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K. B. Chandna & Co.
Chartered Accountants,
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New Delhi – 110049
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Independent Auditor's Report on Quarterly Financial Results and Year to Date Results of the Company Pursuant to the SEBI (Listing Obligations and Disclosure requirement) Regulations 2015

To

Board of Directors of Power Finance Corporation Limited

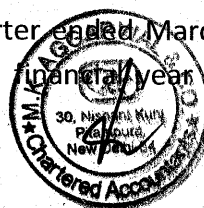
We have audited the accompanying Standalone Financial Results of **Power Finance Corporation Limited** (the 'Company') for the year ended March 31, 2017 (the 'Financial Results'), being submitted by the company pursuant to the requirement of Regulation 33 and Regulation 52 read with Regulation 63(2) of the SEBI (Listing Obligations and Disclosure requirement) Regulations 2015. These Financial Results, which are the responsibility of the Company's management and approved by the Board of directors, have been prepared on the basis of related financial statements which is in accordance with the recognition and measurement principles laid down in Accounting Standards prescribed under section 133 of the Companies Act, 2013 read with relevant rules issued thereunder, as applicable and other accounting principles generally accepted in India. Our responsibility is to express an opinion on these Financial Results.

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 Results are free of material misstatement(s). An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in Financial Results. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the management, as well as evaluating the overall presentation of the Financial Results. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

In our opinion and to the best of our information and according to the explanations given to us, the Financial Results:

- (i) are presented in accordance with the requirements of Regulation 33 and regulation 52 read with Regulation 63(2) of the SEBI (Listing Obligations and Disclosure requirement) Regulations 2015; and
- (ii) give a true and fair view of the net profit and other financial information for the year to date results for the period from April 1, 2016 to March 31, 2017.

The Financial Results include the results for the quarter ended March 31, 2017 being the balancing figure between audited figures in respect of the full financial year and the published year to date



unaudited figures up to the third quarter of the current financial year which were subject to limited reviewed by us in terms of our report dated February 13, 2017.

EMPHASIS OF MATTER

We draw attention to the following matters in the notes to financial results:

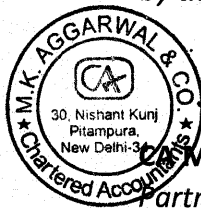
- (a) Note no. 3 (A) of financial results, regarding adoption of Reserve Bank of India Prudential Norms on restructuring as against MoP approved norms, resulting in higher provision by ₹ 3,427.18 crore and reversal of income by ₹ 527.37 crore during the year on state sector loans.
- (b) Note no. 7 of financial results, regarding income reversal of ₹ 413.03 crore remaining unrealised, in case of a restructured loan asset categorised as standard in view of ad-interim stay taken by the borrower from Hon'ble High Court of Madras.
- (c) Note no. 5 of financial results, whereby income of ₹ 178.15 crore has been recognized during the year due to change in accounting policy on derivative contracts.

FOR M.K. AGGARWAL & CO.

Chartered Accountants

Firm's Registration No.: 01411N

by the hand of



M.K. Aggarwal
M.K. AGGARWAL

Partner

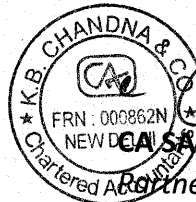
Membership No.014956

FOR K. B. CHANDNA & CO.

Chartered Accountants

Firm's Registration No.: 00862N

by the hand of



K.B. Chandna
CA SANJEEV CHANDNA

Partner

Membership No.087354

Date: 29.05.2017

Place: New Delhi

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Independent Auditor's Report on Year to Date Consolidated Financial Results of the Company Pursuant to the SEBI (Listing Obligations and Disclosure requirement) Regulations 2015

To
Board of Directors of Power Finance Corporation Limited

We have audited the accompanying Consolidated Financial Results of **Power Finance Corporation Limited** (the 'Company') for the year ended March 31, 2017 (the 'Financial Results'), 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 requirement) Regulations 2015. These Financial Results, which are the responsibility of the Company's management and approved by the Board of directors, have been prepared on the basis of related financial statements which is in accordance with the recognition and measurement principles laid down in Accounting Standards prescribed under section 133 of the Companies Act, 2013 read with relevant rules issued thereunder, as applicable and other accounting principles generally accepted in India. Our responsibility is to express an opinion on these Financial Results.

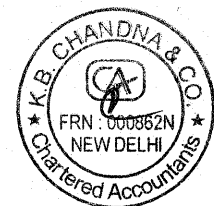
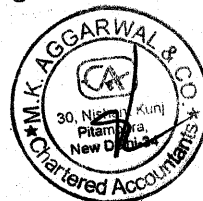
We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Financial Results are free of material misstatement(s). An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in Financial Results. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the management, as well as evaluating the overall presentation of the Financial Results. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We did not audit the financial statements of four subsidiaries and one Joint Venture entity included in the year to date consolidated financial results, whose financial statements reflect total assets of ₹ 1775.56 crore as at March 31, 2017 and total revenue of ₹ 596.46 crore for the year ended on that date. These financial statements and other financial information have been audited by other auditors, except in case of one of the joint venture whose financial statement has been certified by management, whose report(s) have been furnished to us, and our opinion on the year to date consolidated financial results, to the extent they have been derived from such financial statements is based solely on the report of such other auditors and certification of management in the case of one of the Joint Venture.

