2009	Friday	5.00 PM	Board Room, 2nd Floor, NBCC Towers, 15, Bhikaji Cama Place, New Delhi.	None
2nd AGM	05/08/2008	Tuesday	5:30 PM	Board Room, 2nd Floor, NBCC Towers, 15, Bhikaji Cama Place, New Delhi.	None

SUBSIDIARY COMPANIES

The Company does not have any subsidiary company .

Disclosures

(1) There were no materially significant transactions with related parties i.e. promoters, directors or the management, conflicting with the Company's interest, subsidiaries or relatives etc. 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 on Schedule 19– 'Notes to Accounts' to Annual Accounts in the Annual Report.

(2) There were also no instances of non-compliance on any matter related to the Capital Markets during the last three years. There were no penalties imposed or strictures passed against the Company by the statutory authorities in this regard.

(3) The Company's Whistle Blower policy is inbuilt system of Grievance Redressal which deals with grievances of employees. Under this system grievances of the employees are redressed effectively. The Company affirms that no personnel have been denied access to the audit committee.

(4) The Company has fully complied with all the mandatory requirements prescribed under Clause 49 of the Listing Agreement of the stock exchange relating to Corporate Governance and adopted all suggested items to be included in the Report on Corporate Governance.

(5) In the preparation of financial statements, the Company has followed the accounting principles in India, the applicable accounting standards notified under section 211(3C) of the Companies Act, 1956, the relevant provisions of the Companies Act, 1956 and the Non- Banking financial (Non Deposit Accepting or Holding) Companies prudential Norms (Reserve Bank) Directions, 2007.

REMUNERATION TO DIRECTORS

The remuneration paid to the Whole-time Directors during the financial year ended 31st March, 2011 is as under:

(₹ in Lacs)

Name of Director	Salary and allowances	Perquisites	Contribution to provident fund	Commission	Total	ESOP
Dr. Ashok Haldia	38.02	5.03	2.05	Nil	45.10	Nil

MEANS OF COMMUNICATION

PFS recognizes communication as a key element of the overall Corporate Governance framework and therefore emphasizes continuous, efficient and relevant communication to all external constituencies. Quarterly/annual financial results are usually published in financial and national newspapers like Financial Express / Business Express in English and Jansatta in Hindi. The same are also available on the website of the Company, viz. www.ptcfinancial.com and have also been submitted to stock exchanges as per requirement. The Company also communicates with its institutional shareholders through investor conferences.

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

Registrar & Share Transfer agent
Karvy Computershare Pvt. Limited
Plot No. 17-24
Vitthal Rav Nagar Madhapur
Hyderabad 500 081

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 Committee has also been constituted to take note and approve the transfer of shares of the Company.

A qualified practicing Company Secretary carried out secretarial 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 secretarial 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.

CEO/CFO CERTIFICATION

As required by the revised Clause 49 of the Listing Agreement, the Certificate duly signed by Mr. T.N. Thakur, Chairman & Managing Director and Dr. Ashok Haldia, Director & CFO was placed before the Board of Directors at the meeting held on 25th May, 2011.

UTILISATION OF PROCEEDS FROM INITIAL PUBLIC OFFERING (IPO)

The details of utilisation of proceeds from IPO upto 31st March, 2011 is presented in Note no 16 (C) on Schedule 19 – 'Notes to Accounts' to Annual Accounts in the Annual Report.

Outstanding GDRs/ADRs/Warrants or any convertible instruments, conversion date and likely impact on equity No GDRs/ADRs/Warrants or any Convertible instruments has been issued by the Company, except grant of ESOPs as mentioned in Note no 4 on Schedule 19 – 'Notes to Accounts' to Annual Accounts in the Annual Report.

SHAREHOLDERS INFORMATION

1) Annual General Meeting

Date 28.09.2011 Time 11:30 AM

Venue: Dr. Sarvepalli Radhakrishanan Auditorium at Kendriya Vidyalaya No. 2, A.P.S. Colony (Delhi-Gurgaon Road), Delhi Cantt, New Delhi - 110010

2) Financial calendar for year ended 31st March, 2011

Particulars	Date
Financial year	1st April 2010 to 31st March 2011
Un-audited financial results for the first three quarters	Not applicable since the Company was listed w.e.f. 30th March , 2011.
Annual Financial year results	25th May, 2011

3) Tentative Financial calendar for year ending 31st March, 2012

Particulars	Date
Un-audited financial results for the first three quarters	Will be announced and published within 45 days from the end of each quarter
Annual Financial year results	Will be announced and published within 60 days from the end of each financial year

4) Date of Book Closure

The Register of Members and Share Transfer Books of the Company will remain closed from 17th September, 2011 to 28th September, 2011 inclusive of both days.

5) Payment of Dividend

The Board of Directors of your Company has not recommended any dividend for the Financial Year ended 31st March, 2011.

6) Listing on Stock Exchanges

PFS shares are listed on the following stock exchanges:

National Stock Exchange of India Limited	Bombay Stock Exchange Limited
Scrip Code: PFS EQ Stock Code: INE560K01014	Scrip Code: 533344

The annual listing fees for the Financial Year ending 31st March, 2012 have been paid to NSE and BSE.

7) Market Price Data

NSE

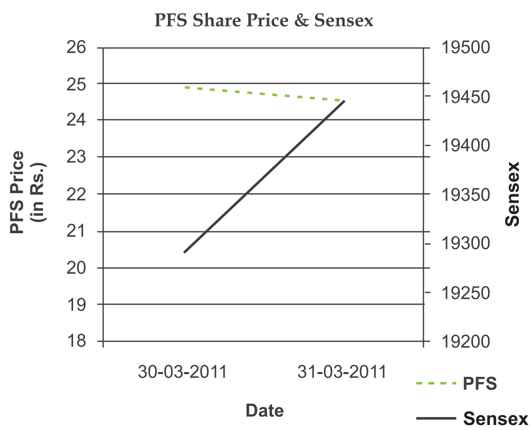
Month	High (₹)	Low (₹)	Closing (₹)
March, 2011	27.00	23.50	24.65

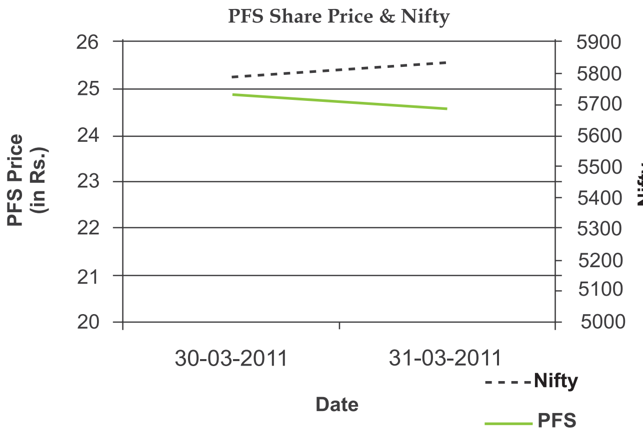
BSE

Month	High (₹)	Low (₹)	Closing (₹)
March, 2011	28.00	23.50	24.60

•The Company was listed on 30th March, 2011.

8) Performance in comparison to indices





9) Registrar and Transfer Agents

For Equity and Infrastructure Bond

Registered Office	Communication Address
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	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 Website: www. karvycomputershare.com

For Non-Convertible Debentures Series – I, II & III

MCS Limited
Sri Venkatesh Bhavan
W-40, Okhla Industrial Area Phase II,
New Delhi
Tel No. 011 - 41406149
Fax No. 011 – 41709881

10) Distribution of shareholding

- **Distribution of shareholding as on 31st March, 2011**

S. No.	Category	No. of Cases	% of Cases	Amount	% of Amount
1	1 - 5000	12,853	44.55	44,892,550	0.80
2	5001 - 10000	5,348	18.54	49,152,560	0.88
3	10001-20000	3,921	13.59	65,932,890	1.17
4	20001-30000	1,118	3.88	29,751,020	0.53
5	30001-40000	2,764	9.58	98,048,750	1.74
6	40001-50000	290	1.01	13,884,000	0.25
7	50001-100000	2,372	8.22	163,758,350	2.91
8	100001 & Above	182	0.63	5,155,413,230	91.72
	Total:	**28,848**	**100.00**	**5,620,833,350**	**100.00**

- **Shareholding pattern as on 31st March, 2011**

S. No	Description	No. of Cases	Total Shares	% Equity
1	Promoters	7	337,250,001	60.00
2	Banks	5	20,745,010	3.69
3	Clearing members	284	10,553,789	1.88
4	Foreign institutional investors	6	108,006,883	19.22
5	HUF	695	2,217,000	0.39
6	Insurance companies	2	15,340,277	2.73
7	Bodies corporates	50	15,721,150	2.80
8	Mutual funds	4	7,444,570	1.32
9	Non residents	243	619,350	0.11
10	Resident individuals	27,551	44,185,305	7.86
	Total:	**28,847**	**562,083,335**	**100.00**

11) Dematerialization of shares

Number of shares held in dematerialized and physical mode as on 31st March, 2011.

S. No	Category	No. of cases	Total Shares	% To Equity
1	Physical	8	191,251,507	34.03%
2	N S D L	19,444	353,572,529	62.90%
3	C D S L	9,396	17,259,299	3.07%
	Total	**28,848**	**562,083,335**	**100.00%**

12) The status of Non-mandatory requirements as specified in Annexure ID of the Clause 49 of the Listing Agreement is given in Annexure I.

Address and Details for correspondence

Mr. Vishal Goyal
Company Secretary and Compliance Officer

Registered Office
2nd Floor, NBCC Tower,
15 Bhikaji Cama Place,
New Delhi- 110 066
Tel: +91 11 4165 9122
Fax: +91 11 4165 9144
E-mail: complianceofficer@ptcfinancial.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 for a period exceeding, in aggregate, a period of nine (9) years.

2. Remuneration Committee: The payment of remuneration of Directors is decided by Remuneration Committee headed by an Independent Director.

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. These results are not separately circulated to the shareholders.

4. Audit Qualifications: The auditors has given unqualified report for the Financial Year ended 31st March, 2011.

5. Training to Board members: Various seminars, conferences, training programmes etc. are attended by the Board members from time to time.

