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LIMITED REVIEW REPORT

TO THE BOARD OF DIRECTORS OF POWER FINANCE CORPORATION LIMITED

We have reviewed the accompanying statement of unaudited standalone Ind AS financial results of Power Finance Corporation Limited (the "Company") for the quarter ended 30th June, 2018, being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Management is responsible for the preparation and fair presentation of this statement and the same has been approved by the Board of Directors. Our responsibility is to issue a report on this interim financial information based on our review.

We conducted our review in accordance with Standard on Review Engagements (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the interim financial information is free of material misstatement. A review is limited primarily to inquiries of company personnel and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying statement of unaudited financial results prepared in accordance with applicable accounting standards i.e. Indian Accounting Standards ("Ind AS"), specified under section 133 of the Companies Act, 2013, read with relevant rules issued thereunder and other recognised accounting practices and policies has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 including the manner in which it is to be disclosed, or that it contains any material misstatements.

FOR M.K. AGGARWAL & CO.

Chartered Accountants

Firm's Registration No.: 001411N

by the hand of



CA M.K. AGGARWAL

Partner

Membership No.014956

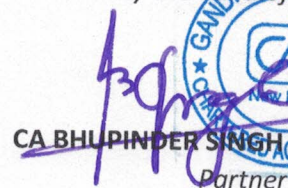


FOR GANDHI MINOCHA & CO.

Chartered Accountants

Firm's Registration No.: 000458N

by the hand of



CA BHUPINDER SINGH

Partner

Membership No.092867

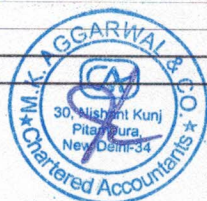


Date: 11.09.2018

Place: New Delhi

POWER FINANCE CORPORATION LIMITED			
URJANIDHI, 1, BARAKHAMBA LANE, CONNAUGHT PLACE, NEW DELHI. Website: http://www.pfcindia.com			
CIN L65910DL1986GOI024862			
STATEMENT OF UN-AUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER ENDED JUNE 30, 2018			
(₹ in crore)			
	Particulars	Quarter Ended June 30, 2018 (Un-Audited)	Quarter Ended June 30, 2017 (Un-Audited)
I	Revenue From Operations		
(i)	Interest Income	6,560.28	6,637.16
(ii)	Fees and commission income	8.99	76.46
(iii)	Net gain on fair value changes on Derivatives	423.87	-
(iv)	Others	34.36	14.98
	Total Revenue from operations (I)	7,027.50	6,728.60
II	Other Income (II)	24.55	52.36
III	Total Income (I+II)	7,052.05	6,780.96
IV	Expenses		
(i)	Finance costs	4,940.62	4,166.74
(ii)	Fees and commission expense	1.32	1.95
(iii)	Net loss on fair value changes on Derivatives	-	21.02
(iv)	Impairment allowance on Financial Instruments	2.34	1,095.10
(v)	Employee benefits expenses	44.79	40.79
(vi)	Depreciation and amortisation	1.21	1.19
(vii)	CSR Expenses	4.36	3.59
(viii)	Other expenses	16.52	15.12
	Total expenses (IV)	5,011.16	5,345.50
V	Profit/(loss) before exceptional items and tax (III-IV)	2,040.89	1,435.46
VI	Exceptional Items	-	-
VII	Profit/(loss) before tax (V-VI)	2,040.89	1,435.46
VIII	Tax expense:		
	(1) Current tax	422.20	737.48
	(2) Deferred tax	245.43	(424.45)
	Total Tax Expense (VIII)	667.63	313.03
IX	Profit/(loss) for the period from continuing operations (VII-VIII)	1,373.26	1,122.43
X	Profit/(loss) from discontinued operations	-	-
XI	Profit/(loss) for the period (IX+X)	1,373.26	1,122.43
XII	Other Comprehensive Income		
(i)	Items that will not be reclassified to profit or loss		
	- Actuarial Gain / (Loss) on defined benefit plans	1.43	1.43
	- Net Gain / (Loss) on fair value of equity instruments	(151.61)	(85.47)
(ii)	Income tax relating to items that will not be reclassified to profit or loss	(0.44)	(0.44)
	Deferred tax liability (+) / Asset (-)		
	Total (XII) (i-ii)	(149.74)	(83.60)
XIII	Total Comprehensive Income for the period (XI+XII)	1,223.52	1,038.83
XIV	Earnings per equity share (Face Value ₹ 10/- each) (not annualised):		
	(1) Basic (₹)	5.20	4.25
	(2) Diluted (₹)	5.20	4.25