In our opinion and to the best of our information and according to the explanations given to us, these consolidated financial year to date results:

i. include the year to date financial results of the following entities:

- PFC Consulting Limited
- PFC Green Energy Limited



- PFC Capital Advisory Services Limited
- Power Equity Capital Advisors Private Limited
- Energy Efficiency Services Limited

- ii. have been presented in accordance with the requirements of Regulation 33 and regulation 52 read with Regulation 63(2) of the SEBI (Listing Obligations and Disclosure requirement) Regulations 2015; and
- iii. give a true and fair view of the consolidated net profit and other financial information for the consolidated year to date results for the period from April 1, 2016 to March 31, 2017.

EMPHASIS OF MATTER

We draw attention to the following matters in the notes to financial results:

- (a) Note no. 3 (A) of financial, results regarding adoption of Reserve Bank of India Prudential Norms on restructuring as against MoP approved norms, resulting in higher provision by ₹ 3,427.18 crore and reversal of income by ₹ 527.37 crore during the year on state sector loans.
- (b) Note no. 7 of financial results, regarding income reversal of ₹ 413.03 crore remaining unrealised, in case of a restructured loan asset categorised as standard in view of ad-interim stay taken by the borrower from Hon'ble High Court of Madras.
- (c) Note no. 5 of financial results, whereby income of ₹ 178.15 crore has been recognized during the year due to change in accounting policy on derivative contracts.

Our opinion is not modified in respect of above matters.

FOR M.K. AGGARWAL & CO.

Chartered Accountants

Firm's Registration No.: 01411N

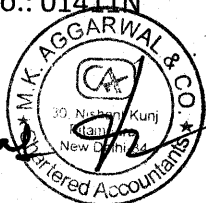
by the hand of

M. Aggarwal

CA M.K. AGGARWAL

Partner

Membership No.014956



FOR K. B. CHANDNA & CO.

Chartered Accountants

Firm's Registration No.: 00862N

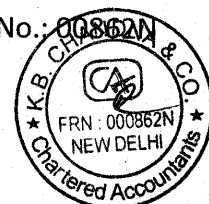
by the hand of

S. Chandna

CA SANJEEV CHANDNA

Partner

Membership No.087354



Date: 29.05.2017

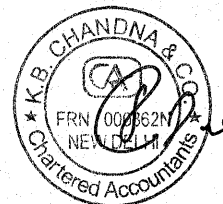
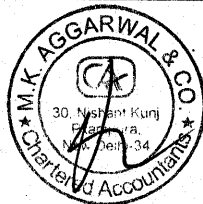
Place: New Delhi

POWER FINANCE CORPORATION LIMITED

CIN L65910DL1986GOI024862

PART I : STATEMENT OF STANDALONE AND CONSOLIDATED FINANCIAL RESULTS FOR THE PERIOD ENDED 31st MARCH, 2017

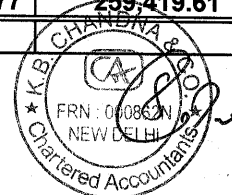
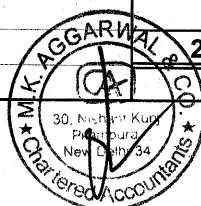
		STANDALONE QUARTER ENDED			STANDALONE YEAR ENDED		CONSOLIDATED YEAR ENDED	
Description		31-03-2017	31-12-2016	31-03-2016	31-03-2017	31-03-2016	31-03-2017	31-03-2016
		(Audited)	(Un-Audited)	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)
(₹ in crore)								
I.	Revenue from Operations							
	Interest	5,513.77	6,827.36	6,608.14	26,270.08	27,079.44	26,333.11	27,099.83
	Consultancy / Advisory Services	0.00	0.00	0.00	0.00	0.00	181.44	262.52
	Other Operating Income	20.48	43.48	8.04	129.81	118.38	457.21	136.21
	Other Financial Services	137.82	139.33	88.81	316.34	275.83	318.10	281.65
II.	Other Income	125.00	52.91	82.00	302.34	90.66	321.43	105.56
III.	Total Income (I + II)	5,797.07	7,063.08	6,786.99	27,018.57	27,564.31	27,611.29	27,885.77
IV.	Expenses							
	Finance Costs	4,099.44	4,061.68	4,179.69	16,432.69	16,473.81	16,767.64	16,645.38
	Bond Issue Expenses	8.96	3.29	6.90	26.58	33.44	26.58	33.44
	Employee Benefit Expenses	34.43	28.90	21.43	114.97	90.37	133.24	106.63
	Provisions	4,479.33	120.14	537.29	5,101.08	1,609.32	5,112.33	1,610.16
	Provision for decline in value of investments	19.51	0.00	56.07	(7.51)	96.26	(7.41)	96.26
	Depreciation and Amortization expenses	1.64	1.39	1.74	5.56	6.17	40.82	20.08
	CSR Expenses	0.00	0.00	0.00	166.15	145.79	167.64	146.81
	Other Expenses	16.60	27.73	14.06	67.79	50.62	105.29	61.97
	Prior Period Items (Net)	0.39	0.65	0.03	1.47	(2.13)	1.47	(2.06)
	Total Expenses	8,660.30	4,243.78	4,817.21	21,908.78	18,503.65	22,347.60	18,718.67
V.	Profit before exceptional and extraordinary items and tax (III-IV)	(2,863.23)	2,819.30	1,969.78	5,109.79	9,060.66	5,263.69	9,167.10
VI.	Exceptional Items	0.00	0.00	0.00	0.00	0.00	0.00	0.00
VII.	Profit before extraordinary items and tax (V-VI)	(2,863.23)	2,819.30	1,969.78	5,109.79	9,060.66	5,263.69	9,167.10
VIII.	Extraordinary Items	0.00	0.00	0.00	0.00	0.00	0.00	0.00
IX.	Profit Before Tax (VII-VIII)	(2,863.23)	2,819.30	1,969.78	5,109.79	9,060.66	5,263.69	9,167.10
X.	Tax Expenses							
	(1) Current Tax							
	Current Year	656.59	965.02	677.04	3,074.39	2,822.26	3,121.71	2,857.89
	Earlier Years	13.03	(13.09)	12.54	(0.09)	12.11	(0.47)	12.11
	(2) Deferred Tax Liability(+)/ Asset(-)	(123.36)	(82.54)	20.55	(90.90)	112.81	(93.65)	113.10
XI.	Profit (Loss) for the period from continuing operations (IX-X)	(3,409.49)	1,949.91	1,259.65	2,126.39	6,113.48	2,236.10	6,184.00
XII.	Earnings per equity share of par value of ₹ 10/- each							
	(1) Basic (₹)	(12.92)	7.39	4.77	8.05	23.16	8.47	23.43
	(2) Diluted (₹)	(12.92)	7.39	4.77	8.05	23.16	8.47	23.43