6. Mechanism for evaluating non-executive Board Members: Not yet adopted by the Company.

7. Whistle Blower Policy: The Company's Whistle Blower policy is in-built in the system of Grievance Redressal which deals with grievances of employees. A suggestion box has also been kept at the registered office of the Company. All the employees of the Company are encouraged to bring to the Managements notice concerns about suspected unethical behaviour, malpractice, wrongful conduct, fraud and violation of Company's policies without fear of reprisal.

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY SCENARIO

1. India is the fifth largest economy in the world after the European Union, United States of America, China and Japan in terms of purchasing power parity, with an estimated GDP of US$3.68 trillion in 2009. India is also among the fastest growing economies globally, and has grown at an average rate of more than 7.0% since 1997. To support even the current level of economic growth, the infrastructure sector will have to grow at a much rapid pace. Realizing this, the governments, both at Central and State levels, have given increasing emphasis on accelerating infrastructure development in successive five year plans.

2. Pace of growth of power sector has lagged behind other infrastructure areas like telecommunication, ports, roads, airports etc. This is because of increasing concerns on fuel security, off-take risk, and implementation impediments. According to the Integrated Energy Policy ("IEP") Report, 2006 issued by the Planning Commission, India would require additional capacity of about 220-233 Gigawatt ("GW") by 2012, 306-337 GW by 2017 and 425-488 GW by 2022 in order to maintain a 8-9% GDP growth rate. Such a requirement of capacity addition in generation, and, consequently, to support that, in transmission and distribution, will require huge capital investments. As per estimates, about INR 11 trillion will be required in 12th Plan to meet the capacity addition targets - INR 5 trillion in generation, INR 2.4 trillion in transmission, and INR 3.7 trillion in distribution.

3. Health and growth of the power sector in the recent years have been constrained by deteriorating financial condition of State Power Utilities. Commercial losses have reached an all-time high of ₹ 526 billion in financial year 2008-09. The cash losses also increased to staggering ₹ 213 billion in 2008-09 from ₹ 28 billion in 2007-08. Power projects are also getting delayed because of delays in environmental and forest clearances, difficulties in acquisition of land, delays in financial closure etc. There have been serious concerns related to fuel security as well. The Ministry of Power, Government of India has warned that coal shortage is likely to derail about 40,000 MW capacity addition over next few years. Against the requirement for increase in coal production by 20%, Coal India has lowered production targets for the year 2011-12 to 452 million tonnes, from 461.5 million tonnes in 2010-11. This is bound to widen the gap already existing in fuel supply for the power plants.

FINANCIAL AND OPERATIONAL PERFORMANCE

4. The year 2010-11 saw major shift in the composition of income of PFS. Operating income as a percentage of total income increased from 73.91% in 2009-10 to 95.26 % in 2010-11. Net interest income increased from ₹ 19.69 million in the year 2009-10 to ₹ 308.04 million in the year 2010-11. Total revenue income rose to ₹1088.52 million from ₹534.90 million in the year 2009-10, thus recording 103.50 % growth. Profit before Tax (PBT) of the Company has increased from ₹367.00 million in 2009-10 to ₹ 514.31 million in the year 2010-11 recording increase by 40.14 %. Profit After Tax (PAT) of the Company increased by 45.48 %, from ₹254.52 million in 2009-10 to ₹ 370.27 million during the year 2010-11. The above position is after consideration of the following:

   a. Fund raising expenses for the year 2010-11 includes ₹ 28.55 million as a onetime expense incurred for raising funds through ECB and Infrastructure Bonds, the benefit of which shall be available in coming years.

   b. Provision for contingencies amounting to ₹ 17.77 million on standard assets made for the first time in financial year 2010-11 in accordance with the requirements of Reserve Bank of India vide RBI Circular No. DNBS.PD.CC.No.207/ 03.02.002 /2010-11 dated 17th January, 2011.

   c. Employees cost for the current year is net after deduction of ₹7.77 million on account of forfeiture/ surrender of employee stock options outstanding.

   Operating income as a percentage of total income increased from 73.91% in 2009-10 to 95.26 % in 2010-11. Correspondingly, the operational expenses as a percentage of total revenue increased from 31.39 % to 51.12 %. Interest and other finance charges for the financial year 2010-11 amounting to ₹ 427.17 million were 74.39% of total expenses. Personnel expenses for the year 2010-11 were 3.20 % of the total expenses and 0.27% of the total loan assets. Further, Administration and other expenses for the year 2010-11 were 9.81 % of the total expenses and 0.83% of the total loan assets.

5. The amount of loan sanctioned during the year 2010-11, excluding those convertible in to long-term loans, increased to ₹ 17,030 million compared to ₹12,490 million in the previous year. The level of disbursement of debt was ₹ 6,236.64 million during the year against ₹2,827.08 million in the previous year. A large portion of equity of PFS was already committed and disbursed in the equity investments as at the beginning of the year 2010-11. As a result, the amount of disbursement of equity during the year was lower at ₹890.90 million compared to ₹ 2309.44 million in the previous year. Similarly, the amount of equity sanctioned was ₹917 million compared to ₹1279 million in the previous year. Effective commitments for debt as on 31st March, 2011 were ₹33,649 million as compared to ₹18,332 million as on 31st March 2010. Upfront financing of CER amounted to ₹222.38 million in the year 2010-11 as against ₹50.00 million in the year 2009-10.

6. The number of new projects for which financial assistance was sanctioned during the year was 20 taking the total number of sanctioned projects till 31st March, 2011 to 62. The financial assistance sanctioned by PFS so far would help capacity creation of more than 14000 MW. Fuel wise assisted projects comprised of 20 coal-based thermal projects, 17 biomass-based projects, 5 hydro-based projects, and 4 wind-based projects.

7. The portfolio mix of PFS has undergone significant changes and logically so. Starting with focus on equity investment, PFS graduated to financing of debt – short term as well as long term. As on 31st March, 2011, short term loans constituted significant portion of total outstanding debt- more than 60% of the loan outstanding. The percentage, however, reduced with the long term loans getting ripe for disbursement as the sanctioned projects progressed in implementation stages. In the years to come, a large portion of the debt outstanding may continue to comprise of long term loans.

RISK MANAGEMENT

8. Risk management is a central part of PFS' strategic management. Being a financial institution, PFS is exposed to risks that are particular to its lending and investment activities and the environment within which it operates. PFS' goal in risk management is to ensure that it understands, measures and monitors various risks that arise and that the organization adheres to the policies and procedures which are established to address these risks.

9. PFS has, along with ICRA Management Consulting Services, developed various policies, guidelines for risk management. A software based Credit Rating Model to facilitate internal rating based approach for rating of borrowers and projects was also developed. PFS is following standard processes and procedures for its various activities. A risk based internal audit function is undertaken by an independent external party to validate the implementation of the various policies and procedures.

RISK ORGANISATION

10. Though the Board has the overall responsibility of risk management, there are two committees of the Board which take care of managing overall risk in the organization. In accordance of RBI guidelines to enable NBFCs to adopt best practices and greater transparency in their operations, the Board of Directors of PFS has constituted a Risk Management Committee to review risk management in relation to various risks, namely, market risk, credit risk, and operational risk, and an Asset Liability Management Committee. Asset Liability Management Committee (ALCO) takes care of the liquidity risk, interest rate risk and foreign currency risk while Risk Management Committee looks after the overall risk of the organization with specific focus on credit risk and operational risk. In assessment of risk of credit proposals, PFS follows a multiple layer approach. The credit approval note prepared by appraisal officers and the internal rating assigned to a proposal is reviewed by an independent risk management team. The rating as well as approval note is further reviewed by whole time directors before presentation to the approving authority. PFS has engaged well known and experienced consulting firms to support in the development of Risk Management Framework as well as to provide continuous support for following sound risk management practices.

RISK MANAGEMENT POLICIES

11. PFS has put in place a comprehensive policy framework for management of risks. The policies include -

    - Credit Risk Management Policy: - Credit risk management policy provides for identification and assessment of credit risk, assessment and management of portfolio credit risk, and risk monitoring and control. The issues relating to the establishment of exposure limits for various categories, for example, based on geographical regions, fuel, industry wise, rating wise are also covered. The policy also deals with rating models aiming at high quality, consistency and uniformity in the appraisal of proposals.

    - Asset Liability Management Policy:- The objectives of Asset Liability Management Policy are to align market risk management with overall strategic objectives, articulate current interest rate view and determine pricing, mix and maturity profile of assets and liabilities. The asset liability management policy involves preparation and analysis of liquidity gap reports and ensuring preventive and corrective measures. It also addresses the interest rate risk by providing for duration gap analysis and control by providing limits to the gaps.

    - Foreign Exchange Risk Management Policy: - The policy covers the management of foreign exchange risk related to existing and future foreign currency loans or any other foreign exchange risks derived from borrowing and lending. The objective of the policy is to serve as a guideline for transactions to be undertaken for hedging of foreign exchange related risks. It also provides guiding parameters within which the Asset Liability Management Committee can take decisions for managing the above mentioned risks.

    - Interest Rate Policy: - Interest rate policy provides for risk based pricing of the debt financing by us. It provides the basis of pricing the debt and the manner in which it can be structured to manage credit risk, interest rate risk and liquidity risk, while remaining competitive.

    - Policy for Investment of Surplus Funds: - The policy of investment of surplus funds i.e. treasury policy provides the framework for managing investment of surplus funds. Realizing that the purpose of mobilization of resources in our Company is to finance equity as well as loans to power sector projects, the prime focus is to deploy surplus funds with a view to ensure that capital of PFS is not eroded and that surplus funds earn optimal returns.

    - Operational Risk Management Policy: - The operational risk management policy recognizes the need to understand the operational risks in general, and those in specific activities of the Company. Operational risk management is not understood as a process of eliminating such risk but as a systematic approach to manage such risk. It seeks to standardize the process of identifying new risks and designing appropriate controls for these risks, minimize losses and customer dissatisfaction due to possible failure in processes.

12. Apart from these policies there are various guidelines to help understand and mitigate different kinds of other risks. These include, guidelines for financing bio-mass projects, guidelines for financing CERs, operational guidelines for debt financing, KYC Guidelines and the like.

