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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 financial results of Power Finance Corporation Limited (the "Company") for the quarter and nine months ended 31<sup>st</sup> December, 2017, 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.

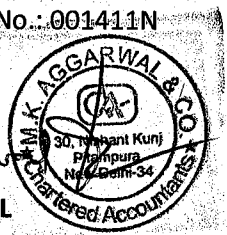
Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying statement of unaudited financial results prepared in accordance with recognition and measurement principles laid down in Accounting Standard 25 "Interim Financial Reporting", specified under section 133 of the Companies Act, 2013, read with rule 7 of the Companies (Accounts) Rules, 2014 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



*M.K. Aggarwal*  
CA M.K. AGGARWAL

Partner

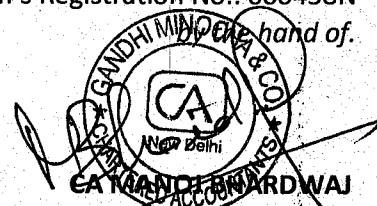
Membership No.014956

#### FOR GANDHI MINOCHA & CO.

Chartered Accountants

Firm's Registration No.: 000458N

by the hand of



*Gandhi Minocha*  
CA GANDHI MINOCHA

Partner

Membership No.098606

Date: 12.02.2018

Place: New Delhi

## POWER FINANCE CORPORATION LIMITED

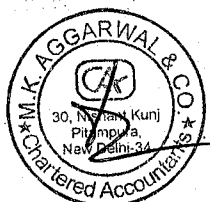
URJANIDHI, 1, BARAKHAMBA LANE, CONNAUGHT PLACE, NEW DELHI. Website: <http://www.pfcindia.com>

CIN L65910DL1986GOI024862

STATEMENT OF UN-AUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTHS ENDED 31<sup>st</sup> DECEMBER 2017

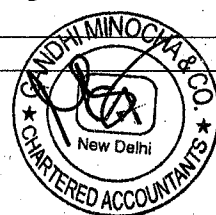
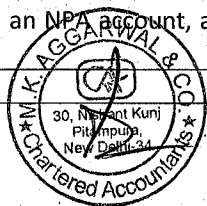
Particulars	QUARTER ENDED			NINE MONTHS ENDED		YEAR ENDED
	31-12-2017	30-09-2017	31-12-2016	31-12-2017	31-12-2016	31-03-2017
	(Un-Audited)	(Un-Audited)	(Un-Audited)	(Un-Audited)	(Un-Audited)	(Audited)
<b>1. Revenue from Operations</b>						
Interest	6,127.46	6,897.06	6,827.36	19,804.34	20,756.31	26,270.08
Other Operating Income	17.44	30.47	43.48	62.89	109.33	129.81
Other Financial Services	49.87	105.89	139.33	241.34	178.52	316.34
	<b>6,194.77</b>	<b>7,033.42</b>	<b>7,010.17</b>	<b>20,108.57</b>	<b>21,044.16</b>	<b>26,716.23</b>
<b>2. Other Income</b>	125.82	75.15	52.91	252.49	177.34	302.34
<b>3. Total Income ( 1 + 2 )</b>	<b>6,320.59</b>	<b>7,108.57</b>	<b>7,063.08</b>	<b>20,361.06</b>	<b>21,221.50</b>	<b>27,018.57</b>
<b>4. Expenses</b>						
Finance Costs	4,359.49	4,308.20	4,061.68	12,823.86	12,333.25	16,432.69
Bond Issue Expenses	6.20	6.35	3.29	18.32	17.62	26.58
Employee Benefit Expenses	37.07	36.15	28.90	111.66	80.54	114.97
Provisions	(239.86)	101.48	120.14	253.83	621.75	5,101.08
Provision for decline in value of investments	20.49	20.49	-	61.46	(27.02)	(7.51)
Depreciation and Amortization expenses	1.87	1.39	1.39	4.45	3.92	5.56
CSR Expenses	-	-	-	149.21	166.15	166.15
Other Expenses	22.98	18.84	27.73	56.84	51.19	67.79
Prior Period Items (Net)	-	0.06	0.65	0.07	1.08	1.47
<b>Total Expenses</b>	<b>4,208.24</b>	<b>4,492.96</b>	<b>4,243.78</b>	<b>13,479.70</b>	<b>13,248.48</b>	<b>21,908.78</b>
<b>5. Profit before exceptional and extraordinary items and tax (3-4)</b>	<b>2,112.35</b>	<b>2,615.61</b>	<b>2,819.30</b>	<b>6,881.36</b>	<b>7,973.02</b>	<b>5,109.79</b>
<b>6. Exceptional Items</b>	-	-	-	-	-	-
<b>7. Profit before extraordinary items and tax (5-6)</b>	<b>2,112.35</b>	<b>2,615.61</b>	<b>2,819.30</b>	<b>6,881.36</b>	<b>7,973.02</b>	<b>5,109.79</b>
<b>8. Extraordinary Items</b>	-	-	-	-	-	-
<b>9. Profit Before Tax (7-8)</b>	<b>2,112.35</b>	<b>2,615.61</b>	<b>2,819.30</b>	<b>6,881.36</b>	<b>7,973.02</b>	<b>5,109.79</b>
<b>10. Tax Expenses</b>						
<b>(1) Current Tax</b>						
Current Year	587.49	721.63	965.02	2,046.60	2,417.80	3,074.39
Earlier Years	-	-	(13.09)	-	(13.12)	(0.09)
<b>(2) Deferred Tax Liability(+)/ Asset(-)</b>	(79.57)	7.39	(82.54)	(84.86)	32.46	(90.90)
<b>11. Profit (Loss) for the period from continuing operations (9-10)</b>	<b>1,604.43</b>	<b>1,886.59</b>	<b>1,949.91</b>	<b>4,919.62</b>	<b>5,535.88</b>	<b>2,126.39</b>
<b>12. Paid-up Equity Share Capital (Face Value of Share is ₹ 10)</b>	2,640.08	2,640.08	2,640.08	2,640.08	2,640.08	2,640.08
<b>13. Reserves excluding Revaluation reserves (As per audited balance Sheet as at 31st March)</b>	NA	NA	NA	NA	NA	33,830.13
<b>14. Earnings Per Share (EPS) (Face value ₹ 10/- each) (not annualised)</b>						
<b>(1) Basic (₹)</b>	<b>6.07</b>	<b>7.15</b>	<b>7.39</b>	<b>18.63</b>	<b>20.97</b>	<b>8.05</b>
<b>(2) Diluted (₹)</b>	<b>6.07</b>	<b>7.15</b>	<b>7.39</b>	<b>18.63</b>	<b>20.97</b>	<b>8.05</b>

