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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 and half year ended 30th September, 2018, being submitted by the Company pursuant to the requirement of Regulation 33 and Regulation 52 read with Regulation 63 (2) 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 and Regulation 52 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: 02.11.2018

Place: New Delhi

POWER FINANCE CORPORATION LIMITED						
URJANIDHI, 1, BARAKHAMBA LANE, CONNAUGHT PLACE, NEW DELHI. Website: http://www.pfcindia.com						
CIN L65910DL1986GOI024862						
PART - I : STATEMENT OF UN-AUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER ENDED SEPTEMBER 30, 2018						
Sr. No.	Particulars	Quarter Ended			Half Year ended	
		30-Sep-18	30-Jun-18	30-Sep-17	30-Sep-18	30-Sep-17
		(Reviewed)	(Reviewed)	(Reviewed)	(Reviewed)	(Reviewed)
(₹ in crores)						
I.	Revenue From Operations					
(i)	Interest Income	6,908.48	6,614.06	6,718.58	13,522.54	13,420.92
(ii)	Dividend Income	18.95	4.06	27.53	23.01	28.26
(iii)	Fees and commission income	90.83	8.99	102.00	99.82	178.36
(iv)	Net gain on fair value changes on Derivatives	388.82	340.84	-	729.66	-
	Total Revenue from operations (I)	7,407.08	6,967.95	6,848.11	14,375.03	13,627.54
II.	Other Income (II)	5.59	1.08	0.37	6.67	1.90
III.	Total Income (I+II)	7,412.67	6,969.03	6,848.48	14,381.70	13,629.44
IV.	Expenses					
(i)	Finance costs	4,671.78	4,539.98	4,269.78	9,211.76	8,427.40
(ii)	Net translation / transaction exchange loss (+) / gain (-)	648.39	317.62	19.95	966.01	48.70
(iii)	Fees and commission expense	2.95	1.32	1.77	4.27	3.68
(iv)	Net loss on fair value changes on Derivatives	-	-	43.93	-	45.36
(v)	Impairment on Financial Instruments	(74.40)	2.34	662.08	(72.06)	1,757.18
(vi)	Employee Benefits Expenses	43.72	44.79	38.60	88.51	79.39
(vii)	Depreciation and Amortisation	1.34	1.21	1.39	2.55	2.58
(viii)	CSR Expenses	27.91	4.36	17.66	32.27	21.25
(ix)	Other expenses	34.61	16.52	194.52	51.13	209.64
	Total expenses (IV)	5,356.30	4,928.14	5,249.68	10,284.44	10,595.18
V.	Profit/(loss) before exceptional items and tax (III-IV)	2,056.37	2,040.89	1,598.80	4,097.26	3,034.26
VI.	Exceptional Items	-	-	-	-	-
VII.	Profit/(loss) before tax (V-VI)	2,056.37	2,040.89	1,598.80	4,097.26	3,034.26
VIII.	Tax expense:					
(1)	Current tax	366.32	422.20	721.63	788.52	1,459.11
(2)	Deferred tax - Deferred tax liability (+) / Asset (-)	334.93	245.43	(348.74)	580.36	(773.19)
	Total Tax Expense (VIII)	701.25	667.63	372.89	1,368.88	685.92
IX.	Profit/(loss) for the period from continuing operations (VII-VIII)	1,355.12	1,373.26	1,225.91	2,728.38	2,348.34
X.	Profit/(loss) from Discontinued operations (after tax)	-	-	-	-	-
XI.	Profit/(loss) for the period (IX+X)	1,355.12	1,373.26	1,225.91	2,728.38	2,348.34
XII.	Other Comprehensive Income					
A (i)	Items that will not be reclassified to profit or loss					
	- Actuarial Gain / (Loss) on defined benefit plans	1.46	1.43	1.43	2.89	2.86
	- Net Gain / (Loss) on fair value of equity instruments	(30.37)	(151.61)	(43.50)	(181.98)	(128.97)
A (ii)	Income tax relating to items that will not be reclassified to profit or loss (Deferred tax liability (+) / Asset (-))	(0.44)	(0.44)	(0.44)	(0.88)	(0.88)
	Sub-Total (A) (i-ii)	(28.47)	(149.74)	(41.63)	(178.21)	(125.23)
B (i)	Items that will be reclassified to profit or loss					
	Effective portion of gains and (loss) on hedging instruments in cash flow hedge	(1.93)	-	-	(1.93)	-
B (ii)	Income tax relating to items that will be reclassified to profit or loss (Deferred tax liability (+) / Asset (-))	-	-	-	-	-
	Sub-Total (B) (i-ii)	(1.93)	-	-	(1.93)	-
	Other comprehensive income XII (A+B)	(30.40)	(149.74)	(41.63)	(180.14)	(125.23)
XIII.	Total Comprehensive Income for the period (XI+XII)	1,324.72	1,223.52	1,184.28	2,548.24	2,223.11
XIV.	Earnings per equity share (Face Value ₹ 10/- each) (for continuing operation) (not annualised):					
(1)	Basic (₹)	5.13	5.20	4.64	10.33	8.90
(2)	Diluted (₹)	5.13	5.20	4.64	10.33	8.90
XV.	Earnings per equity share (Face Value ₹ 10/- each) (for discontinued operation):					
(1)	Basic (₹)	-	-	-	-	-
(2)	Diluted (₹)	-	-	-	-	-
XVI.	Earnings per equity share (Face Value ₹ 10/- each) (not annualised):					
(1)	Basic (₹)	5.13	5.20	4.64	10.33	8.90
(2)	Diluted (₹)	5.13	5.20	4.64	10.33	8.90