CREDIT RISK RATING MODEL

13. PFS had appointed ICRA Management Consulting Services Limited (IMaCS) to develop internal rating software. Though IMaCS had the standard power project model, PFS team has customized the rating model using its domain expertise. All the proposals are rated on the rating model. There are separate rating models for balance sheet funding and SPV funding. The Model is an expert judgment model where each proposal is evaluated on more than 100 parameters to arrive at a rating score. The

model has 5 rating grades out of which only first 4 are investment grade. The interest rate offered to borrower is also dependent on the rating score.

MONITORING MECHANISM

14. To monitor the funded projects, there is a robust monitoring mechanism put in place. There are separate teams for monitoring of equity and of debt projects. While monitoring of equity investments is carried out by the portfolio managers only, there is a separate team for monitoring of debt projects.

15. For equity investments, there is online reporting software for receiving information about investee companies on a periodic basis. Further, a detailed status report on investments is presented periodically in the Management Information System (MIS) to whole time Directors. In all of the investee companies, PFS has nominee director on their Boards who keep the company informed about various important decisions taken by the investee companies. Further, through early warning signal system, critical parameters related to financial, technical, regulatory, management and other aspects of the projects are continuously monitored.

16. A status report on both debt and equity projects is also presented to the Board of PFS periodically (at least quarterly) to ensure that directors are kept informed about the developments in the projects especially about any areas of concerns.

OUTLOOK

17. As stated earlier, power sector requires huge investment. It is also well accepted that the existing institutional structure and available mechanism neither has the capacity to mobilise nor provide the requisite funding. PFS has emerged as an institution with promise in financing power projects. PFS expects to continue to maintain the growth momentum. With the additional capital raised during the year, the ability of PFS to leverage and increase debt financing has increased mani-fold. It is faced with the challenges as well. Our constant endeavour has been to find out the opportunities in those challenges.

18. Interest rates have been on rise in last few quarters. In response to increase in the policy rates by Reserve Bank of India (RBI), banks have raised their base rates in aggregate by 2% to 3% over last one year. That despite, PFS has been able to maintain its over all cost of borrowings. It will continue to broad-base its sources of funding and pursue the banks and other lenders for lowering the spread charged from PFS for on-lending. Starting from borrowing from the banks under the Line of Credit, PFS has progressed to raise funds through issuance of NCDs, Infrastructure Bonds, and ECB from bilateral and multilateral institutions at very competitive rates. The recent announcement made by the Government of India facilitating setting-up of Infrastructure Development Fund would add new dimensions to fund mobilization strategy of PFS. The power sector currently also faces serious concerns on health of distribution companies, availability of the domestic coal, limitation on import of coal, delays in land acquisition and obtaining clearances. Many of the projects have faced problems in timely financial closure and project implementation. These factors may have impact on slowing down the implementation of private power projects and consequently credit off-take.

19. Macro level issues relating to the health of the distribution companies and the availability of coal may require intervention at the level of Government of India, various State Governments and regulators. PFS seeks to address these and other implementation risks, by remaining cautious during due-diligence process.

20. Linkages with PTC would continue to help PFS in easy access to pipeline of projects for financing and to domain expertise of PTC in power sector. This apart, PFS has developed strong linkages with the banks, financial institution, project developers, multilateral, bilateral institutions, equity funds, and the like, which would help in further development of business. PFS has put in place a comprehensive risk management framework and is continuously working to upscale the same to match the organizational and operational growth.

21. PFS is not only a multi-product company but is also highly customer focused. PFS applies a distinctive approach in structuring the financial products. Being customer-focused, emphasis is on understanding of the risks and mitigation measures required in the context of the specific needs of the project. Ensuring quality in servicing while financing power projects is the hall-mark of PFS's business strategy, operational framework and HR practices.

22. PFS has enhanced its focus on renewable energy as these projects does not have significant fuel and environmental clearance risks, and receive regulatory, fiscal and non-fiscal support. It has also started focusing on newer areas in the energy value chain including financing for equipment manufacturing, EPC contracts in transmission sector, and working capital needs. PFS has started exploring opportunities for portfolio take-over as various commercial banks are exhausting their exposure limits for the power sector, and buy-out financing.

CAUTIONARY NOTE

23. 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.

AUDITORS' CERTIFICATE ON THE COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT

TO THE MEMBERS OF PTC INDIA FINANCIAL SERVICES LIMITED

We have examined the compliance of conditions of Corporate Governance by PTC India Financial Services Limited for the year ended on March 31, 2011, as stipulated in clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of 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 given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

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

For Deloitte Haskins & Sells

Chartered Accountants
(Registration No.015125N)

Jaideep Bhargava
Partner
(Membership No. 090295)

Date: 29th July, 2011
Place: Gurgaon

To
The Board of Directors
PTC India Financial Services Limited

a. We have reviewed the financial statements and the cash flow statement for the year ended 31st March, 2011 and that to the best of our knowledge and belief:

  - These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - These statements together present a true and fair view of the Companies affairs and are in compliance with existing accounting standards, applicable law and regulations;

b. There are, to the best of our knowledge and beliefs, no transactions entered into by the Company during the year 2010-11 which are fraudulent, illegal or violative of the Company's Code of Conduct;

c. We accept responsibility for establishing and maintaining internal control and that we have evaluated the effectiveness of internal control system of the Company and we have disclosed to the auditors and audit committee, deficiencies in the design or operation of the internal control system (if any), of which we are aware and the steps we have taken or purpose to take to ractify these deficiencies.

d. We have indicated to the Auditors and the Audit Committee-

  i. Significant changes in internal control during the year.

  ii. Significant changes in accounting policies during the year and the same have been disclosed in the notes to the financial statements, and

  iii. Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee have significan role in the company's internal control systems.

Sd/-	Sd/-
(Dr. Ashok Haldia)	(T.N. Thakur)
Director & CFO	CMD

Date : 25th July, 2011
Place : New Delhi

AUDITORS' REPORT

1. We have audited the attached Balance Sheet of PTC India Financial Services Limited ("the Company") as at March 31, 2011, the Profit and Loss Account and the Cash Flow Statement of the Company 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 the 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 the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the 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 Companies (Auditor's Report) Order, 2003 issued by the Central Government 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 as follows:

   (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 it appears from our examination of those books;

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

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

   (e) 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 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 March 31, 2011;

      (ii) in the case of the Profit and Loss Account, of the 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 of the Company for the year ended on that date.

5. On the basis of the written representations received from the Directors as on March 31, 2011 and taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2011 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956.

For **Deloitte Haskins & Sells**
Chartered Accountants
(Registration No. 015125N)

Jaideep Bhargava
Partner
(Membership No. 090295)

Date : 25th May, 2011
Place : Gurgaon

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 3 of our report of even date)

Having regard to the nature of the Company's business/activities during the year, clauses (ii) and (xiii) of Companies (Auditor's Report) Order, 2003 (hereinafter referred as the Order) are not applicable.

(i) In respect of its fixed assets:

(a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.

(b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

(c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.

(ii) The Company has neither granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956.

(iii) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of fixed assets and the sale of goods and services. There are no purchases of inventory during the year. During the course of our audit, we have not observed any major weakness in such internal control system.

(iv) According to the information and explanations given to us, there were no contracts, arrangements or transactions that were required to be entered in the register maintained in pursuance of Section 301 of the Companies Act, 1956.

(v) According to the information and explanations given to us, the Company has not accepted any deposit from the public during the year.

(vi) In our opinion, the internal audit functions carried out during the year by a firm of Chartered Accountants appointed by the management have been commensurate with the size of the Company and the nature of its business.

(vii) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 209(1) (d) of the Companies Act, 1956 in respect of generation of power and are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the records with a view to determining whether they are accurate or complete.

(viii) According to the information and explanations given to us in respect of statutory dues:

(a) The Company has generally been regular in depositing undisputed dues, including provident fund, income-tax, sales tax, service tax and other material statutory dues applicable to it with the appropriate authorities. There were no undisputed amounts payable in respect of these dues as at March 31, 2011 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us and the records of the Company examined by us, there are no disputed dues in respect of sales tax, wealth tax, service tax, customs duty, excise duty and cess, which have not been deposited. The details of disputed dues of Income Tax as at March 31, 2011 are as follows:

(Rupees in lacs)

Nature of the Statute	Nature of dues	Forum where pending	Amount* (₹ in lacs)	Period to which amount relate
Income Tax Act	Income Tax	-Appellate Authority upto Commissioner's level	13.97	2007-08

*Amount as per demand orders including interest and penalty wherever indicated in the order.

(ix) As the Company has been registered for a period of less than five years, paragraphs 4 (x) of the Order is not applicable.

(x) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks and debenture holders. The Company has not taken any loans from financial institutions during the year.

(xi) In our opinion, the Company has maintained adequate records where it has granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

(xii) Based on our examination of the records and evaluations of the related internal controls, the Company has maintained proper records of the transactions and contracts in respect of its dealing in shares securities, debentures and other investments and timely entries have been made therein. The aforesaid securities have been held by the Company in its own name.

(xiii) According to the information and explanations given to us, the Company has not given any guarantees during the year for loans taken by others from banks or financial institutions.

(xiv) In our opinion and according to the information and explanations given to us, the term loans have been applied for the purposes for which they were obtained, other than temporary deployment pending application.

(xv) In our opinion and according to the information and explanations given to us and on an overall examination of the Balance Sheet, we report that funds raised on short-term basis have not been used during the year for long- term investment.

(xvi) According to the information and explanations given to us, the Company has not made preferential allotment of shares during the year.

(xvii) According to the information and explanations given to us, during the year covered by our audit report, the Company had issued 900 debentures for Series 3 of face value of ₹1,000,000 per debenture. Subsequent to year end the Company has created security in respect of the debentures issued under Series 3.

(xviii) The Company has raised money by way of initial public offering of equity shares during the year. The Management has disclosed the end use of money raised by public issue in note 16 of schedule 19 and we have verified the same.

(xix) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company has been noticed or reported during the year.

