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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 31st December, 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 express a conclusion 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 rules 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 Registration No. 01411N
by the hand of


CA ATUL AGGARWAL

Partner
Membership No. 099374

For K. B. CHANDNA & CO.
Chartered Accountants,
Firm Registration No. 00862N
by the hand of


CA K.B. CHANDNA

Partner
Membership No. 005495

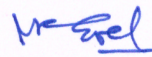
Date: 09.02.2016
Place: New Delhi

POWER FINANCE CORPORATION LIMITED						
URJANIDHI, 1, BARAKHAMBA LANE, CONNAUGHT PLACE, NEW DELHI. Website: http://www.pfcindia.com						
CIN L65910DL1986GOI024862						
STATEMENT OF UNAUDITED FINANCIAL RESULTS (STANDALONE) FOR THE QUARTER AND NINE MONTHS ENDED 31ST DECEMBER 2015						
(₹ in Crore)						
Sl. No.	PARTICULARS	QUARTER ENDED			NINE MONTHS ENDED	
		31-12-2015 (Un-audited)	30-09-2015 (Un-audited)	31-12-2014 (Un-audited)	31-12-2015 (Un-audited)	31-12-2014 (Un-audited)
						31-03-2015 (Audited)
1)	Income from Operations					
	(a) Interest Income	6,870.58	6,891.40	6,284.26	20,471.30	18,254.92
	(b) Other Operating Income	120.60	130.62	90.26	297.19	216.83
	Total Income from Operations	6,991.18	7,022.02	6,374.52	20,768.49	18,471.75
2)	Expenses					
	(a) Interest, Finance and Other Charges (including Provisions)	4,622.51	4,525.37	4,145.82	13,432.71	12,119.84
	(b) Employee Benefit Expenses	23.48	22.43	21.00	68.94	66.39
	(c) Depreciation and Amortization	1.68	1.45	1.46	4.43	4.49
	(d) Other Expenses	11.11	12.47	57.01	180.19	116.20
	Total Expenses	4,658.78	4,561.72	4,225.29	13,686.27	12,306.92
3)	Profit from Operations before Other Income and Exceptional Items (1-2)	2,332.40	2,460.30	2,149.23	7,082.22	6,164.83
4)	Other Income	2.82	2.07	3.70	8.66	13.56
5)	Profit from ordinary activities before Exceptional Items (3+4)	2,335.22	2,462.37	2,152.93	7,090.88	6,178.39
6)	Exceptional items	--	--	--	--	--
7)	Profit from Ordinary Activities before Tax (5+6)	2,335.22	2,462.37	2,152.93	7,090.88	6,178.39
8)	Tax Expense	752.90	767.07	611.20	2,237.05	1,779.82
	(a) Provision for Income Tax					
	Current Year	735.95	716.07	618.87	2,145.22	1,817.79
	Earlier Years	--	--	--	(0.43)	--
	(b) Deferred Tax Liability / (Deferred Tax Asset)	16.95	51.00	(7.67)	92.26	(37.97)
9)	Net Profit from Ordinary activities after tax (7-8)	1,582.32	1,695.30	1,541.73	4,853.83	4,398.57
10)	Extraordinary items (Net of tax expense - Nil)	--	--	--	--	--
11)	Net Profit for the period (9-10)	1,582.32	1,695.30	1,541.73	4,853.83	4,398.57
12)	Paid-up Equity Share Capital (Face value of share is ₹ 10)	1,320.04	1,320.04	1,320.04	1,320.04	1,320.04
13)	Reserves excluding Revaluation reserves (As per audited balance Sheet as at 31st March)	--	--	--	--	30,899.17
14)	Earnings Per Share (EPS) (of ₹ 10/- each) (not annualised)					
	(a) Basic and Diluted EPS (before Extraordinary items) (in ₹)	11.99	12.84	11.68	36.77	33.32
	(b) Basic and Diluted EPS (after Extraordinary items) (in ₹)	11.99	12.84	11.68	36.77	33.32
	See accompanying notes to the Financial Results					
Notes :-						
1	The above financial results for the quarter and nine months ended 31.12.2015 have been reviewed and recommended by the Audit committee of Directors and approved by the Board of Directors in their respective meetings held on 09.02.2016. The same have been subjected to Limited Review by the Joint Statutory Auditors of the Company.					
2	<p>Interest, Finance and Other charges at 2(a) above, includes provisions made during the quarter and nine months ended 31.12.2015 on account of:</p> <p>(i) NPA ₹ 233.27 crore and ₹ 292.00 crore respectively (corresponding previous quarter and nine months ₹ 0.57 crore and ₹ 213.51 crore respectively),</p> <p>(ii) Standard Assets ₹ 7.90 crore and ₹ 318.26 crore respectively (corresponding previous quarter and nine months ₹ 7.39 crore and ₹ (8.46) crore respectively),</p> <p>(iii) Restructured Standard Assets ₹ 244.79 crore and ₹ 461.77 crore respectively (corresponding previous quarter and nine months ₹ 146.24 crore and ₹ 361.55 crore respectively), and</p> <p>(iv) Provision for Diminution in value of investments ₹ (3.07) crore and ₹ 40.19 crore respectively (corresponding previous quarter and nine months Nil).</p> <p>As regards provision on Standard Assets, RBI norms require the Company to enhance the provision in a phased manner from 0.25% on 31.03.2015 to 0.40% by 31.03.2018. The Company, during the quarter ended 30.09.2015, has increased the provisioning on Standard Loan Assets (excluding outstanding restructured standard loan assets) from 0.25% to 0.40%.</p>					



