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19.11.2015

पावर फाइनेंस कॉर्पोरेशन लिमिटेड POWER FINANCE CORPORATION LTD.

(भारत सरकार का उपक्रम)

(A Govt. of India Undertaking)

(आई.एस.ओ. 9001:2008 प्रमाणित)

(ISO 9001:2008 Certified)

Dated : 14-10-2015

To
The General Manager
Bombay Stock Exchange Limited
Mumbai

Sub: Half Yearly Communication for dissemination to Debenture Holders Half Year Ending September 2015.

With reference to the above, we submit herewith the information and documents as per the provisions of SEBI (Issue and Listing of Debt Securities) Regulations, 2008 and the listing agreement there under, for dissemination to the Debenture Holders as mentioned below :-

1. Following Public issues have been listed with your stock exchange:-

| Description | Issue Date | Date of Listing | No. of NCDs | Face Value | Amount (In Crore) | Latest Credit Rating |
|---|------------|-----------------|-------------|------------|--------------------|---|
| Long Term Infrastructure bonds 2011-Series- I | 31.03.2011 | 13-04-2011 | 133608 | 5000 | 66.80 | - CRISIL AAA (Highest Safety) - ICRA- ICRA AAA (Highest Safety) -CARE - AAA (Highest Safety) |
| Long Term Infrastructure bonds 2011-Series- II | 31.03.2011 | 13-04-2011 | 279356 | 5000 | 139.68 | |
| Long Term Infrastructure bonds 2011-Series- III | 31.03.2011 | 13-04-2011 | 12262 | 5000 | 6.13 | |
| Long Term Infrastructure bonds 2011-Series- IV | 31.03.2011 | 13-04-2011 | 45496 | 5000 | 22.75 | |
| Tax Free Bonds 2011-12 Series I | 01.02.2012 | 14-02-2012 | 27525488 | 1000 | 2752.55 | |
| Tax Free Bonds 2011-12 Series II | 01.02.2012 | 14-02-2012 | 12805812 | 1000 | 1280.58 | |

2. The latest Credit Rating in respect of the said issues is mentioned in the statement above and we confirm that credit rating is not downgraded in respect of any of the above issues, since the respective dates of the said NCDs issues.

3. The above bond series are secured. The nature of securities are as under:-

| Series | Nature of security |
|---|--|
| Long Term Infrastructure bonds 2011-Series- I, II, III and IV | Secured by charge on specific book debt of the Company along-with first charge on immovable property situated at Jangpura, New Delhi |
| Tax Free Bonds 2011-12 Series I and II | Secured by first pari-passu charge on total receivables of the Company (excluding those receivables on which specific charge already created) along-with first pari-passu charge on immovable property situated at Guindy, Chennai |

4. The Security Coverage Ratio and Asset Coverage Ratio as on 30.06.2015 are 9.72 and 1.19 respectively. The Certificate duly signed by the Chartered Accountant of the Company is attached.

5. The Debt Equity Ratio of the Company is 5.50 as on 30.06.2015. (Certificate from Chartered Accountant is attached.
6. The Due date of payment of principal /interest and the actual date of payment for the half year ending on 30.09.2015 are as under:-

| Series / Tranche | Type(Principal / Interest) | Due Date of Payment | Amount (In INR) | Actual Date of Payment |
|---|----------------------------|---------------------|-----------------|------------------------|
| NO PAYMENT OF INTEREST AND PRINCIPAL DUE BETWEEN <u>01.04.2015 to 30.09.2015</u> | | | | |

7. The due date of principal and interest of the above said NCDs during next half year i.e. 01.10.2015 to 31.03.2016 are as under:-

| Series / Tranche | Type(Principal / Interest) | Due Date of Payment | Amount(Rs. in Cr.) |
|---|----------------------------|---|--------------------|
| Infrastructure Bonds (2010-11) - tranche 1 - Series I | Interest | 31-03-2016 | 55439415.00 |
| Infrastructure Bonds (2010-11) - tranche 1 - Series II | Interest | Cumulative Interest payable on Maturity | NA |
| Infrastructure Bonds (2010-11) - tranche 1 - Series III | Interest | 31-03-2016 | 5206675.00 |
| Infrastructure Bonds (2010-11) - tranche 1 - Series IV | Interest | Cumulative Interest payable on Maturity | NA |
| 8.20% PUBLIC ISSUE OF TAX FREE BONDS FY 11-12 | Interest | 15-10-2015 | 2257090016.00 |
| 8.30% PUBLIC ISSUE OF TAX FREE BONDS FY 11-12 | Interest | 15-10-2015 | 1062882396.00 |

