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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 nine months ended 31st December, 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

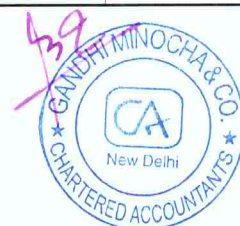
Date: 11.02.2019

Place: New Delhi

POWER FINANCE CORPORATION LIMITED						
URJANIDHI, I, BARAKHAMBA LANE, CONNAUGHT PLACE, NEW DELHI. Website: http://www.pfcindia.com						
CIN L65910DL1986GOI024862						
STATEMENT OF UN-AUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTHS ENDED DECEMBER 31, 2018						
(₹ in crore)						
Sr. No.	Particulars	Quarter Ended			Nine Months Ended	
		31-Dec-18 (Reviewed)	30-Sep-18 (Reviewed)	31-Dec-17 (Reviewed)	31-Dec-18 (Reviewed)	31-Dec-17 (Reviewed)
I.	Revenue From Operations					
(i)	Interest Income	7,241.10	6,908.48	6,194.11	20,763.64	19,615.03
(ii)	Dividend Income	101.85	18.95	9.81	124.86	38.07
(iii)	Fees and commission income	19.34	90.83	41.70	119.16	220.06
(iv)	Net gain on fair value changes on Derivatives	-	388.82	-	368.44	-
	Total Revenue from operations (I)	7,362.29	7,407.08	6,245.62	21,376.10	19,873.16
II.	Other Income (II)	1.60	5.59	2.00	8.27	3.90
III.	Total Income (I+II)	7,363.89	7,412.67	6,247.62	21,384.37	19,877.06
IV.	Expenses					
(i)	Finance costs	4,790.07	4,671.78	4,259.95	14,001.83	12,687.35
(ii)	Net translation / transaction exchange loss (+) / gain (-)	(347.21)	648.39	(12.29)	618.80	36.41
(iii)	Fees and commission expense	1.92	2.95	2.09	6.19	5.77
(iv)	Net loss on fair value changes on Derivatives	361.22	-	160.88	-	206.24
(v)	Impairment on Financial Instruments	(295.46)	(74.40)	58.65	(367.52)	1,815.83
(vi)	Employee Benefits Expenses	47.26	43.72	39.58	135.77	118.97
(vii)	Depreciation and Amortisation	1.65	1.34	1.87	4.20	4.45
(viii)	CSR Expenses	23.93	27.91	4.26	56.20	25.51
(ix)	Other expenses	20.01	34.61	23.06	71.14	232.70
	Total expenses (IV)	4,603.39	5,356.30	4,538.05	14,526.61	15,133.23
V.	Profit/(loss) before exceptional items and tax (III-IV)	2,760.50	2,056.37	1,709.57	6,857.76	4,743.83
VI.	Exceptional Items	-	-	-	-	-
VII.	Profit/(loss) before tax (V-VI)	2,760.50	2,056.37	1,709.57	6,857.76	4,743.83
VIII.	Tax expense:					
(1)	Current Tax	824.88	366.32	587.49	1,613.40	2,046.60
(2)	Deferred Tax	(140.22)	334.93	(94.86)	440.14	(868.05)
	Total Tax Expense (VIII)	684.66	701.25	492.63	2,053.54	1,178.55
IX.	Profit/(loss) for the period from continuing operations (VII-VIII)	2,075.84	1,355.12	1,216.94	4,804.22	3,565.28
X.	Profit/(loss) from Discontinued operations (after tax)	-	-	-	-	-
XI.	Profit/(loss) for the period (IX+X)	2,075.84	1,355.12	1,216.94	4,804.22	3,565.28
XII.	Other Comprehensive Income					
(i)	Items that will not be reclassified to profit or loss					
	- Actuarial Gain / (Loss) on defined benefit plans	1.43	1.46	1.43	4.32	4.29
	- Net Gain / (Loss) on fair value of equity instruments	84.89	(30.37)	129.50	(97.09)	0.53
		-	-	-	-	-
(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)	(1.32)	(1.32)
	Sub-Total (A) = (i)-(ii)	86.76	(28.47)	131.37	(91.45)	6.14
(i)	Items that will be reclassified to profit or loss					
	Effective portion of gains and (loss) on hedging instruments in cash flow hedge	(30.08)	(1.93)	-	(32.01)	-
(ii)	Income tax relating to items that will be reclassified to profit or loss (Deferred tax liability (+) / Asset (-))	(11.19)	-	-	(11.19)	-
	Sub-Total (B) = (i)-(ii)	(18.89)	(1.93)	-	(20.82)	-
	Other comprehensive income XII (A+B)	67.87	(30.40)	131.37	(112.27)	6.14
XIII.	Total Comprehensive Income for the period (Comprising Profit (Loss) and other Comprehensive Income for the period) (XI+XII)	2,143.71	1,324.72	1,348.31	4,691.95	3,571.42