See accompanying notes to the Financial Results



1	<p>The Company has adopted Ind AS from 01.04.2018 and the effective date of transition is 01.04.2017. Accordingly, these financial results have been prepared in accordance with the recognition and measurement principles of Ind AS prescribed under section 133 of the Companies Act, 2013 read with relevant rules issued thereunder. The transition to Ind AS has been carried out from the erstwhile Accounting Standards notified under the Act read with relevant rules thereunder and directions issued by the RBI. The impact of transition has been accounted for in the opening reserves as at 01.04.2017.</p> <p>The corresponding comparative figures presented in these results have been restated / reclassified in order to confirm to current period presentation.</p> <p>These financial results have been drawn up on the basis of Ind AS that are applicable to the Company as at 30.06.2018. Any application guidance / directions issued by RBI or other regulators are adopted / implemented as and when they are issued.</p>																												
2	<p>The above financial results for the quarter ended 30.06.2018 have been reviewed & recommended by the Audit Committee and approved by the Board of Directors in their respective meetings held on 11.09.2018. The same have been subjected to Limited Review by the Joint Statutory Auditors M.K. Aggarwal & Co., Chartered Accountants and Gandhi Minocha & Co., Chartered Accountants, in terms of Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015.</p> <p>Further, the financial results for the quarter ended 30.06.2017 have not been subjected to Limited Review or audit, however, the management has exercised necessary due diligence to ensure that the financial results provide a true and fair view of its affairs.</p>																												
3	<p>Finance Costs at IV (i) above includes net translation / transaction exchange loss of ₹ 317.62 crore on foreign currency monetary items, during the quarter ended 30.06.2018 (corresponding previous quarter ₹ 28.75 crore).</p>																												
4	<p>The net profit reconciliation between the figures reported under previous GAAP and Ind AS is as under :</p> <table border="1" data-bbox="186 1075 1498 1639"> <thead> <tr> <th>Particulars</th> <th>Quarter ended 30.06.2017 (₹ in Crore)</th> </tr> </thead> <tbody> <tr> <td>Net profit after tax as reported under Previous GAAP</td> <td>1,428.59</td> </tr> <tr> <td>Adjustments related to:</td> <td></td> </tr> <tr> <td>Effective Interest Rate (EIR) / Income on loan assets classified at Amortised Cost</td> <td>(151.83)</td> </tr> <tr> <td>Effective Interest Rate (EIR) on Borrowings classified at Amortised Cost</td> <td>(7.67)</td> </tr> <tr> <td>Derivatives (Forward contracts earlier governed through AS 11)</td> <td>(20.66)</td> </tr> <tr> <td>Impairment Allowance</td> <td>(702.89)</td> </tr> <tr> <td>Others</td> <td>165.11</td> </tr> <tr> <td>Deferred Tax Impact (DTA / DTL) on above</td> <td>71.60</td> </tr> <tr> <td>DTA on amount of accumulated Impairment allowance in excess of Reserve for Bad & Doubtful Debts</td> <td>340.18</td> </tr> <tr> <td>Total of adjustments</td> <td>(306.16)</td> </tr> <tr> <td>Net profit after tax as per Ind AS</td> <td>1,122.43</td> </tr> <tr> <td>Other comprehensive income, net of tax</td> <td>(83.60)</td> </tr> <tr> <td>Total comprehensive income (net of tax) as per Ind AS</td> <td>1,038.83</td> </tr> </tbody> </table>	Particulars	Quarter ended 30.06.2017 (₹ in Crore)	Net profit after tax as reported under Previous GAAP	1,428.59	Adjustments related to:		Effective Interest Rate (EIR) / Income on loan assets classified at Amortised Cost	(151.83)	Effective Interest Rate (EIR) on Borrowings classified at Amortised Cost	(7.67)	Derivatives (Forward contracts earlier governed through AS 11)	(20.66)	Impairment Allowance	(702.89)	Others	165.11	Deferred Tax Impact (DTA / DTL) on above	71.60	DTA on amount of accumulated Impairment allowance in excess of Reserve for Bad & Doubtful Debts	340.18	Total of adjustments	(306.16)	Net profit after tax as per Ind AS	1,122.43	Other comprehensive income, net of tax	(83.60)	Total comprehensive income (net of tax) as per Ind AS	1,038.83