8. The results for the first quarter ending on 30.06.15 are attached.
9. No Event as Detailed in clause 19 of the listing Agreement has taken place during the half year ending on 30.09.15, requiring company to notify to Stock Exchange or Debenture Trustee.
10. The name, designation and contact details of "COMPLIANCE OFFICER" of the company are as under :-

| | |
|------------------------|---|
| Name | Mr. Manohar Balwani |
| Designation | Company Secretary |
| Correspondence Address | Power Finance Corporation Ltd. 'Urjanidhi", 1, Barakhamba lane, Connaught Place, New Delhi 110001 |
| Phone No. | 011-23456740 |
| Email Id | mb@pfcindia.com |

11. We confirm that the information submitted as above is true and correct and the undersigned has authority to submit the same to you and that we are aware that above information is expected to be placed on the website of your stock exchange and that of the Debenture Trustee.

Thanking You

Sincerely,

For Power finance Corporation Limited


Authorised Signatory



For GDA Trusteeship Limited


Authorised Signatory

K. B. Chandna & Co.
Chartered Accountants,
E-27, South Extension,
Part - II
New Delhi – 110 049
Ph no. 011 26252762,
E-mail: kbc.chandna@gmail.com

M.K. Aggarwal & Co.
Chartered Accountants,
30, NishantKunj,
Pitampura
New Delhi – 110 034.
Ph no. 011 27355151
E-mail: mka@mkac.in

TO WHOMSOEVER IT MAY CONCERN

- i. This is to certify for that the Security Coverage Ratio of Power Finance Corporation Limited ("the Company"), Urjanichi, 1, Barakhamba Lane, Connaught Place, New Delhi 110001 is 9.72 times as on 30th Jun, 2015 which is calculated below:

$$\begin{aligned} \text{Security Coverage Ratio} &= \frac{\text{Rs. 2,21,332.82 Crores \{Total loan assets as on 30^{th} Jun, 2015\}}}{\text{Rs. 22,776.66 Crores \{Total Debt (Secured) as on 30^{th} Jun, 2015\}}} \\ &= 9.72 \text{ times} \end{aligned}$$

It implies that sufficient loan assets of the company are available by way of security for the proposed issues amounting to Rs. 45,958.16 crores during balance period of FY 2015-16.

Whereas,

Total Loan Assets as on 30th Jun, 2015 = Long term Loans (Secured+ Unsecured) {Rs. 2,00,847.86 Crores} + Current Maturity of Long Term Loans (Secured + Unsecured) {Rs. 17,628.20 Crores} + Short Term Loans (Secured + Unsecured) {Rs. 2,856.76 Crores} = Rs. 2,21,332.82 Crores

Total Debt (Secured) as on 30th Jun, 2015 = Long Term Loans (Secured) {Rs. 20,580.18 Crores} + Short Term Loans (Secured) {Rs. 2,196.48 Crores} = Rs. 22,776.66 Crores

- ii Further, this is to certify that the Asset Coverage Ratio of the company is 1.19 times as on 30th Jun, 2015 which is calculated below.

$$\begin{aligned} \text{Asset Coverage Ratio} &= \frac{\text{Rs. 2,20,775.03 Crores \{Total Assets (-) Intangible Assets (-) Current Liabilities excluding Short Term Borrowing \& Current Maturity of Long Term Borrowing\}}}{\text{Rs. 1,85,593.66 Crores \{Total Debt of PFC as on 30th Jun, 2015\}}} \\ &= 1.19 \text{ times} \end{aligned}$$

Whereas,

Total Assets of the company as on 30th Jun, 2015 amounts to Rs. 2,28,867.41 Crores.



Intangible Assets of PFC as on 30th Jun, 2015 = Rs. 1.48 Crores

Current Liabilities of the company (excluding Short Term Borrowing and current maturity of Long term Borrowings) as on 30th Jun, 2015 amounts to Rs. 8,090.90 Crores i.e. Rs. 33,161.38 crores - Rs. 7,383.67 crores - Rs. 17,686.81 crores

Total Debt as on 30th Jun, 2015 = Long Term Borrowings (Rs. 1,60,070.02 Crores) + Current Maturity of Long Term Borrowings (Rs. 17,686.81 Crores) + Short-Term Borrowings (Rs. 7,383.67 Crores) + Interest Subsidy Fund (Rs. 107.43 Crores) + Advance Received From Subsidiaries (Rs. 345.73 Crores) = Rs. 1,85,593.66 Crores.