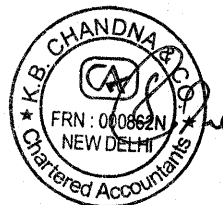
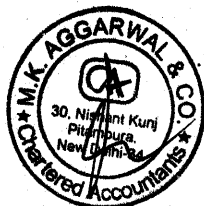
PART II : STATEMENT OF ASSETS & LIABILITIES AS ON 31st MARCH, 2017

(₹ in crore)

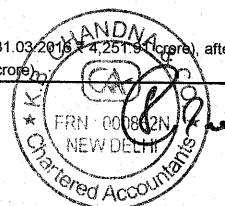
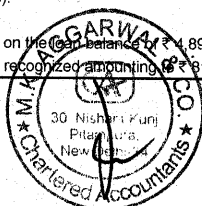
Description	STANDALONE YEAR ENDED		CONSOLIDATED YEAR ENDED	
	31-03-2017	31-03-2016	31-03-2017	31-03-2016
	(Audited)	(Audited)	(Audited)	(Audited)
A EQUITY AND LIABILITIES				
(1) Shareholders' Funds				
(i) Share Capital	2,640.08	1,320.04	2,640.08	1,320.04
(ii) Reserves & Surplus	33,830.13	34,445.99	34,204.83	34,708.27
	36,470.21	35,766.03	36,844.91	36,028.31
(2) Non-Current Liabilities				
(i) Long Term Borrowing	174,841.36	172,549.70	175,103.36	172,614.57
(ii) Deferred Tax Liabilities (Net)	250.51	302.06	247.55	301.96
(iii) Other Long Term Liabilities	6,142.58	548.75	6,143.07	548.85
(iv) Long Term Provisions	2,544.96	1,229.28	2,549.29	1,230.59
	183,779.41	174,629.79	184,043.27	174,695.97
(3) Current Liabilities				
(i) Short -Term Borrowing	2,400.79	7,571.57	2,543.48	7,571.57
(ii) Current Maturity of Long Term Borrowing	25,345.89	20,363.17	25,345.90	20,474.00
(iii) Other Short Term Liabilities	8,420.17	7,500.77	8,592.95	7,564.86
(iv) Trade Payables	0.00	0.00	120.55	69.65
(v) Short Term Provisions	1,927.11	805.44	1,928.55	815.39
	38,093.96	36,240.95	38,531.43	36,495.47
Total	258,343.58	246,636.77	259,419.61	247,219.75
B ASSETS				
(1) Non-Current Assets				
(i) Fixed Assets				
a) Tangible Assets (Net)	61.88	62.56	295.16	197.02
b) Intangible Assets (Net)	0.69	1.35	1.22	1.46
c) Intangible Assets under Development	0.00	0.16	105.44	46.63
(ii) Non-Current Investments	2,265.60	2,266.73	1,819.64	1,819.23
(iii) Long Term Loans	200,333.01	200,036.08	200,938.25	200,380.71
(iv) Other Non-Current Assets	5,450.62	314.98	5,602.37	375.51
	208,111.80	202,681.86	208,762.08	202,820.56
(2) Current Assets				
(i) Current Investments	1,325.53	410.74	1,325.53	410.74
(ii) Cash and Bank Balances	3,573.15	78.45	3,799.82	301.55
(iii) Trade Receivables	0.00	0.00	279.56	111.21
(iv) Short Term Loans	5,959.20	3,803.96	5,902.90	3,792.38
(v) Current Maturity of Long Term Loans	33,876.81	33,622.15	33,704.77	33,634.42
(vi) Other Current Assets	5,497.09	6,039.61	5,644.95	6,148.89
	50,231.78	43,954.91	50,657.53	44,399.19
Total	258,343.58	246,636.77	259,419.61	247,219.75