POWER FINANCE CORPORATION LIMITED		
CIN L65910DL1986GOI024862		
PART - II : BALANCE SHEET AS AT SEPTEMBER 30, 2018		
		(₹ in crores)
Sr. No.	Particulars	As at 30-Sep-18 (Reviewed)
	ASSETS	
1	Financial Assets	
(a)	Cash and cash equivalents	1,798.64
(b)	Other Bank Balances	11.70
(c)	Derivative financial instruments	869.21
(d)	Receivables	20.95
(e)	Loans	279,700.14
(f)	Investments	2,781.05
(g)	Other Financial assets	5,608.02
	Sub-Total (1)	290,789.71
2	Non- Financial Assets	
(a)	Current tax assets (Net)	524.67
(b)	Deferred Tax Assets (Net)	3,965.62
(c)	Property, Plant and Equipment	25.41
(d)	Other Intangible Assets	0.74
(e)	Other Non-Financial Assets	177.30
	Sub-Total (2)	4,693.74
	Total Assets (1+2)	295,483.45
	LIABILITIES AND EQUITY	
	LIABILITIES	
1	Financial Liabilities	
(a)	Payables	
	(i) total outstanding dues of micro enterprises and small enterprises	-
	(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	1.92
(b)	Debt Securities	196,227.29
(c)	Borrowings (Other than Debt Securities)	51,222.68
(d)	Subordinated Liabilities	4,005.79
(e)	Other financial liabilities	5,568.74
	Sub-Total (1)	257,026.42
2	Non- Financial Liabilities	
(a)	Provisions	69.61
(b)	Other non-financial liabilities	113.64
	Sub-Total (2)	183.25
3	Equity	
(a)	Equity Share Capital	2,640.08
(b)	Other Equity	35,633.70
	Sub-Total (3)	38,273.78
	Total Liabilities and Equity (1+2+3)	295,483.45

See accompanying notes to the Financial Results:



Notes:

1 The Company adopted Ind AS from 01.04.2018 and the effective date of transition was 01.04.2017. Accordingly, the above 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 (collectively referred to as “previous GAAP”). The impact of transition has been accounted for in the opening reserves as at 01.04.2017. Results for the corresponding period prepared under previous GAAP have been duly restated to Ind AS.

As required under SEBI (LODR) regulations, the above results have been prepared on the basis of format contained in Division III of Schedule III to Companies Act, 2013 notified by MCA on 11.10.2018 and corresponding comparative figures presented in these results have been regrouped / reclassified in order to conform to current period presentation.

These financial results have been drawn up on the basis of Ind AS applicable to the Company as at 30.09.2018. Any application guidance / directions issued by RBI or other regulators are adopted / implemented as and when issued.

2 The above financial results have been reviewed & recommended by the Audit Committee and approved by the Board of Directors in their respective meetings held on 02.11.2018. 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.