See accompanying notes to the financial results



**Notes:**


1	<p>The above financial results for the quarter and nine months ended 31.12.2017 prepared in accordance with Companies (Accounting Standards) Rules, 2006 have been reviewed &amp; recommended by the Audit Committee of Directors and approved by the Board of Directors in their respective meetings held on 12.02.2018. The same have been subjected to Limited Review by the Joint Statutory Auditors M.K. Aggarwal &amp; Co., Chartered Accountants and Gandhi Minocha &amp; Co., Chartered Accountants.</p>
2	<p>(a) Provisions at (4) above includes:</p> <p>(i) Standard Assets provision of ₹ 325.67 crore for the current quarter and ₹ 775.06 crore for the nine months ended 31.12.2017 (corresponding previous quarter and nine months ₹ 32.02 crore and ₹ 80 crore respectively), on the outstanding balance of standard assets.</p> <p>(ii) Restructured Standard Assets provision of ₹ (87.27) crore for the current quarter and ₹ 795.57 crore for the nine months ended 31.12.2017 (corresponding previous quarter and nine months ₹ 36.93 crore and ₹ 66.26 crore respectively). The qualifying Restructured / Rescheduled / Renegotiated (R/R/R) loans outstanding as at 31.12.2017 amount to ₹ 15,783.94 crore in Private Sector and ₹ 40,852.42 crore in Govt. Sector (as at 31.03.2017 ₹ 19,445.92 crore in Private sector and ₹ 35,994.70 crore in Govt. Sector), and</p> <p>(iii) Non-Performing Asset provision of ₹ (478.25) crore for the current quarter and ₹ (1,316.80) crore for the nine months ended 31.12.2017 (corresponding previous quarter and nine months ₹ 51.19 crore and ₹ 475.50 crore respectively). Gross Non-performing assets as at 31.12.2017 amount to ₹ 14,978.78 crore (as at 31.03.2017 ₹ 30,718.61 crore). These NPAs include loans to state sector amounting to ₹ 5,577.50 crore (₹ 23,309.30 crore as at 31.03.2017), having NIL over dues as on 31.12.2017 but have been classified as NPA in line with RBI restructuring norms.</p> <p>(b) Provisions at (a) above includes the impact as discussed below at points (c) to (f).</p> <p>(c) Loan accounts of two state sector borrowers classified as NPA as on 31.03.2017 as per RBI's restructuring norms have been upgraded as standard / restructured standard assets during the current quarter and nine months ended 31.12.2017. Accordingly, NPA provision of ₹ 674.82 crore and ₹ 1,773.94 crore has been reversed during the current quarter and nine months ended 31.12.2017 respectively and required provision has been maintained.</p> <p>(d) On projects related to Transmission &amp; Distribution, Renovation &amp; Modernization and Life Extension projects and also the hydro projects in Himalayan region or affected by natural disasters, Company had changed its accounting policy in quarter ended 30.06.2017 in line with RBI restructuring norms. Accordingly,</p> <p>(i) Loan accounts classified as NPA stands at ₹ 419.26 crore as on 31.12.2017. Consequently,</p> <ul style="list-style-type: none"><li>• interest income amounting to ₹ 13.67 crore for the current quarter and ₹ 38 crore for the nine months ended 31.12.2017 has not been recognized; and</li><li>• additional provision has been created on such loans amounting to ₹ (0.39) crore during the current quarter and ₹ 40.25 crore during the nine months ended 31.12.2017.</li></ul> <p>(ii) Standard assets having balance of ₹ 54.91 crore have been categorized as restructured standard asset during the current quarter and ₹ 576.91 crore during the nine months ended 31.12.2017, resulting in additional provision of ₹ 2.56 crore in the current quarter and ₹ 26.54 crore in nine months ended 31.12.2017.</p> <p>(e) In case of loan assets (standard / restructured standard) amounting to ₹ 10,161.73 crore as on 31.12.2017, SDR / OSD / S4A scheme has been invoked. Subsequently, as per the scheme, interest income amounting to ₹ 653.68 crore and ₹ 794.33 crore has not been recognised during current quarter and nine months ended 31.12.2017 respectively. As at 31.12.2017, provision on these accounts stands at ₹ 957.36 crore, including provision made during the quarter and nine months ended 31.12.2017 amounting to ₹ 303.87 crore &amp; ₹ 665.49 crore respectively.</p> <p>(f) In view of the proposed demerger, in an NPA account, additional provision amounting to ₹ 173.66 crore has been created in the current quarter.</p>