1	<p>The above financial results for the quarter and year ended 31.03.2017 prepared in accordance with Companies (Accounting Standards) Rules, 2006 have been reviewed and recommended by the Audit Committee of Directors and approved by the Board of Directors in their respective meetings held on 29.05.2017. The same have been audited by Joint Statutory Auditors M/s K B Chandna & Co., Chartered Accountants and M/s M K Aggarwal & Co., Chartered Accountants.</p> <p>A. Asset classification and Provisioning:</p> <p>1) The Company has aligned with RBI Prudential norms during the year, contained in RBI's "Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016" as amended from time to time read with specific directions mentioned below:</p> <p>(a) Assets classification norms in line with RBI's letter dated 03.10.2016:</p> <p>i. loan assets (excluding lease asset) outstanding as at 31.03.2017 and overdue for 4 months or more is classified as Non-Performing Asset (NPA) and classification during the year is based on prevailing norm of overdue for 5 months or more,</p> <p>ii. NPA as at 31.03.2017 for a period not exceeding 14 months is classified as Sub-standard asset and classification during the year is based on prevailing norm of NPA for a period not exceeding 16 months, and</p> <p>iii. NPA as at 31.03.2017 for a period exceeding 14 months is classified as Doubtful asset and classification during the year is based on prevailing norm of NPA for a period exceeding 16 months.</p> <p>(b) Restructuring norms:</p> <p>(i) In line with RBI's letter dated 11.06.2014, Transmission & Distribution, Renovation & Modernization and Life Extension projects and also the hydro projects in Himalayan region or affected by natural disasters are regulated by the restructuring norms approved by MoP till 31.03.2017. Accordingly, with effect from 01.04.2017, RBI restructuring norms will be applied for any future restructuring undertaken in these loans.</p> <p>2) Further, RBI vide letter dated 11.06.2014 has directed that for new project loans to generating companies restructured w.e.f. 01.04.2015, the provisioning requirement would be 5% and for stock of such outstanding loans as on 31.03.2015 to all generating companies, provisioning shall commence with a provision of 2.75% with effect from 31.03.2015 and reaching 5% by 31.03.2018.</p> <p>(ii) As regard implementation of RBI restructuring norms (shifting from MoP, GoI approved restructuring norms), based on the various correspondence exchanged, RBI in letter dated 11.04.2017 has stated that in case of a Govt. Sector account, if the project has not commenced commercial operation within DCCO envisaged at the time of financial closure (or revised DCCO within the permissible thresholds as given in RBI Norms for Restructured Advances), the classification is to be done project-wise instead of borrower-wise till 31.03.2022.</p> <p>2) a) The Company has been applying RBI restructuring norms on new generation loans sanctioned w.e.f. 01.04.2015 (Before 01.04.2015, MoP, GoI approved restructuring norms were applicable).</p> <p>b) After receipt of RBI letter dated 11.04.2017, Company has adopted RBI restructuring norms on remaining loans (other than loans as stated at 2 A (b) (i) above). In generation loans sanctioned before 31.03.2015 and where restructuring has been done w.e.f. 01.04.2015, the asset classification has been given effect on 31.03.2017 as per RBI norms with consequent provisioning.</p> <p>B. Credit Concentration Norms</p> <p>For credit concentration norms, RBI vide its letter dated 16.06.2016, has extended exemption in respect of exposure to Central / State Government entities till 31.03.2022. Thus, the Company continues to follow MoP approved credit concentration norms for Central / State Government entities.</p>
3 (A)	<p>Pursuant to adoption of RBI's restructuring norms during the year (shifting from MoP, GoI approved restructuring norms) and consequent change in Accounting Policy, in respect of loans to state sector regular in servicing having no overdues as on 31.03.2017:</p> <p>a) Company has categorised standard assets amounting to ₹ 35,994.70 crore as restructured standard assets. The provision on such loans has been increased from 0.35% to 4.25%. Thus, profit before tax for the quarter and year ended 31.03.2017 has decreased by ₹ 1,403.79 crore.</p> <p>b) Company has classified two loan assets as NPA having amount outstanding of ₹ 8,284.47 crore as on 31.03.2017, which achieved DCCO on or before 31.03.2017 after 2/3/4 years from original DCCO (as permitted under norms). During the year, un-realised income on these loans amounting to ₹ 163.71 crore has been reversed and additional provision of ₹ 799.45 crore has been made on such loans. Thus, profit before tax for the quarter and year ended 31.03.2017 has decreased by ₹ 963.16 crore.</p> <p>c) Company has classified three loan assets as NPA having amount outstanding of ₹ 4,157.28 crore as on 31.03.2017, which by year ended 31.03.2017 could not achieve date of commencement of commercial operation (DCCO) within 2/3/4 years from original DCCO (as permitted under norms). During the year, un-realised income on these loans amounting to ₹ 103.04 crore has been reversed and additional provision of ₹ 401.18 crore has been made on such loans. Thus, profit before tax for the quarter and year ended 31.03.2017 has decreased by ₹ 504.22 crore.</p> <p>d) Company has classified one loan asset as NPA having amount outstanding of ₹ 5,793.83 crore as on 31.03.2017, which was restructured after achievement of DCCO. During the quarter and year ended 31.03.2017, un-realised income on this loan amounting to ₹ 142.03 crore has been reversed and additional provision of ₹ 333.14 crore has been made on this loan. Further, in accordance with borrower-wise asset classification norms, other loans to the same borrower have also been classified as NPA. Hence, un-realised income on such other loans amounting to ₹ 118.59 crore has been reversed and additional provision of ₹ 489.62 crore has been made on such other loans having amount outstanding of ₹ 5,073.73 crore as on 31.03.2017. Thus, profit before tax for the quarter and year ended 31.03.2017 has decreased by ₹ 1,083.38 crore.</p> <p>The profit before tax for the quarter and year ended 31.03.2017 has decreased by ₹ 3,954.55 crore on account of Para (a) to (d) above.</p>