For **Deloitte Haskins & Sells**
Chartered Accountants
(Registration No. 015125N)

Jaideep Bhargava
Partner
(Membership No. 090295)

Date : 25th May, 2011
Place : Gurgaon

BALANCE SHEET

As At March 31, 2011

(₹ in lacs)

	Schedule	As at 31.03.2011	As at 31.03.2010
SOURCES OF FUNDS			
Shareholders' Funds			
Share capital	1	56,208.33	43,458.33
Employee stock option outstanding	2	46.26	123.96
Reserves and surplus	3	45,514.78	20,011.43
Loan funds			
Secured loan	4	56,987.46	31,080.10
Deferred tax liability (net)		498.72	437.51
(Refer note 9 of schedule 19)			
		159,255.55	**95,111.33**
APPLICATION OF FUNDS			
Fixed assets	5		
Gross block		3,568.80	3,504.75
Less: Depreciation		552.60	7.74
		3,016.20	3,497.01
Add: Capital work in progress		–	9.60
		3,016.20	3,506.61
Investments	6	46,365.14	40,670.40
Loan financing	7	67,558.77	26,620.10
Current assets, loans and advances			
Sundry debtors	8	48.26	0.11
Cash and bank balances	9	48,347.56	23,447.38
Other current assets	10	410.10	475.24
Loans and advances	11	4,149.85	1,183.87
		52,955.77	**25,106.60**
Less: Current liabilities and provisions	12		
Current liabilities		10,437.21	788.05
Provisions		203.12	4.33
		10,640.33	792.38
Net current assets		42,315.44	24,314.22
		159,255.55	**95,111.33**
Notes to accounts	19		

In terms of our report attached

The schedules referred to above form an integral part of the Balance Sheet

For **Deloitte Haskins & Sells**
Chartered Accountants

For and on behalf of the Board of Directors

Jaideep Bhargava
Partner

T. N. Thakur
Chairman and Managing Director
DIN: 00024322

Ashok Haldia
Director and Chief Financial Officer
DIN: 00818489

Place : Gurgaon
Date : 25th May, 2011

Place : New Delhi
Date : 25th May, 2011

Vishal Goyal
Company Secretary

PROFIT & LOSS ACCOUNT

PTC India Financial Services Limited

For the Year Ended March 31, 2011

(₹ in lacs)

	Schedule	Year ended 31.03.2011	Year ended 31.03.2010
INCOME			
Income from investments	13	1,480.57	2,128.06
Interest income	14	7,352.10	1,357.37
Fee based income		1,102.51	467.71
Income from sale of power		433.60	0.11
Other income	15	516.45	1,395.70
		10,885.23	**5,348.95**
EXPENDITURE			
Personnel expenses	16	184.01	256.90
Administration and other expenses	17	563.54	256.90
Interest and other charges	18	4,271.69	1,160.44
Depreciation / Amortisation	5	545.12	4.70
Provision for contingencies		177.74	–
		5,742.10	**1,678.94**
Profit before tax		5,143.13	3,670.01
Less : Tax expense			
- Current tax		1,031.10	651.00
- Deferred tax charge (Refer note 9 of schedule 19)		409.30	473.77
Profit after tax		**3,702.73**	**2,545.24**
Balance as per last balance sheet		**2,708.38**	**672.64**
Less : Transfer to statutory reserve		**(741.00)**	**(509.50)**
Balance carried to balance sheet		**5,670.11**	**2,708.38**
Basic earnings per share (₹)		0.85	0.59
Diluted earnings per share (₹)		0.85	0.59
(Refer note 8 of schedule 19)			
Notes to accounts	19		

In terms of our report attached

The schedules referred to above form an integral part of the Profit and Loss Account

For **Deloitte Haskins & Sells**
Chartered Accountants

For and on behalf of the Board of Directors

Jaideep Bhargava
Partner

T. N. Thakur
Chairman and Managing Director
DIN: 00024322

Ashok Haldia
Director and Chief Financial Officer
DIN: 00818489

Place : Gurgaon
Date : 25th May, 2011

Place : New Delhi
Date : 25th May, 2011

Vishal Goyal
Company Secretary

CASH FLOW STATEMENT

For the Year Ended March 31, 2011

(₹ in lacs)

		Year ended 31.03.2011	Year ended 31.03.2010
(A)	CASH FLOW FROM OPERATING ACTIVITIES		
	Profit before tax	5,143.13	3,670.01
	Adjustment for:		
	Depreciation/Amortisation	545.12	4.70
	Provision for contingencies	177.74	–
	Employee stock options	(77.70)	113.98
	Loss on sale of fixed assets	0.36	–
	Profit / (loss) on sale of non trade current investments (net)	–	(0.60)
	Dividend Income on investment other than in power project companies	(170.48)	(464.14)
	Interest on fixed deposits	(514.07)	(1,393.88)
	Interest - others	(0.03)	(0.02)
	Interest and other charges	4,271.69	1,160.44
	Operating profit before working capital changes	**9,375.76**	**3,090.49**
	Increase/Decrease:		
	Current assets and loans and advances	(2,657.85)	(709.22)
	Trade and other payables	146.22	(45.06)
	Loan financing	(40,938.67)	(24,620.10)
	Investments in power project companies (net)	(5,641.65)	(20,669.23)
	Cash generated from operations	(39,716.19)	(42,953.12)
	Direct taxes paid	(1,340.69)	(1,193.79)
	Net cash generated from operating activities	**(41,056.88)**	**(44,146.91)**
(B)	CASH FLOW FROM INVESTING ACTIVITIES		
	Purchase of fixed assets	(55.15)	(3,505.79)
	Proceeds from sale of fixed assets	0.08	0.48
	Profit / (loss) on sale of non trade current investments (net)	–	0.60
	Dividend Income on investment other than in power project companies	170.48	464.14
	Interest on fixed deposits	717.88	1,128.67
	Interest - others	0.03	0.02
	Net cash used in investing activities	**833.32**	**(1,911.88)**
(C)	CASH FLOW FROM FINANCING ACTIVITIES		
	Proceeds from issue of fresh equity shares (including share premium)	35,270.32	–
	Received persuant to sale of equity shares of Macquarie India Holdings Ltd	8,077.60	–
	Equity shares application money refundable	139.28	–
	Issue expenses paid	(205.98)	–
	Proceeds from long term borrowings	28,367.36	26,620.10
	Proceeds/(payments) from/to short term borrowings	(2,460.00)	2,460.00
	Interest and other charges	(4,064.84)	(443.11)
		65,123.74	**28,636.99**
	Net increase/(decrease) in cash and cash equivalents	**24,900.18**	**(17,421.80)**
	Opening cash and cash equivalents	**23,447.38**	**40,869.18**
	Closing cash and cash equivalents	**48,347.56**	**23,447.38**
Notes:			
1	Closing cash and cash equivalents comprise : #		
	Cheques in hand	–	0.01
	Balance with scheduled banks in:		
	Current accounts:		
	- Received on behalf of Macquarie India Holdings Limited lying in escrow account	8,077.60	–
	- Unclaimed share application money lying in escrow account	139.28	–
	- Others	3,274.02	221.02
	Fixed deposit accounts	36,856.66	23,226.35
	Total	**48,347.56**	**23,447.38**
	# Refer note 16 of Schedule 19		
2	The above cash flow statement has been prepared under the indirect method set out in AS-3 notified under Companies (Accounting Standards) Rules, 2006.		

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants

For and on behalf of the Board of Directors

Jaideep Bhargava
Partner

T. N. Thakur
Chairman and Managing Director
DIN: 00024322

Ashok Haldia
Director and Chief Financial Officer
DIN: 00818489

Place : Gurgaon
Date : 25th May, 2011

Place : New Delhi
Date : 25th May, 2011

Vishal Goyal
Company Secretary

(₹ in lacs)

	As at 31.03.2011		As at 31.03.2010	
SCHEDULE - 1 SHARE CAPITAL				
AUTHORISED				
1000,000,000 (previous year 600,000,000) equity shares of ₹ 10 each		100,000.00		60,000.00
ISSUED				
562,083,335 (previous year 434,583,335) equity shares of ₹ 10 each		56,208.33		43,458.33
SUBSCRIBED AND PAID UP				
562,083,335 (previous year 434,583,335) equity shares of ₹ 10 each fully paid up		56,208.33		43,458.33
		56,208.33		**43,458.33**
Of the above subscribed and paid up capital: 337,250,001 (previous year 337,250,001) equity shares of ₹ 10 each representing 60% (previous year 77.60%) are held by PTC India Limited, the holding company and its nominees				
SCHEDULE - 2 EMPLOYEE STOCK OPTION OUTSTANDING				
Stock options outstanding		88.30		537.69
Less: Deferred employee compensation expense		(42.04)		(413.73)
		46.26		**123.96**
SCHEDULE - 3 RESERVES AND SURPLUS				
Securities premium				
Balance brought forward	16,622.95		16,622.95	
Add: Amount received pursuant to issue of equity shares	22,520.32		–	
Less : Utilisation for share issue expenses (net of taxes) (Refer note 16 of schedule 19)	(719.70)		–	
Closing Balance		38,423.57		16,622.95
Statutory reserve [in terms of Section 45-IC of the Reserve Bank of India, 1934]				
Balance brought forward	680.10		170.60	
Add: Additions during the year	741.00	1,421.10	509.50	680.10
Profit and loss account		5,670.11		2,708.38
		45,514.78		**20,011.43**
SCHEDULE - 4 LOAN FUNDS				
Secured				
Debentures (refer note (i) below)		29,000.00		20,000.00
Term loans from banks (refer note (ii) below)		23,778.86		8,620.10
Short Term Loan from banks (refer note (iii) below)		–		2,460.00
Long Term Infrastructure bond (refer note(iv) below)		4,208.60		–
		56,987.46		**31,080.10**

Note

(i) 1,000 (previous year 1,000) privately placed 10.60% secured redeemable non convertible debentures of ₹1,000,000 each (Series 1) allotted on October 1, 2009 redeemable at par in three equal annual installments commencing from September 30, 2012. 1,000 (previous year 1000) privately placed 9.35% secured redeemable non convertible debentures of ₹1,000,000 each (Series 2) allotted on February 3, 2010 redeemable at par entirely on February 2, 2012. 900 (previous year Nil) privately placed 10.50% secured redeemable non convertible debentures of ₹ 1,000,000 each (Series 3) allotted on January 27, 2011 redeemable at par in six equal annual installments commencing from January 26, 2018. Series 1, Series 2 and Series 3 are secured by way of mortgage of immovable building and first charge by way of hypothecation of the receivables of the loan assets created by the proceed of respective debentures. Further, Series 1 and Series 3 have also been secured by pari passu charge by way of hypothecation of the receivable of loan assets created by the Company out of its own sources which are not charged to any other lender of the Company to the extent of 125% of debentures.