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5	<p>Matter w.r.t. applicability of accounting treatment flowing from RBI Master Directions applicable to the Company has been taken up with RBI. Pending clarification from RBI, Company has created Impairment allowance on its loan assets at higher of ECL assessment / RBI norms on loan or portfolio level, based on homogeneous grouping of loans.</p> <p>Cumulative impairment allowance (on Credit impaired loans, other loans and receivables) stands at ₹ 17,243.82 crore as at 30.06.2018 including additional accumulated Impairment allowance (in excess of ECL assessment) of ₹ 1,793.08 crore.</p> <p>Details of credit impaired Loan Assets and provision maintained thereon is as under:</p> <table border="1" data-bbox="186 2019 1498 2169"> <thead> <tr> <th>Particulars</th> <th>(Amount in ₹ crore) As at 30.06.2018</th> </tr> </thead> <tbody> <tr> <td>Credit Impaired Loan Assets</td> <td>27,383.93</td> </tr> <tr> <td>Impairment Allowance Maintained</td> <td>14,294.63</td> </tr> <tr> <td>Impairment Allowance Coverage (%)</td> <td>52.20%</td> </tr> </tbody> </table>	Particulars	(Amount in ₹ crore) As at 30.06.2018	Credit Impaired Loan Assets	27,383.93	Impairment Allowance Maintained	14,294.63	Impairment Allowance Coverage (%)	52.20%																				
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6	As a matter of prudence, income on credit impaired loan assets is recognised only when expected realisation is higher than the loan amount outstanding.
7	<p>The Company has started recognising Deferred Tax Asset on amount of accumulated Impairment allowance in excess of Reserve for Bad & Doubtful Debts (RBDD). Suitable adjustment has also been made on the transition date and in the restated comparative results.</p> <p>Accordingly, profit after tax for the current quarter has decreased by ₹ 21.40 crore (increase in corresponding previous quarter by ₹ 340.18 crore). Cumulative DTA on excess of Impairment allowance over RBDD stands at ₹ 4,821.03 crore as on 30.06.2018.</p>
8	During the current quarter, Government of India (GoI) has transferred 80,06,535 equity shares held in the Company, in connection with Follow-on Fund Offer, to the Asset Management Company (AMC) of Bharat 22 ETF. However in July 2018, 8,30,486 equity shares were transferred back to GoI. Accordingly, shareholding of GoI in the Company has come down from 65.92% to 65.64% of the paid up equity capital.
9	During the current quarter, the Company has applied for 9,90,00,000 equity shares of Energy Efficiency Services Limited (EESL) of face value ₹ 10/- per share at par aggregating to ₹ 99 crore. The shares have been allotted on 02.07.2018.
10	During the current quarter, Vapi II-North Lakhimpur Transmission Limited has been incorporated as a wholly owned subsidiary of PFCCL (a wholly owned subsidiary of the Company).
11	For all the secured bonds issued by the Company and outstanding as at 30.06.2018, 100% security cover has been maintained by way of mortgage on specified immovable properties and/or charge on the receivables of the Company.
12	The Company's primary business is to provide finance for power sector and accordingly, there are no reportable segments as per Ind AS 108 Operating Segments.
13	Figures have been rounded off to the nearest crore of rupees with two decimals.

PLACE : NEW DELHI
DATE : 11.09.2018


RAJEEV SHARMA
 Chairman & Managing Director
 DIN - 00973413