3 (B)	<p>Accordingly, details of Provisions under the head Expenses at (IV) above (including as mentioned at 3 (A) above) is as under:</p> <p>(i) Non-performing asset provision of ₹ 3,438.13 crore for the current quarter and ₹ 3,913.63 crore for the year ended 31.03.2017 (corresponding previous quarter and year ₹ 641.70 crore and ₹ 933.70 crore respectively). Gross Non-performing assets as at 31.03.2017 amount to ₹ 30,718.61 crore (as at 31.03.2016 ₹ 7,520.21 crore),</p> <p>(ii) Standard Assets provision of ₹ (119.57) crore for the current quarter and ₹ (39.57) crore for the year ended 31.03.2017 (corresponding previous quarter and year ₹ (207.41) crore and ₹ 110.85 crore respectively), on the outstanding balance of standard assets, and</p> <p>(iii) Restructured Standard Assets provision of ₹ 1,160.76 crore for the current quarter and ₹ 1,227.03 crore for the year ended 31.03.2017 (corresponding previous quarter and year ₹ 103.00 crore and ₹ 564.77 crore respectively). The qualifying Restructuring / Reschedulement / Renegotiation (R/R/R) loans outstanding as at 31.03.2017 amount to ₹ 19,445.92 crore in Private sector and ₹ 35,994.70 crore in Govt. Sector (as at 31.03.2016 ₹ 21,479.20 crore in Private sector and ₹ 10,783.78 crore in Govt. Sector).</p> <p>As regards provision on Standard Assets as per RBI norms, the accounting policy for the current year has been changed in quarter ended 30.06.2016 which requires provision enhancement from 0.30% on 31.03.2016 to 0.35% by 31.03.2017. Accordingly, provision for the quarter and year ended 31.03.2017 has been made on pro-rata basis. Due to this change in the accounting policy, profit before tax for the current quarter and year has decreased by ₹ 4.42 crore and ₹ 79.69 crore respectively.</p> <p>As regards R/R/R loans on which restructuring provisioning as per RBI norms is applicable, the accounting policy for the current year has been changed in quarter ended 30.06.2016 which requires provision enhancement from 3.50% on 31.03.2016 to 4.25% by 31.03.2017. Accordingly, provision for the quarter and year ended 31.03.2017 has been made on pro-rata basis. Due to this change in the accounting policy, profit before tax for the current quarter and year has decreased by ₹ 250.27 crore and ₹ 415.80 crore respectively.</p>
4	<p>Due to alignment of accounting policy with RBI prudential norms w.e.f. 01.04.2016:</p> <p>(i) valuation of Quoted Current Investments has been made category-wise against the earlier policy of scrip-wise valuation. Due to this change in the accounting policy, profit before tax for the current quarter and year has increased by ₹ 10.26 crore and ₹ 92.06 crore respectively;</p> <p>(ii) policy of classifying a loan asset as a loss asset on becoming 'Doubtful for more than 3 years' with 100% NPA provision applicable up to 31.03.2016 stands replaced with continuation of asset classification as Doubtful instead of loss asset, with NPA provision @ 50%. Accordingly, in accordance with RBI norms, on loan accounts, which became due for classification as 'doubtful for more than three years' during the current year, provision has been made. Due to this change in the accounting policy, profit before tax for the current quarter has been decreased by ₹ 43.82 crore and for the year has increased by ₹ 707.80 crore.</p>
5	<p>During the year ended 31.03.2017, Company has amended the accounting policy for accounting for derivative contracts in order to align it with the 'Guidance Note on Accounting for Derivative Contracts' issued by The Institute of Chartered Accountants of India which has become applicable from 01.04.2016. The said Guidance Note require derivative contracts to be accounted either on fair value basis or as per hedge accounting and the Company has opted for accounting on fair value basis.</p> <p>Accordingly, Derivative contracts not covered by AS-11 but covered under Guidance Note are measured at fair value with changes in fair value being recognized in the Statement of Profit & Loss. In accordance with the transitional provisions mentioned in the Guidance Note, an amount of ₹ 74.35 crore (net of Deferred Tax Liability of ₹ 39.35 crore) has been adjusted in the opening balance of reserves, representing the cumulative impact of change in the fair value (gain) of the interest rate swaps till 31.03.2016 net of amount accrued. Thereafter, further fair value gain (net) on interest rate swaps has been booked to the Statement of Profit & Loss. Due to this change in the accounting policy, profit before tax for the current quarter has decreased by ₹ 85.62 crore and for the year has increased by ₹ 178.15 crore.</p>
6	<p>In case of a borrower which was classified as a doubtful loan asset, the Company invoked the pledge of equity shares. Accordingly, 6,57,46,779 number of equity shares of ₹ 10/- each pledged by the promoters have been transferred to the Company on 01.06.2016. These equity shares have been recognised at a value of ₹ 1/-.</p> <p>Further, 6,61,00,000 number of equity shares of ₹ 10/- each have been allotted to the Company on 01.06.2016 on partial conversion of sub-debt loan given earlier to the extent of ₹ 66.10 crore. Subsequent to inclusion of Accounting Policy on valuation of such equity shares converted from debt, a provision for diminution in value of these shares has been made. Carrying value of these equity shares as on 31.03.2017 amounts to ₹ 1.</p> <p>Due to this change in accounting policy, Profit before tax for the quarter & year ended 31.03.2017 has decreased by Nil & ₹ 46.27 crore respectively.</p>
7	<p>In case of a restructured loan asset, categorized as sub-standard by the Company on 15.04.2015, the borrower has obtained an ad-interim stay on further proceedings from Hon'ble High Court of Madras vide order dated 17.06.2015.</p> <p>The Company had sought a legal opinion with respect to asset classification, based on which, the loan asset was re-classified from restructured sub-standard to restructured standard asset and the NPA provision amounting to ₹ 339.99 crore made till the date of reclassification was reversed during the previous year.</p> <p>The matter is sub-judice and ad-interim stay is continuing. Based on the subsequent legal opinion sought, the Company maintained asset classification as standard as on 31.03.2016 and continues the same in the current year also amid further progress in the project.</p> <p>On 30.06.2016, the Company has moved petition for vacating the order of ad-interim stay. The said petition is pending for hearing.</p> <p>Subsequent to reclassification of the said account in the previous year,</p> <p>(i) interest / income of ₹ 413.03 crore accrued and remaining unrealised as on 31.03.2017 has been reversed.</p> <p>(ii) provision, as applicable based on the existing asset classification as restructured standard asset, has been made which stands at ₹ 163.17 crore as on 31.03.2017 (as on 31.03.2016 ₹ 148.82 crore).</p> <p>(iii) provision treating the account as doubtful, on the loan balance of ₹ 4,893.39 crore as on 31.03.2017 (as at 31.03.2016 ₹ 4,251.81 crore), after considering the provision as stated at (ii) above, has not been recognized amounting to ₹ 615.50 crore (previous year ₹ 276.37 crore).</p>