(ii) The term loans from banks are secured by first pari-passu charge by way of hypothecation of the current assets including book debts, investments and other receivables (other than assets created by line of credit of other financial institutions / banks). Additionally, the loans are backed by an agreement of assignment of the project assets financed from proceeds of the loans, in favour of respective lenders. Amount repayable within one year ₹454.52 lacs (previous year - ₹ 31.25 lacs)

(iii) The short term loan from banks are secured by pledge of fixed deposits with the concerned bank. Amount payable within one year ₹ Nil (previous year - ₹2,460 lacs)

(iv) 84,172 (previous year Nil) privately placed 8.25% / 8.30% secured redeemable non convertible long term infrastructure bonds of ₹5,000 each (Series 1) allotted on March 31, 2011 redeemable at par in five to ten years commencing from March 30, 2016.
Series 1 are to be secured by way of first charge on the receivables of the assets created from the proceeds of infrastructure bonds issue and other unencumbered receivables of the Company to provide 100% security coverage.

SCHEDULES - 5 FIXED ASSETS

(₹ in lacs)

Particulars	GROSS BLOCK - AT COST				DEPRECIATION / AMORTISATION				NET BLOCK	
	As at 31.03.2010	Additions during the year	Deletions / adjustments	As at 31.03.2011	Upto 31.03.2010	For the year	Deletions / adjustments	Upto 31.03.2011	As at 31.03.2011	As at 31.03.2010
Tangible assets :										
Building	11.94	-	-	11.94	0.17	0.59	-	0.76	11.18	11.77
Plant and machinery (Wind mill)	3,479.39	43.36	-	3,522.75	1.46	539.81	-	541.27	2,981.48	3,477.93
Office equipment	2.48	3.56	0.70	5.34	1.08	1.09	0.26	1.91	3.43	1.40
Computers	9.51	2.31	-	11.82	4.66	2.51	-	7.17	4.65	4.85
Furniture and fixtures	0.96	1.82	-	2.78	0.13	0.33	-	0.46	2.32	0.83
Intangible assets :										
Software	0.47	13.70	-	14.17	0.24	0.79	-	1.03	13.14	0.23
Total	**3,504.75**	**64.75**	**0.70**	**3,568.80**	**7.74**	**545.12**	**0.26**	**552.60**	**3,016.20**	
Previous year	9.15	3,496.19	0.59	3,504.75	3.15	4.70	0.11	7.74		3,497.01
Capital works in progress									-	9.60
[including capital advances of ₹ Nil (previous year ₹ 9.60 lacs)]									3,016.20	3,506.61

SCHEDULE - 6 INVESTMENTS

	Face Value	As at 31.03.2011 Quantity (Nos.)	As at 31.03.2011 Value (₹ in lacs)	As at 31.03.2010 Quantity (Nos.)	As at 31.03.2010 Value (₹ in lacs)
Long term investment (at cost)					
(i) Trade - Unquoted (at cost)					
(Refer note 10 of schedule 19)					
In Associates - Equity shares, fully paid up					
Ind-Barath Energy (Utkal) Limited	10.00	105,000,000	10,500.00	105,000,000	10,500.00
Ind-Barath PowerGencom Limited	10.00	55,630,000	5,563.00	55,630,000	5,563.00
Indian Energy Exchange Limited	10.00	5,766,026	576.60	6,939,190	693.92
PTC Bermaco Green Energy Systems Limited	10.00	1,374,646	137.46	843,684	84.37
RS India Wind Energy Limited	10.00	61,121,415	6,112.14	57,311,415	5,731.14
Varam Bio Energy Private Limited	10.00	4,390,000	439.00	4,390,000	439.00
In Equity shares, fully paid up					
East Coast Energy Private Limited	10.00	125,000,000	12,500.00	96,511,403	9,651.14
Meenakshi Energy and Infrastructure Holding P Limited (# ₹10)	10.00	1	#	–	–
Meenakshi Energy Private Limited (cease to be an associate w.e.f March 29, 2011)	10.00	100,341,081	10,034.11	43,550,000	4,355.00
Debentures, fully paid up					
Optionally convertible debentures in Meenakshi Energy and Infrastructure Holding Private Limited	10,000,000.00	-	-	34	3,400.00
Optionally convertible debentures in Varam Bio Energy Private Limited	500,000.00	90	450.00	40	200.00
(ii) Non trade - Quoted					
Equity shares, fully paid up					
Container Corporation of India Limited	10.00	1,040	10.27	1,040	10.27
Power Grid Corporation of India Limited	10.00	81,839	42.56	81,839	42.56
Total			**46,365.14**		**40,670.40**
Aggregate cost of quoted investments			52.83		52.83
Aggregate cost of unquoted investments			46,312.31		40,617.57
Total			**46,365.14**		**40,670.40**
Aggregate market value of quoted investments (Based on last traded price available as at year end)			95.87		101.40

The Following Investment Were Purchased And Redeemed During The Year

(₹ in lacs)

	Face Value (Rupees per Share)	Purchased* Quantity	Purchased* Value	Redeemed/sold Quantity	Redeemed/sold Value
Long term investments (Trade – Unquoted)					
Equity Shares:					
Indian Energy Exchange Limited	10.00	–	–	1,173,164	117.32
PTC Bermaco Green Energy Systems Limited	10.00	530,962	53.09	–	–
RS India Wind Energy Limited	10.00	3,810,000	81.00	–	–
East Coast Energy Private Limited	10.00	28,488,597	2,848.86	–	–
Meenakshi Energy and Infrastructure Holding P Limited (# – ₹10)	10.00	1	#	–	–
Meenakshi Energy Private Limited	10.00	56,791,081	5,679.11	–	–
Debentures:					
Optionally convertible debentures in Meenakshi Energy and Infrastructure Holding P Limited	10000000.00	–	–	34	3,400.00
Optionally convertible debentures in Varam Bio Energy Private Limited	500000.00	50	250.00	–	–
Current Investments (Non–trade – Unquoted)					
Mutual Funds:					
Birla Sunlife Cash Manager–DDr–Folio No. 1013674388	10.00	68,203,477	6,824.99	68,203,477	6,824.99
Birla Sunlife Cash Plus–IP–DDr–Folio No. 1013674388	10.00	19,967,182	2,000.61	19,967,182	2,000.61
Birla Sunlife Cash Manager–IP–DDr–Folio No. 1013674388	10.00	17,047,732	1,705.18	17,047,732	1,705.18
Canara Robeco Treasury Advantage Super Institutional–DDR–Folio No. 234194	10.00	10,371,928	1,286.86	10,371,928	1,286.86
HDFC liquid Fund – Premium Plan–DDR – Folio No. 5194088/10	10.00	27,455,889	3,366.04	27,455,889	3,366.04
HDFC CMF–TAP–DDR – Folio No. 5194088/ 10	10.00	50,210,084	5,036.82	50,210,084	5,036.82
Reliance Liquidity Fund DDR – Folio No. 41644066623	10.00	20,090,289	2,010.05	20,090,289	2,010.05
Kotak Liquid (IP) DDR – Folio No. 890862/55	10.00	15,664,445	1,915.46	15,664,445	1,915.46
TEMPLETON INDIA TMA – INSTITUTIONAL–DDR–16416033	1000.00	161,083	1,611.92	161,083	1,611.92
TEMPLETON INDIA ULTRA SHORT TERM BOND FUND–INSTITUTIONAL–DDR–1641	10.00	13,355,597	1,337.11	13,355,597	1,337.11
DWS ULTRA SHORT TERM FUND–INSTITUTIONAL–DDR–2051805103	10.00	8356,789	837.17	8,356,789	837.17
JP Morgan India Liquid Fund–SI–DDR – Folio No. 3001133595	10.00	2,403,758	240.57	2,403,758	240.57
JP Morgan Treasury Fund–SI–DDR – Folio No. 3001133595	10.00	29,955,686	2,998.23	29,955,686	2,998.23
IDBI Liquid Fund–DDR – Folio No. 44058/37	10.00	2,518,466	251.85	2,518,466	251.85
Kotak Floater Long Term–DDR – Folio No. 890862/55	10.00	19,336,725	1,949.10	19,336,725	1,949.10
Reliance Medium Term Fund–DDR – Folio No. 41644066623	10.00	13,975,056	2,389.16	13,975,056	2,389.16
Religare Ultra Short Term Fund–DDR – Folio No. 56477	10.00	13,061,845	1,308.42	13,061,845	1,308.42
IDFC MM Fund (TP) DDR – Folio No. 822328/17	10.00	5,025,939	502.67	5,025,939	502.67
Reliance Liquid Fund – Treasury Plan–Daily Dividend Plan (41660178472)	10.00	12,887,741	1,970.20	12,887,741	1,970.20
Religare Liquid Fund–SIP–DDR – Folio No. 56477	10.00	1,021,299	102.30	1,021,299	102.30

* Includes daily dividend reinvested

(₹ in lacs)

	As at 31.03.2011	As at 31.03.2010
SCHEDULE - 7 LOAN FINANCING		
(Considered good unless otherwise stated)		
Secured		
Loans	67,558.77	26,620.10
	67,558.77	**26,620.10**
SCHEDULE - 8 SUNDRY DEBTORS		
Unsecured considered good		
Less than six months	48.26	0.11
	48.26	**0.11**
SCHEDULE - 9 CASH AND BANK BALANCES		
Cash and bank balance #		
Cheques on hand	-	0.01
Balance with scheduled banks in :		
Current accounts:		
- Received on behalf of Macquarie India Holdings Limited lying in escrow account	8,077.60	-
- Unclaimed share application money lying in escrow account	139.28	-
- Others	3,274.02	221.02
Fixed deposit accounts*	36,856.66	23,226.35
	48,347,56	**23,447.38**
# Refer note 16 of schedule 19		
* Includes ₹ 235.05 lacs (previous year ₹ Nil) deposit as margin money against bank guarantee		
SCHEDULE - 10 OTHER CURRENT ASSETS		
(Considered good unless otherwise stated)		
Interest accrued but not due on :		
- Fixed deposits	83.73	287.54
- Loans	323.54	184.32
- Debentures	2.83	3.38
	410.10	**475.24**
SCHEDULE - 11 LOANS AND ADVANCES		
(Considered good unless otherwise stated)		
Advances recoverable in cash or in kind or for value to be received:		
Secured (considered good)	2,723.80	-
Unsecured (considered good)	494.29	506.72
Advance against investment	-	53.09
Balance with central excise on current accounts	44.19	46.08
Advance income tax [net of provision for income tax ₹1687.71 lacs (previous year ₹ 656.61 lacs)]	886.40	576.81
Advance fringe benefit tax [net of provision for fringe benefit tax ₹1.49 lacs (previous year ₹ 1.49 lacs)]	1.17	1.17
	4,149.85	**1,183.87**