Sr. No.	Particulars	Quarter Ended			Nine Months Ended	
		31-Dec-18	30-Sep-18	31-Dec-17	31-Dec-18	31-Dec-17
		(Reviewed)	(Reviewed)	(Reviewed)	(Reviewed)	(Reviewed)
XIV.	Paid up Equity Share Capital (Face value ₹ 10/- each)	2,640.08	2,640.08	2,640.08	2,640.08	2,640.08
XV.	Earnings Per Share (Face Value ₹ 10/- each) (for continuing operation) (not annualised) :					
	(1) Basic EPS (in ₹)	7.86	5.13	4.61	18.20	13.50
	(2) Diluted EPS (in ₹)	7.86	5.13	4.61	18.20	13.50
XVI.	Earnings Per Share (Face Value ₹ 10/- each) (for discontinued operation) (not annualised) :					
	(1) Basic EPS (in ₹)	-	-	-	-	-
	(2) Diluted EPS (in ₹)	-	-	-	-	-
XVII.	Earnings Per Share (Face Value ₹ 10/- each) (for continuing and discontinued operations) (not annualised) (XV + XVI):					
	(1) Basic EPS (in ₹)	7.86	5.13	4.61	18.20	13.50
	(2) Diluted EPS (in ₹)	7.86	5.13	4.61	18.20	13.50
See accompanying notes to the Financial Results						




Notes:

1	<p>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.</p> <p>These financial results have been drawn up on the basis of Ind AS applicable to the Company as at 31.12.2018. Any application guidance / directions issued by RBI or other regulators are adopted / implemented as and when issued.</p>																																										
2	<p>These financial results have been reviewed & recommended by the Audit Committee and approved by the Board of Directors in their respective meetings held on 11.02.2019. 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.</p>																																										
3	<p>The net profit reconciliation between the figures reported under previous GAAP and Ind AS is as under :</p> <table border="1" data-bbox="204 768 1517 1435"> <thead> <tr> <th>Particulars</th> <th>Quarter ended 31.12.2017 (₹ in Crore)</th> <th>Nine months ended 31.12.2017 (₹ in Crore)</th> </tr> </thead> <tbody> <tr> <td>Net profit after tax as reported under Previous GAAP</td> <td>1,604.43</td> <td>4,919.62</td> </tr> <tr> <td>Adjustments related to:</td> <td></td> <td></td> </tr> <tr> <td>Effective Interest Rate (EIR) / Income on loan assets classified at Amortised Cost</td> <td>(9.40)</td> <td>(422.35)</td> </tr> <tr> <td>Effective Interest Rate (EIR) on Borrowings classified at Amortised Cost</td> <td>(10.10)</td> <td>(26.16)</td> </tr> <tr> <td>Derivatives (Forward contracts earlier governed through AS 11)</td> <td>(34.61)</td> <td>(67.36)</td> </tr> <tr> <td>Impairment Loss Allowance</td> <td>(298.51)</td> <td>(1,562.00)</td> </tr> <tr> <td>Others</td> <td>(50.16)</td> <td>(59.67)</td> </tr> <tr> <td>Deferred Tax Impact (DTA / DTL) on above</td> <td>25.91</td> <td>262.49</td> </tr> <tr> <td>DTA on amount of accumulated Impairment allowance in excess of Reserve for Bad & Doubtful Debts</td> <td>(10.62)</td> <td>520.71</td> </tr> <tr> <td>Total of adjustments</td> <td>(387.49)</td> <td>(1,354.34)</td> </tr> <tr> <td>Net profit after tax as per Ind AS</td> <td>1,216.94</td> <td>3,565.28</td> </tr> <tr> <td>Other comprehensive income, net of tax</td> <td>131.37</td> <td>6.14</td> </tr> <tr> <td>Total comprehensive income (net of tax) as per Ind AS</td> <td>1,348.31</td> <td>3,571.42</td> </tr> </tbody> </table>	Particulars	Quarter ended 31.12.2017 (₹ in Crore)	Nine months ended 31.12.2017 (₹ in Crore)	Net profit after tax as reported under Previous GAAP	1,604.43	4,919.62	Adjustments related to:			Effective Interest Rate (EIR) / Income on loan assets classified at Amortised Cost	(9.40)	(422.35)	Effective Interest Rate (EIR) on Borrowings classified at Amortised Cost	(10.10)	(26.16)	Derivatives (Forward contracts earlier governed through AS 11)	(34.61)	(67.36)	Impairment Loss Allowance	(298.51)	(1,562.00)	Others	(50.16)	(59.67)	Deferred Tax Impact (DTA / DTL) on above	25.91	262.49	DTA on amount of accumulated Impairment allowance in excess of Reserve for Bad & Doubtful Debts	(10.62)	520.71	Total of adjustments	(387.49)	(1,354.34)	Net profit after tax as per Ind AS	1,216.94	3,565.28	Other comprehensive income, net of tax	131.37	6.14	Total comprehensive income (net of tax) as per Ind AS	1,348.31	3,571.42
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4	<p>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 loss allowance on its loan assets at higher of Expected Credit Loss (ECL) assessment or RBI norms on loan or portfolio level, based on homogeneous grouping of loans.</p> <p>Cumulative impairment loss allowance (on Credit impaired loans, other loans and receivables) stands at ₹ 16,873.95 crore as at 31.12.2018 including additional accumulated impairment loss allowance (in excess of ECL assessment) of ₹ 1,341.02 crore.</p> <p>Details of credit impaired loan assets and Impairment loss allowance maintained thereon is as under:</p> <table border="1" data-bbox="204 1787 1517 1966"> <thead> <tr> <th>Particulars</th> <th>(₹ in crore) As at 31.12.2018</th> </tr> </thead> <tbody> <tr> <td>Credit Impaired Loan Assets</td> <td>28,235.86</td> </tr> <tr> <td>Impairment Loss Allowance Maintained</td> <td>14,488.53</td> </tr> <tr> <td>Impairment Loss Allowance Coverage (%)</td> <td>51.31%</td> </tr> </tbody> </table>	Particulars	(₹ in crore) As at 31.12.2018	Credit Impaired Loan Assets	28,235.86	Impairment Loss Allowance Maintained	14,488.53	Impairment Loss Allowance Coverage (%)	51.31%																																		
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5	<p>As a matter of prudence, income on credit impaired loan assets is recognised only when expected realisation is higher than the loan amount outstanding.</p>																																										



6	<p>Press Information Bureau vide its release ID No. 1554933 dated 06.12.2018 has informed the public that the Cabinet Committee on Economic Affairs, has given its 'in-principle' approval for strategic sale of the Government of India's existing 52.63% of total paid up equity shareholding in REC Ltd. to the Company along with transfer of management control.</p> <p>Board of Directors of the Company in their meeting held on 20.12.2018, subject to necessary approvals, has inter-alia, granted in-principle approval to purchase Gol's entire shareholding in REC Ltd. along with transfer of management control. Accordingly, necessary steps are being taken for completion of the transaction.</p>
7	<p>During the current quarter, Government of India (Gol) has transferred 10,98,08,544 equity shares held in the Company, in connection with Follow-on Fund Offer, to the Asset Management Company (AMC) of CPSE ETF. Accordingly, shareholding of Gol in the Company has come down from 65.64% to 61.48% of the paid up equity capital.</p>
8	<p>Ministry of Corporate Affairs (MCA) vide its order dated 07.02.2019 has accorded sanction to the scheme of amalgamation of PFC Green Energy Ltd. (wholly owned subsidiary of the Company) with the Company.</p> <p>MCA vide its order dated 30.01.2019 has also accorded sanction to the scheme of amalgamation of PFC Capital Advisory Services Ltd. with PFC Consulting Ltd. (wholly owned subsidiaries of the Company).</p>
9	<p>For all the secured bonds issued by the Company and outstanding as at 31.12.2018, 100% security cover has been maintained by way of mortgage on specified immovable properties and/or charge on the receivables of the Company.</p>
10	<p>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.</p>
11	<p>Figures for the previous periods have been regrouped wherever necessary, in order to make them comparable.</p>

PLACE: NEW DELHI
DATE: 11.02.2019


RAJEEV SHARMA
 Chairman & Managing Director
 DIN – 00973413