- 8 In case of a borrower, the Company has converted its debt into equity under approved Strategic Debt Restructuring (SDR) package and 27,50,00,000 number of equity shares of ₹ 10/- each have been allotted to the Company on 23.02.2017. As at 31.03.2017, provision for diminution in value of investment works out to ₹ 81.95 crore. Company has opted to distribute the provision over four calendar quarters in accordance with RBI's SDR norms. Accordingly, a provision for diminution in value of investment of ₹ 20.49 crore has been provided in the quarter and year ended 31.03.2017. As at 31.03.2017, Company holds 4.81% of paid-up equity share capital of the borrower.
- 9 The Company amortizes exchange differences on long term foreign currency monetary items over their tenure. Consequently, as at 31.03.2017 the unamortized debit balance under Foreign Currency Monetary Item Translation Difference Account (FCMITDA) is ₹ 647.56 crore (as at 31.03.2016 debit balance of ₹ 739.74 crore).
- 10 As per Section 135 of the Companies Act, 2013 read with guidelines issued by DPE, the Company is required to spend, in every financial year, at least two percent of the average net Profit before Tax (PBT) of the Company earned during the three immediately preceding financial years in accordance with its CSR policy. Accordingly, during the year ended 31.03.2017, expenditure of ₹ 168.11 Crore (Previous year ₹ 157.93 Crore) has been incurred on Corporate Social Responsibility activities.
- 11 During the year, Government of India (Gol) has transferred 3,82,17,338 equity shares held in the Company to CPSE ETF (Central Public Sector Enterprises Exchange Traded Fund) account under DIPAM (Department of Investment and Public Asset Management) in connection with Further Fund Offer (FFO) of CPSE ETF Mutual Fund scheme. Shareholding of Gol in the Company has come down from 67.80% to 66.35% of the paid up equity capital.

Details as required under Regulation 52 (4) of SEBI (LODR) Regulations, 2015:

Particulars	31-03-2017	31-03-2016
(i) Debt Equity Ratio	5.55	5.61
(ii) Outstanding Redeemable Preference Shares	0.00	0.00
(iii) Debenture Redemption Reserve (₹ in crore)	1,434.17	1,172.55
(iv) Net Worth (₹ in crore)	36,470.21	35,766.03

12 (v) Ratings assigned by domestic rating agencies during the year, for Company's long term domestic borrowing programme (including bank loans) were 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) was awarded the highest rating of CRISIL A1+, ICRA A1+ and CARE A1+ by CRISIL, ICRA and CARE respectively. During the year, the international credit rating agencies Moody's, Fitch and Standard and Poor's have given to Company, long term currency issuer ratings of Baa3, BBB- and BBB- respectively, which are at par with sovereign rating for India.

There has been no change in the credit rating during the year.

(vi) The Company raises funds through various instruments including series of non-convertible bond issues. During the year, the Company has not defaulted in servicing of its borrowings. As regards non-convertible Rupee denominated bonds, the previous due date for payment of interest and principal was 31.03.2017.

13 For all the secured bonds issued by the Company and outstanding as at 31.03.2017, 100% security cover has been maintained by way of mortgage on specified immovable properties and/or charge on the receivables of the Company.

- 14 A. During the current quarter, following 3 subsidiaries of PFC Consulting Ltd (wholly owned subsidiary of PFC) have been incorporated:
- i) Goa - Tamnar Transmission Limited
 - ii) Shongtong Karcham - Wangtoo Transmission Limited
 - iii) Bijawar - Vidhrbha Transmission Limited
- B. During the current quarter, following 2 subsidiaries of PFC Consulting Ltd have been transferred to successful bidders
- i) Kohima-Mariani Transmission Limited
 - ii) Medinipur-Jeerat Transmission Limited

15 Board of Directors of NPEL (erstwhile JV of the Company) had approved a plan of Voluntary Liquidation with effect from 28.10.2014. The Voluntary winding up of NPEL has been completed on 26.07.2016. The Company has received ₹ 1.21 crore in July 2016 as final settlement from NPEL's liquidator. Accordingly, during the year, accumulated provision ₹ 0.98 crore has been reversed and loss on disposal of investments of ₹ 0.98 crore has been recognised.