(₹ in lacs)

	As at 31.03.2011	As at 31.03.2010
SCHEDULE - 12 CURRENT LIABILITIES AND PROVISIONS		
CURRENT LIABILITIES		
Sundry creditors		
Total outstanding dues of creditors other than micro and small enterprises (refer note 11 of schedule 19)	1,175.89	58.83
Other liabilities	119.01	10.63
Interest accrued but not due on loan funds	925.43	718.59
Equity shares application money refundable	139.28	-
Payable to Macquarie India Holdings Limited (Refer note 16 of Schedule 19)	8,077.60	-
	10,437,21	788.05
PROVISIONS		
Provision for gratuity	6.27	0.57
Provision for leave encashment	19.11	3.76
Contingent provision against standard assets	177.74	-
	203.12	**4.33**
	10,640,33	**792.38**

(₹ in lacs)

	Year Ended 31.03.2011		Year Ended 31.03.2010	
SCHEDULE - 13 INCOME FROM INVESTMENTS				
Profit on sale of long term trade investments				
- Equity shares		1,236.63		-
Profit on sale of non trade current investments				
- Mutual funds		-		0.60
Dividend income				
- On non trade long term investment	1.39		1.13	
- On non trade current investment	169.09	170.48	463.01	464.14
Interest on debentures		73.46		1,663.32
[tax deducted at source ₹7.35 lacs (previous year ₹176.37 lacs)]				
		1,480.57		**2,128.06**
SCHEDULE - 14 INTEREST INCOME				
Interest on				
- Loan		7,352.10		1,357.37
[tax deducted at source ₹ 735.21 lacs (previous year ₹150.05 lacs)]				
		7,352.10		**1,357.37**
SCHEDULE - 15 OTHER INCOME				
Interest on fixed deposits		514.07		1,393.88
[tax deducted at source ₹57.13 lacs (previous year ₹181.38 lacs)]				
Interest-others		0.03		0.02
Excess provision written back		2.35		1.80
		516.45		**1,395.70**

(₹ in lacs)

	Year Ended 31.03.2011	Year Ended 31.03.2010
SCHEDULE - 16 PERSONNEL EXPENSES		
Salaries and other allowances	215.38	114.54
Contribution to provident and other funds	11.05	5.84
Employee stock options outstanding	(77.70)*	113.98
Staff welfare	35.28	22.54
	184.01	**256.90**
* Due to forfeiture/ surrender of Employee Stock Options Outstanding during the year (Refer note 4 of Schedule 19)		
SCHEDULE - 17 ADMINISTRATIVE AND OTHER EXPENSES		
Legal and professional	124.87	90.11
Fund raising expenses	324.52	106.82
Rates and taxes	2.78	6.41
Insurance expenses	3.36	-
Rent	24.47	12.17
Travelling and conveyance	30.70	17.51
Communication expenses	6.59	5.59
Business development	19.02	1.79
Donation	-	3.00
Directors' sitting fees	7.80	2.40
Repairs and maintenance - others	6.48	4.15
Books and periodicals	0.60	0.72
Loss on foreign currency transaction	-	0.01
Loss on sale of fixed assets	0.36	-
Miscellaneous expenses	11.99	6.22
	563.54	**256.90**
SCHEDULE - 18 INTEREST AND OTHER CHARGES		
Interest on debentures	2,165.88	708.06
Interest on loans for fixed period:		
-Rupee term loans from scheduled banks	2,089.50	416.06
-Infrastructure bonds	9.73	-
Financial charges	6.58	36.32
	4,271.69	**1,160.44**

SCHEDULE – 19

NOTES TO ACCOUNTS

1. **Background**

PTC India Financial Services Limited ("PFS") is a registered NBFC with Reserve Bank of India and has been awarded the Infrastructure Finance Company (IFC) status by RBI. PFS is set up with an objective to provide total financing solutions to the energy value chain which includes investing in equity or extending debt to power projects in generation, transmission, distribution, fuel resources and fuel related infrastructure.

2. **Significant accounting policies**

(i) **Basis of accounting**

These financial statements have been prepared to comply in all material aspects with all the applicable accounting principles in India, the applicable accounting standards notified under section 211(3C) of the Companies Act, 1956, the relevant provisions of the Companies Act, 1956 and the Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007.

(ii) **Use of estimates**

The preparation of financial statements requires the management of the Company to make estimates and assumptions that affect the reported balances of assets and liabilities, revenues and expenses and disclosures relating to the contingent liabilities. The management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in the current and future periods.

(iii) **Fixed assets including intangible assets and depreciation**

Fixed assets including intangible assets are stated at cost less accumulated depreciation/amortisation. Cost of acquisition comprises purchase price, duties, levies and any directly attributable cost of bringing the asset to its working condition for the intended use.

Depreciation on fixed assets (other than intangible assets) is charged on a pro-rata basis at the written down value rates prescribed in Schedule XIV to the Companies Act, 1956. Assets costing upto ₹ 5,000 are fully depreciated in the year of purchase.

Intangible assets comprising of software are amortised on a straight line method over a period of 5 years or less depending on the estimated useful life of the assets.

(iv) **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. Long Term Investments are stated at cost. A provision for diminution (if any) is made to recognize a decline other than temporary in the value of investment.

Current Investments are carried at the lower of cost and fair value.

(v) **Revenue recognition**

a) Interest and other dues are accounted on accrual basis.

b) Dividend is accounted when the right to receive is established.

c) Fee based incomes are recognised when reasonable right of recovery is established and the revenue can be reliably measured.

d) Revenue from Power Supply is accounted on accrual basis.

(vi) **Employee stock options**

The Company calculates the employee stock compensation expense based on the intrinsic value method wherein the excess of intrinsic price of underlying equity shares as on the date of the grant of options over the exercise price of the options given to employees under the Employee Stock Option Scheme of the Company, is recognized as deferred stock compensation expense and is amortized over the vesting period of options.

(vii) **Employee benefits**

Provident fund is a defined contribution scheme and the contributions are charged to the profit and loss account of the year when the contributions to the government funds are due.

Gratuity liability and long term employee benefits are provided on the basis of actuarial valuation made at the end of each financial year as per projected unit credit method.

Gains and losses arising out of actuarial valuations are recognized immediately in the profit and loss account as income or expense.

Liability for leave encashment and gratuity in respect of employees on deputation with the company are accounted for on the basis of terms and conditions of the deputation agreement with the holding company.

(viii) **Foreign currency transactions**

Transactions in foreign currency are recorded at the exchange rates prevalent at the time of transaction. Differences on settlement of such transactions are recognized in the profit and loss account. All monetary items denominated in foreign currency at the balance sheet date are translated at the year end rates and resultant exchange differences are recognized in profit and loss account.

(ix) **Earnings per share (EPS)**

The earnings considered in ascertaining the Company's EPS comprises the net profit after tax (and includes the post tax effect of any extra ordinary items) attributable to equity shareholders. The number of shares used in computing Basic EPS is the weighted average number of shares outstanding during the year. The diluted EPS is calculated on the same basis as basic EPS, after adjusting for the effect of potential dilutive equity shares.

(x) **Taxation**

Provision for current taxation is ascertained on the basis of assessable profits computed in accordance with the provisions of the Income Tax Act, 1961.

Deferred Tax is recognized, subject to the consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets are recognized on unabsorbed depreciation and carried forward of losses based on virtual certainty that sufficient future taxable income will be available against which such deferred tax asset can be realized.

(xi) **Provisions and contingencies**

Provisions are recognized when the Company has a present obligation as a result of past events, for which it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions required to settle are reviewed regularly and are adjusted where necessary to reflect the current best estimates of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that probably will not require an outflow of resources or where a reliable estimate of obligation cannot be made.

3. **Contingent liabilities in respect of:**

(₹ in lacs)

	Year ended 31.03.2011	Year ended 31.03.2010
Estimated amount of contracts remaining to be executed on capital account and not provided for	-	2.40
Income tax	13.97	-

4. **Employee Stock Option**

The Company instituted the Employee Stock Option Plan – ESOP 2008 to grant equity based incentives to all its eligible employees. During the year ended March 31, 2009, the first tranche of ESOP was approved by the shareholders on October 27, 2008 and the Company granted two types of options i.e. Growth options granted to the employees and exercisable at intrinsic value as on the date of grant as certified by an independent valuer and Founder Member Options exercisable at face value of shares i.e. ₹ 10 per share, representing one share for each option upon exercise. Further, during the year ended March 31, 2010, second tranche of ESOP 2008 was approved by the shareholders on October 23, 2009 and provided for grant of 10,075,000 growth options exercisable at a price of ₹ 16 per share, representing one share for each option upon exercise. The maximum tenure of these options granted is 4 years from the respective date of grant.

The fair value of each stock option granted under ESOP 2008 as on the date of grant has been computed using Black-Scholes Option Pricing Model without inclusion of Dividend Yield and the model inputs are given as under:

Movement in Stock Options	Year ended 31.03.2011 (in Nos.)		Year ended 31.03.2010 (in Nos.)	
	Growth Options	Founder Member Options	Growth Options	Founder Member Options
Outstanding at the beginning of the year	18,395,500	1,210,000	8,865,000	1,210,000
Add: Granted during the year	-	-	10,075,000	-
Less: Forfeited/ surrender during the year	13,948,400	1,200,000	544,500	-
Options outstanding as at the end of the year	4,447,100	10,000	18,395,500	1,210,000

	Options granted during the year ended March 31,2010	Options granted during the year ended March 31, 2009	
	Growth Options	Growth Options	Founder Member Options
Price Per Option (₹)	16	16	10
Volatility	29.64%	73.60%	73.60%
Risk Free Rate of Interest	7.27%	7.00%	7.00%
Option Life (years)	5	5	5
Fair Value Per Option	10.55	11.36	12.76

There is no history of dividend declaration by the Company, hence the dividend yield has been assumed as Nil.