	<p>The Company being a Government owned Non-Banking Financial Company is exempt from the RBI directions relating to Prudential Norms and follows its own prudential norms approved by the Ministry of Power (MoP), Govt. of India (GoI). RBI has directed the Company, vide its letter dated 25.07.2013, to take steps to comply with RBI's Prudential Norms by 31.03.2016 except credit concentration norms and Restructuring / Reschedulement / Renegotiation (R/R/R) norms for which it has issued separate directions.</p> <p>For credit concentration norms, RBI vide its letter dated 03.04.2014, has allowed exemption in respect of exposure to Central / State Government entities till 31.03.2016.</p> <p>For R/R/R norms, RBI has advised the Company to follow the instructions contained in RBI circular DNBS.CO.PD.No. 367/03.10.01/2013-14 dated 23.01.2014, vide its letter dated 03.04.2014. The matter regarding applicability of RBI's R/R/R norms was taken up with RBI. In this regard, RBI vide its letter dated 11.06.2014 has allowed exemption from application of its restructuring norms for Transmission & Distribution, Renovation & Modernization and Life Extension projects and also the hydro projects in Himalayan region or affected by natural disasters for a period of 3 years i.e. till 31.03.2017. Further, 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, the provisioning shall commence with a provision of 2.75% with effect from 31.03.2015 and reaching 5% by 31.03.2018. This provision is in addition to the provision for diminution in fair value.</p>
3	<p>The Company vide its letter dated 03.07.2014 has communicated the manner of its implementation to RBI, further reiterated vide Company's letter dated 27.11.2014, inter-alia stating that all new project loans sanctioned with effect from 01.04.2015 to generating companies would be regulated by RBI norms on R/R/R. RBI vide its letter dated 04.02.2015 has informed that the Company's request is under examination.</p> <p>Pending decision by RBI regarding implementation of R/R/R norms, the Company is following its own norms read with the manner of implementation as stated above.</p> <p>During FY 2015-16, the Company is required to make additional provision on qualifying R/R/R loan assets by 0.75% i.e. from 2.75% to 3.50%. The enhanced provision has been made in Q1 FY 2015-16 and the same is being maintained. The said provision has been further enhanced during the current quarter by 0.75% i.e. from 3.50% to 4.25% which was required during FY 2016-17. Accordingly, a provision of ₹ 244.79 crore has been made during the quarter ended 31.12.2015 (corresponding quarter of previous year ₹ 146.24 crore). A provision of ₹ 461.77 crore has been made during the nine months ended 31.12.2015 (corresponding period of previous year ₹ 361.55 crore). The qualifying R/R/R loans outstanding as on 31.12.2015 amount to ₹ 21,905.03 crore in private sector and ₹ 2,241.04 crore in Govt. Sector (₹ 20,524.91 crore in private sector and Nil in Govt. Sector as on 31.03.2015).</p>