3	<p>Asset classification of Loan accounts of one of the borrower has been maintained as standard as on 31.12.2017 in view of ad-interim stay from Hon'ble High Court of Madras vide order dated 17.06.2015 followed by legal opinion. From quarter ended 31.03.2017, Company has not recognised income accrued but remaining unrealised in this account. Accordingly,</p> <p>(i) Interest / income of ₹ 204.26 crore and ₹ 363.76 crore accrued and remaining unrealised has not been recognized during current quarter and nine months respectively (cumulatively ₹ 776.79 crore as on 31.12.2017), and</p> <p>(ii) Further, continuing from the previous quarter, provision in this account has been maintained at 10% amounting to ₹ 515.47 crore as on 31.12.2017 (as on 31.03.2017 ₹ 163.17 crore).</p>
4	<p>During the current quarter, Government of India has transferred 1,14,15,287 number of equity shares held in the Company, in connection with New Fund Offer, to the Asset Management Company (AMC) of Bharat 22 ETF. Accordingly, shareholding of Gol in the Company has come down from 66.35% to 65.92% of the paid up equity capital.</p>
5	<p>During the current quarter, accounting policy has been framed to amortize the arrangement fee incurred in connection with raising of long term foreign currency borrowings over its tenure. Accordingly, profit before tax for the current quarter and nine months ended 31.12.2017 has increased by ₹ 36.93 crore.</p>
6	<p>The Company has been transferring exchange difference in case of loan from KfW, Germany to Interest Differential Fund Account – KfW as per understanding of the loan agreement. Based on clarification sought from KfW, Germany regarding nature of Interest Differential Fund, the accounting policy has been changed resulting in decrease in profit before tax for the current quarter and nine months ended 31.12.2017 by ₹ 0.83 crore. Further, IDF liability amounting to ₹ 64.64 crore has been reversed in line with confirmation from KfW-Germany.</p>
7	<p>The Company amortizes exchange differences on long term foreign currency monetary items over their tenure. Consequently, as at 31.12.2017, the unamortized debit balance under Foreign Currency Monetary Item Translation Difference Account (FCMITDA) is ₹ 419.31 crore (as at 31.03.2017 debit balance of ₹ 647.56 crore).</p>
8	<p>For all the secured bonds issued by the Company and outstanding as at 31.12.2017, 100% security cover has been maintained by way of mortgage on specified immovable properties and/or charge on the receivables of the Company.</p>
9	<p>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.</p>
10	<p>Figures for the quarter ended 31.12.2017 are the balancing figures between unaudited figures for the nine months ended 31.12.2017 and unaudited figures for the half year ended 30.09.2017.</p>
11	<p>Figures for the previous period have been regrouped / reclassified wherever necessary, to confirm to current period classification.</p>

PLACE : NEW DELHI

DATE : 12.02.2018

  
**RAJEEV SHARMA**  
Chairman & Managing Director  
DIN - 00973413