Effect of fair valuation on Financial Position

1. Impact on Profitability

(₹ in lacs)

Particulars	Year ended 31.03.2011	Year ended 31.03.2010
Profit as repor]ted for the year	3702.73	2,545.24
Add: Employee stock compensation under intrinsic value method	(77.70)	113.98
Less: Employee stock compensation under fair value method	(507.24)	624.62
Pro forma profit	4132.27	2,034.60

2. Impact on Basic/diluted EPS

Particular	Year ended 31.03.2011	Year ended 31.03.2010
- As reported (in Rupees)		
Basic	0.85	0.59
Dilutive	0.85	0.59
- As pro forma (in Rupees)		
Basic	0.95	0.47
Dilutive	0.94	0.47

5. Disclosures required as per AS – 15 (Revised) "Employee Benefits"

(A) Gratuity

Changes in the present value of the defined benefit obligation:

(₹ in lacs)

	Year ended 31.03.2011	Year ended 31.03.2010
Opening defined benefit obligation	0.57	0.53
Current service cost	2.36	0.42
Interest cost	0.04	0.04
Actuarial losses / (gains)	3.30	(0.42)
Closing defined benefit obligation	6.27	0.57

Reconciliation of present value of defined benefit obligation and fair value of plan assets

(₹ in lacs)

	Year ended 31.03.2011	Year ended 31.03.2010
Closing defined benefit obligation	6.27	0.57
Closing fair value of plan assets	-	-
Net asset/(liability) recognized in balance sheet	(6.27)	(0.57)

Expense recognized in profit and loss account

(₹ in lacs)

	Year ended 31.03.2011	Year ended 31.03.2010
Current service cost	2.36	0.42
Interest cost	0.04	0.04
Net actuarial losses / (gains)	3.30	(0.42)
Net expense	5.70	0.04

(B) Leave encashment

Changes in the present value of the defined benefit obligation:

(₹ in lacs)

	Year ended 31.03.2011	Year ended 31.03.2010
Opening defined benefit obligation	3.76	1.76
Current service cost	7.27	2.42
Interest cost	0.30	0.13
Actuarial losses / (gains)	7.78	(0.55)
Closing defined benefit obligation	19.11	3.76

Reconciliation of present value of defined benefit obligation and fair value of plan assets

(₹ in lacs)

	Year ended 31.03.2011	Year ended 31.03.2010
Closing defined benefit obligation	19.11	3.76
Closing fair value of plan assets	-	-
Net asset/(liability) recognized in balance sheet	(19.11)	(3.76)

Expense recognized in profit and loss account

(₹ in lacs)

	Year ended 31.03.2011	Year ended 31.03.2010
Current service cost	7.27	2.42
Interest cost	0.30	0.13
Net actuarial losses / (gains)	7.78	(0.55)
Net expense	15.35	2.00

C) The principal assumptions used in determining defined retirement obligations for the Company's plans are shown below:

(₹ in lacs)

	Year ended 31.03.2011	Year ended 31.03.2010
Discounting Rate	8.00%	7.50%
Future Salary Increase	5.50%	5.00%

The estimates of future salary increases considered in actuarial valuation take into account inflation, seniority, promotion and other relevant factors on long term basis.

D) In respect of the defined contribution plans, the Company has recognized the following amounts in the profit and loss account:

(₹ in lacs)

	Year ended 31.03.2011	Year ended 31.03.2010
Employer's contribution to provident fund	11.05	5.84

6. The Company's main business is to provide finance for energy value chain through investment and lending into such projects. All other activities revolve around the main business. The Company does not have any geographic segments. As such, there are no separate reportable segments as per Accounting Standard 17 on 'Segment Reporting' notified under the Companies (Accounting Standards) Rules, 2006.

7. Related party disclosures

(a) List of related parties and relationships

Related parties where control exists or with whom transactions have taken place during the year are given below:

Holding company	: PTC India Limited
Associate companies	: Ind-Barath Energy (Utkal) Limited
	: Ind-Barath PowerGencom Limited
	: Indian Energy Exchange Limited
	: Meenakshi Energy Private Limited (cease to be an associate w.e.f. March 29, 2011)
	: PTC Bermaco Green Energy Systems Ltd
	: RS India Wind Energy Limited
	: Varam Bio Energy Private Limited
Key management personnel	: Mr. Ashok Haldia

(b) Details of related party transactions in the ordinary course of the business:

(i) Transactions with holding company

(₹ in lacs)

Nature of transactions	Year ended 31.03.2011	Year ended 31.03.2010
Rent paid	24.32	12.12
Reimbursement of expenses *	201.38	97.22

* Includes ₹ 45.10 lacs (previous year ₹ 28.94 lacs) towards remuneration of Director.

(ii) Transactions with key management personnel

(₹ in lacs)

Nature of transactions	Year ended 31.03.2011	Year ended 31.03.2010
Reimbursement of expenses	1.54	1.05
Remuneration paid**	45.10	31.91

** Also included under reimbursement of expenses to holding company as disclosed at (i) above.

(iii) Transactions with associates

(₹ in lacs)

Nature of transactions	Year ended 31.03.2011	Year ended 31.03.2010
Investment in equity share capital :		
- Ind Barath Energy (Utkal) Limited	-	10,500.00
- Meenakshi Energy Private Limited	5,679.11	2,855.00
- PTC Bermaco Green Energy Systems Limited	53.09	35.28
- Varam Bio Energy Private Limited	-	27.81
- R S India Wind Energy Limited	381.00	-
Advance against investment :		
- PTC Bermaco Green Energy Systems Limited	-	52.95
Investment in debentures		
- Varam Bio Energy Private Limited	250.00	200.00
Sale of investment in equity share capital (at face value)		
- India Energy Exchange Limited	117.32	-
Investment balances outstanding at the balance sheet date :		
- Ind Barath Energy (Utkal) Limited	10,500.00	10,500.00
- Ind Barath PowerGencom Limited	5,563.00	5,563.00
- Indian Energy Exchange Limited	576.60	693.92
- Meenakshi Energy Private Limited	10,034.11	4,355.00
- PTC Bermaco Green Energy Systems Limited	137.46	84.37
- RS India Wind Energy Limited	6112.14	5,731.14
- Varam Bio Energy Private Limited	439.00	439.00
Advance against Investment as on the Balance sheet date		
- PTC Bermaco Green Energy Systems Limited	-	53.09
Investment in debentures as on the Balance sheet date		
- Varam Bio Energy Private Limited	450.00	200.00

8. **Earnings per share**

	Year ended 31.03.2011	Year ended 31.03.2010
Profit after tax attributable to equity shareholders (Rupees in lacs) (a)	3702.73	2,545.24
Weighted Average number of equity shares outstanding during the year (Nos.) (b)	435,980,595	434,583,335
Effect of potential dilutive equity shares on Employee Stock Options outstanding* (c)	1,566,487	-
Weighted average number of equity shares in computing diluted earnings per share [(b)+(c)]	437,547,082	434,583,335
Basic earnings per share of face value ₹ 10 each (in Rupees)	0.85	0.59
Diluted earnings per share of face value ₹ 10 each (in Rupees)	0.85	0.59

* There were no dilutive potential equity shares for the year ended March 31, 2010.

9. **Deferred tax**

The breakup of deferred tax assets/ (liabilities) as at March 31, 2011 is as under:

(₹ in lacs)

	Balance as at 31.03.2010	Adjustment	Movement during the year	Balance as at 31.03.2011
Deferred tax asset arising on account of timing differences in :				
- Preliminary expenses	23.47	-	(12.01)	11.46
- Share issue expenses	-	348.09	(70.94)	277.15
- Provision for retirement benefits	1.44	-	6.79	8.23
- Contingent provision against Standard asset	-	-	57.64	57.64
Less:				
Deferred tax liability arising on account of timing differences in :				
- Depreciation	462.42	-	390.78	853.20
Net deferred tax (liabilities)	(437.51)	348.09	(409.30)	(498.72)

Represents deferred tax asset recognised on expenditure charged to share premium account (refer note 16 below)

10 The percentage holding and the investment in associate companies as at March 31, 2011 is given below:

Name of the associate company	Country of incorporation	% holding	Face value Rupees per share	As at March 31, 2011 (₹ in lacs)	As at March 31, 2010 (₹ in lacs)
Ind-Barath Energy (Utkal) Limited	India	20.55%	10	10,500.00	10,500.00
Ind-Barath Power Gencom Limited	India	26%	10	5,563.00	5,563.00
Indian Energy Exchange Limited	India	21.12%	10	576.60	693.92
PTC Bermaco Green Energy Systems Ltd.	India	26%	10	137.46	84.37
RS India Wind Energy Limited	India	37%	10	6112.14	5,731.14
Varam Bio Energy Private Limited	India	26%	10	439.00	439.00
Total				**23,328.20**	**23,011.43**

11 Based on the information available with the Company, there are no dues as at March 31, 2011 payable to enterprises covered under "Micro, Small and Medium Enterprises Development Act, 2006". No interest is paid / payable by the Company in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006.

12 Total number of electricity units generated and sold during the year – 11,720,432 KWH (previous year: 3006 KWH).

13. **Managerial remuneration:**

(₹ in lacs)

	Year ended 31.03.2011	Year ended 31.03.2010
Salary and allowances	38.02	27.61
Perquisites	5.03	2.87
Contribution to provident funds	2.05	1.43
Total	**45.10**	**31.91**

Note: The above figures do not include leave encashment and gratuity as it is provided in the books on the basis of actuarial valuation for the Company as a whole and hence individual amount cannot be determined.