4	<p>In respect to RBI directions on asset classification dated 30.06.2015 and 10.12.2015, Company's prudential norms have been suitably amended in line with RBI circular DNBR (PD) CC No. 002/03.10.001/2014-15 dated 10.11.2014. For operationalisation of these directions, the Company has communicated its plan to RBI vide letters dated 13.08.2015 and 13.01.2016, which inter-alia provides that loan assets (excluding lease assets) outstanding as on 31.03.2016 and overdue for 5 months or more will be classified as Non-Performing Asset (NPA). Accordingly, the additional provision, if any, will be accounted at the year end.</p>
5	<p>During the current quarter, Jharkhand Infra Power Limited, a wholly owned subsidiary company has been incorporated for developing Ultra Mega Power Project in the state of Jharkhand. Equity infusion in the subsidiary company is yet to be made.</p>
6	<p>The Company amortizes exchange differences on long term foreign currency monetary items over their tenure. Consequently, as on 31.12.2015 the unamortised debit balance under Foreign Currency Monetary Item Translation Difference Account (FCMITDA) is ₹ 663.87 crore (as on 31.03.2015 debit balance of ₹ 380.56 crore).</p>
7	<p>The Company paid final dividend @ 6% on the paid up equity capital i.e. ₹ 0.60/- per equity share of ₹ 10/- each amounting to ₹ 79.20 crore for the FY 2014-15 on 08.10.2015. The total dividend paid for the FY 2014-15 amounted to ₹ 9.10 per equity share of ₹ 10/- each.</p>
8	<p>The Board of Directors in their 341st meeting held on 16.12.2015 declared interim dividend @ 88% on the paid up equity capital i.e. ₹ 8.80/- per equity share of ₹ 10/- each amounting to ₹ 1161.64 crore for the FY 2015-16. The said interim dividend was paid on 04.01.2016.</p> <p>The Board of Directors in their 343rd meeting held on 09.02.2016 has declared second interim dividend @ 45% on the paid up equity capital i.e. ₹ 4.50/- per equity share of ₹ 10/- each amounting to ₹ 594.02 crore for the FY 2015-16. The dividend will be paid on 24.02.2016 to those shareholders whose names appear in the Register of Members (physical / electronic form) of the Company as on the Record date - 17.02.2016.</p> <p>Accordingly, total interim dividend declared for FY 2015-16 stands at 133% of the paid up equity capital i.e. ₹ 13.30 per equity share of ₹ 10 each.</p>



9	The Company has made a public issue of 70,00,000 number of Tax Free bonds at face value of ₹ 1,000/- each aggregating to ₹ 700 crore. The bonds were allotted on 17.10.2015 and were listed on the Bombay Stock Exchange (BSE) on 20.10.2015. The proceeds of the bond issue have been utilized for the purpose mentioned in the offer document.
10	The Company's main business is to provide finance for power sector. As such, there is no other separate reportable segment as per the Accounting Standard 17 - 'Segment Reporting', issued by the Institute of Chartered Accountants of India.
11	Figures for the quarter ended 31.12.2015 are the balancing figures between unaudited figures for the nine months ended 31.12.2015 and unaudited figures for the half year ended 30.09.2015.
12	Figures for the previous period have been regrouped / reclassified wherever necessary, to confirm to current period classification.
<div style="text-align: right;">  M.K. GOEL Chairman & Managing Director DIN - 00239813 </div>	
Place : New Delhi Date : 09.02.2016	