3 The net profit reconciliation between the figures reported under previous GAAP and Ind AS is as under :

Particulars	Quarter ended 30.09.2017 (₹ in Crore)	Half year ended 30.09.2017 (₹ in Crore)
Net profit after tax as reported under Previous GAAP	1,886.59	3,315.18
Adjustments related to:		
Effective Interest Rate (EIR) / Income on loan assets classified at Amortised Cost	(261.12)	(412.95)
Effective Interest Rate (EIR) on Borrowings classified at Amortised Cost	(8.39)	(16.06)
Derivatives (Forward contracts earlier governed through AS 11)	(12.09)	(32.75)
Impairment Allowance	(560.60)	(1,263.49)
Others	(174.61)	(9.50)
Deferred Tax Impact (DTA / DTL) on above	164.98	236.58
DTA on amount of accumulated Impairment allowance in excess of Reserve for Bad & Doubtful Debts	191.15	531.33
Total of adjustments	(660.68)	(966.84)
Net profit after tax as per Ind AS	1,225.91	2,348.34
Other comprehensive income, net of tax	(41.63)	(125.23)
Total comprehensive income (net of tax) as per Ind AS	1,184.28	2,223.11

4 Company had taken up the matter with RBI w.r.t. applicability of accounting treatment flowing from RBI Master Directions applicable to the Company. 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.

Cumulative impairment allowance (on Credit impaired loans, other loans and receivables) stands at ₹ 17,169.41 crore as at 30.09.2018 including additional accumulated Impairment allowance (in excess of ECL assessment) of ₹ 1,402.10 crore.

Details of credit impaired Loan Assets and provision maintained thereon is as under: (Amount in ₹ crore)


Particulars	As at 30.09.2018
Credit Impaired Loan Assets	28,286.51
Impairment Allowance Maintained	14,445.87
Impairment Allowance Coverage (%)	51.07%



5	As a matter of prudence, income on credit impaired loan assets is recognised only when expected realisation is higher than the loan amount outstanding.										
6	<p>Details as required under Regulation 52 (4) of SEBI (LODR) Regulations, 2015:</p> <table border="1"> <thead> <tr> <th>Particulars</th> <th>30.09.2018</th> </tr> </thead> <tbody> <tr> <td>(i) Debt Equity Ratio</td> <td>6.57</td> </tr> <tr> <td>(ii) Outstanding Redeemable Preference Shares</td> <td>-</td> </tr> <tr> <td>(iii) Debenture Redemption Reserve (₹ in crore)</td> <td>1,870.50</td> </tr> <tr> <td>(iv) Net Worth (₹ in crore)</td> <td>38,273.78</td> </tr> </tbody> </table> <p>(v) Ratings assigned by domestic rating agencies, for Company's long term domestic borrowing programme (including bank loans) continue to be the highest rating of CRISIL AAA, ICRA AAA and CARE AAA by CRISIL, ICRA and CARE respectively. The Company's short term domestic borrowing programme (including bank loans) continue to have the highest rating of CRISIL A1+, ICRA A1+ and CARE A1+ by CRISIL, ICRA and CARE respectively.</p> <p>The foreign currency issuer ratings assigned to the Company by international credit rating agencies Moody's, Fitch and Standard and Poor's continue to be Baa3, BBB- and BBB- respectively. There has been no change in the credit rating during the half year ended 30.09.2018.</p> <p>(vi) The Company has been raising funds through various instruments including series of non-convertible bond issues. During the quarter and half year ended 30.09.2018, the Company has not defaulted in servicing of its borrowings. As regards non-convertible Rupee denominated bonds, the previous due date for payment of principal and interest was 20.09.2018 and 26.09.2018 respectively.</p>	Particulars	30.09.2018	(i) Debt Equity Ratio	6.57	(ii) Outstanding Redeemable Preference Shares	-	(iii) Debenture Redemption Reserve (₹ in crore)	1,870.50	(iv) Net Worth (₹ in crore)	38,273.78
Particulars	30.09.2018										
(i) Debt Equity Ratio	6.57										
(ii) Outstanding Redeemable Preference Shares	-										
(iii) Debenture Redemption Reserve (₹ in crore)	1,870.50										
(iv) Net Worth (₹ in crore)	38,273.78										
7	During the current quarter, 'OBRA-C Badaun Transmission Limited' has been incorporated as a wholly owned subsidiary of PFCCL (a wholly owned subsidiary of the Company).										
8	For all the secured bonds issued by the Company and outstanding as at 30.09.2018, 100% security cover has been maintained by way of mortgage on specified immovable properties and/or charge on the receivables of the Company.										
9	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.										
10	Figures have been rounded off to the nearest crore of rupees with two decimals.										

PLACE: NEW DELHI
DATE: 02.11.2018




RAJEEV SHARMA
Chairman & Managing Director
DIN – 00973413