16 The identification of business segment is done in accordance with the system adopted for internal financial reporting to the Board of Directors and management structure. The Company's primary business is to provide finance for power sector which in the context of Accounting Standard - 17 is considered the only primary business segment. Hence, no segmental reporting is required.

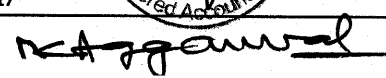
17 Consolidated financial year to date results of the Company include the financial year to date audited results of PFC Consulting Ltd, PFC Green Energy Ltd, PFC Capital Advisory Services Ltd, Power Equity Capital Advisors Pvt. Ltd (wholly owned subsidiaries) and unaudited results of Energy Efficiency Services Ltd (Joint Venture entity).

18 Consequent upon the issue of bonus shares in the ratio of one equity share of ₹ 10/- each for one equity share of ₹ 10/- each during quarter ended 30.09.2016, Earning Per Share (EPS) (basic and diluted) have been adjusted for all previous periods presented.

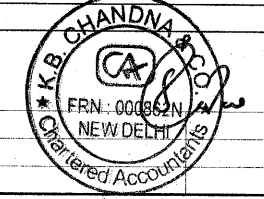
19 Figures for the quarter ended 31.03.2017 & 31.03.2016 are the balancing figures between audited figures for the year ended 31.03.2017 & 31.03.2016 and unaudited figures for the nine months ended 31.12.2016 & 31.12.2015 respectively.

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

21 Figures for the previous period have been regrouped / reclassified wherever necessary, to confirm to current period classification.



M.K. AGGARWAL & CO
30, Nishara Kunj
Pitampura
New Delhi-110034
Chartered Accountants



K.B. CHANDNA & CO
FRN: 000862N
NEW DELHI
Chartered Accountants

RANEEV SHARMA
Chairman & Managing Director
DIN - 00973413

Place : New Delhi
Date : 29.05.2017

POWER FINANCE CORPORATION LIMITED

URJANIDHI, 1, BARAKHAMBA LANE, CONNAUGHT PLACE, NEW DELHI. Website: <http://www.pfcindia.com>

CIN L65910DL1986GOI024862

EXTRACT OF STATEMENT OF STANDALONE AND CONSOLIDATED FINANCIAL RESULTS FOR THE PERIOD ENDED 31st MARCH, 2017

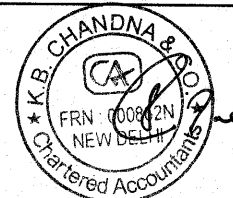
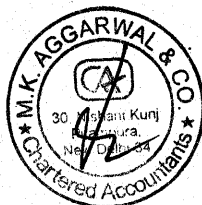
(₹ in Crore)

Sl. No.	PARTICULARS	STANDALONE				CONSOLIDATED	
		QUARTER ENDED		YEAR ENDED		YEAR ENDED	
		31-03-2017	31-03-2016	31-03-2017	31-03-2016	31-03-2017	31-03-2016
		(Audited)	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)
1)	Total Income from Operations	5,797.07	6,786.99	27,018.57	27,564.31	27,611.29	27,885.77
2)	Net Profit / (Loss) for the period (before Tax, Exceptional and/or Extraordinary items)	(2,863.23)	1,969.78	5,109.79	9,060.66	5,263.69	9,167.10
3)	Net Profit / (Loss) for the period before Tax (after Exceptional and/or Extraordinary items)	(2,863.23)	1,969.78	5,109.79	9,060.66	5,263.69	9,167.10
4)	Net Profit / (Loss) for the period after Tax (after Exceptional and/or Extraordinary items)	(3,409.49)	1,259.65	2,126.39	6,113.48	2,236.10	6,184.00
5)	Total Comprehensive Income for the period [Comprising Profit / (Loss) for the period (after tax) and Other Comprehensive Income (after tax)]	--	--	--	--	--	--
6)	Paid up Equity Share Capital (Face value of share is ₹ 10)	2,640.08	1,320.04	2,640.08	1,320.04	2,640.08	1,320.04
7)	Reserves excluding Revaluation reserves (As per audited balance Sheet as at 31st March)	--	--	33,830.13	34,445.99	34,204.83	34,708.27
8)	Net Worth	--	--	36,470.21	35,766.03	36,844.91	36,028.31
9)	Paid up Debt Capital*	--	--	190,910.67	172,339.16	191,069.22	172,339.16
10)	Outstanding Redeemable Preference Shares	--	--	--	--	--	--
11)	Debt Equity Ratio	--	--	5.55	5.61	5.51	5.57
12)	Earnings Per Share (EPS) (of ₹ 10/- each) (not annualised)						
	(a) Basic EPS (in ₹)	(12.92)	4.77	8.05	23.16	8.47	23.43
	(b) Diluted EPS (in ₹)	(12.92)	4.77	8.05	23.16	8.47	23.43
13)	Capital Redemption Reserve	--	--	--	--	--	--
14)	Debenture Redemption Reserve	--	--	1,434.17	1,172.55	1,448.71	1,172.55