14. **Auditors' remuneration**

(₹ in lacs)

	Year ended 31.03.2011	Year ended 31.03.2010
Statutory audit	6.00	5.00
Audit/ Limited Review of interim financial statement	4.00	1.25
Tax audit	1.50	1.50
Relating to Initial Public Offer (IPO)	34.65	-
Other certificates	2.30	1.25
Total	**48.45**	**9.00**

15. **Expenditure incurred in foreign currency**

(₹ in lacs)

	Year ended 31.03.2011	Year ended 31.03.2010
Fees for External Commercial Borrowings	154.49	13.65
Fees relating to IPO	56.74	-
Travelling	2.40	0.45
Other	0.87	0.12
Total	**214.50**	**14.22**

16 (a) During the financial year, the Company has completed its Initial Public Offer (IPO) comprising of fresh issue of 127,500,000 equity shares (excluding an offer for sale of 29,200,000 equity shares by Macquarie India Holdings Limited, a shareholder of the Company) of face value of ₹10 each for cash at a price of ₹28 per share (including a share premium of ₹ 18 per equity share) aggregating to ₹ 35,270.32 lacs.

The share premium of ₹ 18 per share, net of discount of Re. 1 for retail investor, amounting to ₹22,520.32 lacs on issue of fresh equity shares has been credited to share premium account. The share issue expenses amounting to ₹ 719.70 lacs, after netting off tax of ₹ 348.09 lacs have been adjusted to share premium account.

(b) Detail of share issue expenses is as follows :

(₹ in lacs)

Particulars	Year ended 31.03.2011
Legal and Professional	540.20
Auditors' remuneration	34.65
Regulatory fees	77.54
Advertisement	488.75
Travelling	16.84
Other expenses	148.27
Less: Recoverable from Macquarie India Holding Limited #	(238.46)
Total	**1067.79**

Represents amount recoverable from Macquarie India Holdings Limited in proportion to the equity shares sold by Macquarie India Holdings Limited in the IPO of the Company.

(c) The IPO proceeds received on March 29, 2011 have been utilized as under:

(₹ in lacs)

Particulars	Year ended 31.03.2011
Share issue proceeds*	35,270.32
Less:	
Issue related expenses	205.98
Repayment of Term Loans	2,389.03
Closing balance of unutilized proceeds as at the year end	32,675.31
Details of unutilised proceeds are given below:	
- Balance in current accounts	1,175.31
- Balance in deposit accounts	31,500.00

* Excludes equity share application money amounting to ₹ 139.28 lacs lying in escrow account payable to investors after allotment of equity shares by the Company and ₹ 8077.60 lacs payable to Macquarie India Holdings Limited pursuant to sale of 292,00,000 equity shares by Macquarie India Holdings Limited in the IPO of the Company.

17. Previous period's figures have been regrouped / recast wherever considered necessary to conform to current period's classification.

18. Schedules 1 to 19 and the statement of additional information form an integral part of the accounts.

Statement of Additional information as required in terms of paragraph 13 of Non-banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007

(₹ in lacs)

Particulars	Amount Outstanding	Amount Overdue
Liabilities side:		
(1) Loans and advances availed by the non-banking financial company inclusive of interest accrued thereon but not paid:		
(a) Debentures : Secured	33,208.60	-
: Unsecured	-	-
(other than falling within the meaning of public deposits)		
(b) Deferred Credits	-	-
(c) Term Loans	23,778.86	-
(d) Inter-corporate loans and borrowing	-	-
(e) Commercial Paper	-	-
(f) Other Loans (short term bank loan)	-	-

(₹ in lacs)

Assets Side:	Amount Outstanding
(2) Break-up of Loans and Advances including bills receivables [Other than those included in (4) below]:	
(a) Secured	70,282.57
(b) Unsecured	494.29
(3) Break up of Leased Assets and stock on hire and other assets counting towards AFC activities	
(i) Lease assets including lease rentals under sundry debtors:	
(a) Financial lease	-
(b) Operating lease	-
(ii) Stock on hire including hire charges under sundry debtors:	
(a) Assets on hire	-
(b) Repossessed Assets	-
(iii) Other loans counting towards AFC activities	
(a) Loans where assets have been repossessed	-
(b) Loans other than (a) above	-
(4) Break-up of Investments:	
Current Investments:	
1. Quoted:	
(i) Shares: (a) Equity	-
(b) Preference	-
(ii) Debentures and Bonds	-
(iii) Units of mutual funds	-
(iv) Government Securities	-
(v) Others (please specify)	-
2. Unquoted:	
(i) Shares: (a) Equity	-
(b) Preference	-
(ii) Debentures and Bonds	-
(iii) Units of mutual funds	-
(iv) Government Securities	-
(v) Others (please specify)	-

(₹ in lacs)

Assets Side:	Amount Outstanding
Long Term investments:	
1. Quoted:	
(i) Shares: (a) Equity	52.83
(b) Preference	-
(ii) Debentures and Bonds	-
(iii) Units of mutual funds	-
(iv) Government Securities	-
(v) Others (please specify)	-
2. Unquoted:	
(i) Shares: (a) Equity	45,862.31
(b) Preference	-
(ii) Debentures and Bonds	450.00
(iii) Units of mutual funds	-
(iv) Government Securities	-
(v) Others (advance against equity share capital)	-
Total	**46,365.14**

(₹ in lacs)

(5) Borrower group-wise classification of assets financed as in (2) and (3) above:

Category	Amount net of provisions		
	Secured	Unsecured	Total
1. Related Parties			
(a) Subsidiaries	-	-	-
(b) Companies in the same group	-	-	-
(c) Other related parties	-	-	-
2. Other than related parties	70,282.57	494.29	70,776.86
Total	**70,282.57**	**494.29**	**70,776.86**

(₹ in lacs)

(6) Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted)

Category	Amount net of provisions		
	Secured	Unsecured	Total
1. Related Parties			
(a) Subsidiaries	-	-	-
(b) Companies in the same group	-	-	-
(c) Other related parties	450.00	23,328.20	23,778.20
2. Other than related parties	-	22,586.94	22,586.94
Total	**450.00**	**45,915.14**	**46,365.14**

(₹ in lacs)

(7) **Other information**

Particulars	Amount
(i) Gross Non-Performing Assets	
(a) Related parties	-
(b) Other than related parties	-
(ii) Net Non-Performing Assets	
(a) Related parties	-
(b) Other than related parties	-
(iii) Assets acquired in satisfaction of debt	-

Disclosures pursuant to Reserve Bank of India Notification DNBS(PD) CC No.145/03.02.01/ 2009-10 dated July 1, 2009

I. Capital Adequacy Ratio

(₹ in lacs)

Particulars	As at 31 March 2011
Tier I Capital	101,723.11
Tier II Capital	177.74
Total Capital	101,900.85
Total Risk Weighted Assets	120,667.72
Capital Ratios	
Tier I Capital as Percentage of Total Risk Assets (%)	84.30 %
Tier II Capital as Percentage of Total Risk Assets (%)	0.15%
Total Capital (%)	84.45 %

II. Exposure to Real estate sector, both direct and indirect

The Company does not have any direct or indirect exposure to the real estate sector as at 31 March, 2011.

III. Asset Liability Management

Maturity pattern of certain items of assets and liabilities as at 31 March, 2011

(₹ in lacs)

Particulars	Upto 1 month	Over 1 month to 2 months	Over 2 months to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
Liabilities									
Borrowings from banks	93.75	-	-	93.75	267.02	3,146.55	4,425.19	15,752.60	23,778.86
Market Borrowings	-	-	-	-	10,000.00	6,666.67	3,333.33	13,208.60	33,208.60
Assets									
Receivables under financing activity	1,109.42	16.92	16.92	1,143.26	6,374.55	13,777.14	10,396.41	34,724.15	67,558.77
Investment	-	-	43.00	64.29	150.00	192.71	-	45,915.14	46,365.14

For and on behalf of the Board of Directors

T. N. Thakur
Chairman and Managing Director
DIN: 00024322

Ashok Haldia
Director and Chief Financial Officer
DIN: 00818489

Vishal Goyal
Company Secretary

Place : New Delhi
Date : 25th May, 2011

BALANCE SHEET ABSTRACT

and Company's General Business Profile

I. Registration Details

Registration No.	153373	State Code
Balance Sheet Date	31 - 03 - 11	55
	Day Month Year	

II. Capital Raised during the year (Amount in ₹ Thousands)

Public Issue	Right Issue
3,527,031.90	NIL
Bonus Issue	Private Placement
NIL	NIL

III. Position of Mobilisation and Deployment of Funds (Amount in ₹ Thousands)

	Total Liabilities	Total Assets
	16,989,588	16,989,588
Sources of Funds	Paid-up Capital	Reserves & Surplus
	5,620,833	4,556,105
	Secured Loans	Unsecured Loans
	5,698,746	-
Application of Funds	Net Fixed Assets	Investments
	301,620	4,636,514
	Loans	Net Current Assets
	6,755,877	4,231,544
	Deferred Tax (Net)	Misc. Expenditure
	(49,872)	-
	Accumulated Losses	
	NIL	

IV. Performance of the Company (Amount in ₹ Thousands)

Turnover	Total Expenditure
1,088,523	574,210
Profit/Loss before Tax	Profit/Loss after Tax
+ 514,313	+370,273
Earning per share in Rs.	Dividend Rate %
0.85	-

V. Generic Names of three principal products/services of the Company (as per monetary terms)

Product Description	Item Code
Financial Services	Not Applicable

T. N. Thakur
Chairman and Managing Director
DIN: 00024322

Ashok Haldia
Director and Chief Financial Officer
DIN: 00818489

Place : New Delhi
Date : 25th May, 2011

Vishal Goyal
Company Secretary

ECB loan document signing ceremony with DEG.
(Left to right) Dr. Ashok Haldia, Director, PFS; Mr. Stephan Blanke, Head of Financial Institutions, DEG;
Mr. T.N. Thakur, Chairman and Managing Director, PFS

PTC India Financial Services Limited
(A subsidiary of PTC India Limited)
2nd Floor, NBCC Tower, 15, Bhikaji Cama Place, New Delhi 110 066
Ph.: 011-41659500 / 41595122 **Fax:** 011-41595155 / 41659144
E-mail: info@ptcfinancial.com **www.ptcfinancial.com**

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