* consists of Bonds / Debentures

Notes :

- The above is an extract of the detailed format of Quarterly & Annual Financial Results filed with the Stock Exchanges under Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The full format of the Quarterly & Annual Financial Results are available on the Stock Exchange website, www.nseindia.com and www.bseindia.com, and on the Company's website, www.pfcindia.com.
- Pursuant to alignment to RBI's restructuring norms during the year (shifting from Ministry of Power (MoP), Govt. of India (GoI) approved restructuring norms) and consequent change in Accounting Policy, in respect of loans to state sector, regular in servicing and no amount overdue as on 31.03.2017, Standard loan assets amounting to ₹ 35,994.70 crore have been recognized as restructured standard assets with additional provision amounting to ₹ 1,403.79 crore and Standard loan assets amounting to ₹ 23,309.30 crore have been recognized as sub-standard assets with additional provision amounting to ₹ 2,023.39 crore and unrealized income amounting to ₹ 527.37 crore have been reversed. Accordingly, the profit before tax for the current quarter and year has decreased by ₹ 3954.55 crore.
- In case of a borrower which was classified as a doubtful loan asset, the Company invoked the pledge of equity shares. Accordingly, 6,57,46,779 number of equity shares of ₹ 10/- each pledged by the promoters have been transferred to the Company on 01.06.2016. These equity shares have been recognised at a value of ₹ 1/-.
Further, 6,61,00,000 number of equity shares of ₹ 10/- each have been allotted to the Company on 01.06.2016 on partial conversion of sub-debt loan given earlier to the extent of ₹ 66.10 crore. Subsequent to inclusion of Accounting Policy on valuation of such equity shares converted from debt, a provision for diminution in value of these shares has been made. Carrying value of these equity shares as on 31.03.2017 amounts to ₹ 1.
Due to this change in accounting policy, Profit before tax for the current quarter and year has decreased by Nil and ₹ 46.27 crore respectively.



4	<p>Due to alignment of accounting policy with RBI prudential norms w.e.f. 01.04.2016:</p> <p>(i) valuation of Quoted Current Investments has been made category-wise against the earlier policy of scrip-wise valuation. Due to this change in the accounting policy, profit before tax for the current quarter and year has increased by ₹ 10.26 crore and ₹ 92.06 crore respectively;</p> <p>(ii) policy of classifying a loan asset as a loss asset on becoming 'Doubtful for more than 3 years' with 100% NPA provision applicable up to 31.03.2016 stands replaced with continuation of asset classification as Doubtful instead of loss asset, with NPA provision @ 50%. Accordingly, in accordance with RBI norms, on loan accounts, which became due for classification as 'doubtful for more than three years' during the current year, provision has been made. Due to this change in the accounting policy, profit before tax for the current quarter has been decreased by ₹ 43.82 crore and for the year has increased by ₹ 707.80 crore.</p>
5	<p>During the year ended 31.03.2017, Company has amended the accounting policy for accounting for derivative contracts in order to align it with the 'Guidance Note on Accounting for Derivative Contracts' issued by The Institute of Chartered Accountants of India which has become applicable from 01.04.2016. The said Guidance Note require derivative contracts to be accounted either on fair value basis or as per hedge accounting and the Company has opted for accounting on fair value basis.</p> <p>Accordingly, Derivative contracts not covered by AS-11 but covered under Guidance Note are measured at fair value with changes in fair value being recognized in the Statement of Profit & Loss. In accordance with the transitional provisions mentioned in the Guidance Note, an amount of ₹ 74.35 crore (net of Deferred Tax Liability of ₹ 39.35 crore) has been adjusted in the opening balance of reserves, representing the cumulative impact of change in the fair value (gain) of the interest rate swaps till 31.03.2016 net of amount accrued. Thereafter, further fair value gain (net) on interest rate swaps has been booked to the Statement of Profit & Loss. Due to this change in the accounting policy, profit before tax for the current quarter has decreased by ₹ 85.62 crore and for the year has increased by ₹ 178.15 crore.</p>
6	<p>As regards provision on Standard Assets as per RBI norms, the accounting policy for the current year has been changed in quarter ended 30.06.2016 which requires provision enhancement from 0.30% on 31.03.2016 to 0.35% by 31.03.2017. Accordingly, provision for the quarter and year ended 31.03.2017 has been made on pro-rata basis. Due to this change in the accounting policy, profit before tax for the current quarter and year has decreased by ₹ 4.42 crore and ₹ 79.69 crore respectively.</p> <p>As regards R/R/R loans on which restructuring provisioning as per RBI norms is applicable, the accounting policy for the current year has been changed in quarter ended 30.06.2016 which requires provision enhancement from 3.50% on 31.03.2016 to 4.25% by 31.03.2017. Accordingly, provision for the quarter and year ended 31.03.2017 has been made on pro-rata basis. Due to this change in the accounting policy, profit before tax for the current quarter and year has decreased by ₹ 250.27 crore and ₹ 415.80 crore respectively.</p>
7	<p>For other applicable disclosures as required under Regulation 52 (4) of the SEBI (LODR) regulations, 2015, refer detailed format of the quarterly / annual financial results filed with the stock exchanges.</p>
<p style="text-align: right;"><i>Rajeev Sharma</i></p>	
Place : New Delhi	<p>RAJEEV SHARMA Chairman & Managing Director DIN - 00973413</p>
Date : 29.05.2017	