- iii. Further, this is to certify that the Debt to Equity Ratio of the company is 5.50 times as on 30th Jun, 2015 which is calculated below:

| | | |
|----------------------|---|--|
| Debt to Equity Ratio | = | $\frac{\text{Rs. 1,85,593.66 Crores \{ Debts as on 30th Jun, 2015 \}}}{\text{Rs. 33,720.74 Crores \{ Equity as on 30th Jun, 2015 \}}}$ |
| | | = 5.50 times |

Whereas,

Debts as on 30th Jun, 2015 = Rs. 1,85,593.66 Crores

Equity as on 30th Jun, 2015 = Share Capital (Rs. 1,320.04 Crores) + Reserves & Surplus (Rs. 32,400.70 Crores) = Rs. 33,720.74 Crores

This certificate is issued on the requirement of trustee of Long Term Infra Bonds/Tax Free Bonds/Taxable Bonds (i.e. M/s GDA Trusteeship Ltd., M/s PNB Investment Services Ltd., M/s IL & FS Trust Co. Ltd., IDBI Trusteeship Services Ltd. and M/s Milestone Trusteeship Services Pvt. Ltd.) and to be used for internal purposes of the company.

Further, the above certificate is based on the facts and figures submitted by the company for our verification.

For M.K. AGGARWAL & CO.

Chartered Accountants,

Firm Registration No. 01411N

by the hand of



CA. Atul Aggarwal

Partner

Membership No. 099374

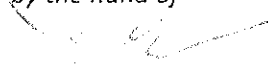


For K. B. CHANDNA & CO.

Chartered Accountants,

Firm Registration No. 000862N

by the hand of



CA. V.K. Gureja

Partner


Membership No. 016521

Place : New Delhi ,

Date: 07September 2015

| POWER FINANCE CORPORATION LIMITED | | | | | |
|--|--|----------------------------|----------------------------|----------------------------|-------------------------|
| BIJANBHAI, 1, BARAKHAMBHA LANE, CONNAUGHT PLACE, NEW DELHI. Website: http://www.pfcindia.com | | | | | |
| CIN L65910DL1986GOI024862 | | | | | |
| Part I: STATEMENT OF UNAUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED 30TH JUNE 2015 | | | | | |
| (₹ in Lacs) | | | | | |
| Sl No | PARTICULARS | QUARTER ENDED | | | YEAR ENDED |
| | | 30-06-2015 (Un-audited) | 31-03-2015 (Un-audited) | 30-06-2014 (Un-audited) | 31-03-2015 (Audited) |
| 11 | Income from Operations | | | | |
| | (a) Interest Income | 670,932 | 643,218 | 581,676 | 2,458,610 |
| | (b) Other operating income | 4,597 | 6,626 | 3,591 | 27,822 |
| | Total Income from Operations | 675,529 | 638,557 | 585,267 | 2,486,432 |
| 21 | Expenses | | | | |
| | (a) Interest Expenses & Other Charges | 426,483 | 419,472 | 363,138 | 1,631,156 |
| | (b) Employee Benefit Expenses | 2,403 | 1,942 | 2,154 | 6,581 |
| | (c) Depreciation & Amortisation | 140 | 160 | 147 | 609 |
| | (d) Other Expense | 15,683 | 691 | 3,277 | 12,312 |
| | Total Expenses | 446,577 | 422,165 | 368,715 | 1,657,657 |
| 31 | Profit from Operations before Other Income and Exceptional Items (1-2) | 228,952 | 216,392 | 199,852 | 833,275 |
| 41 | Other Income | 372 | 1,160 | 551 | 4,548 |
| 51 | Profit from ordinary activities before Exceptional Items (3+4) | 229,329 | 219,984 | 200,403 | 837,823 |
| 61 | Exceptional Items | | | | |
| 71 | Profit from Ordinary Activities before Tax (5+6) | 229,329 | 219,984 | 200,403 | 837,823 |
| 81 | Tax Expense | | | | |
| | (a) Provision for Income Tax | 71,708 | 63,908 | 55,577 | 241,890 |
| | (b) Deferred Tax Liability (10% Fitted Tax Assets) | 46,272 | 65,502 | 58,523 | 250,289 |
| | (c) Deferred Tax Liability (10% Fitted Tax Assets) | 2,821 | 16,626 | 12,540 | 18,398 |
| 91 | Net Profit from Ordinary activities after tax (7-8) | 157,621 | 156,076 | 144,826 | 595,933 |
| 101 | Extraordinary Items (Net of Tax Expense) | | | | |
| 111 | Net Profit for the period (9-10) | 157,621 | 156,076 | 144,826 | 595,933 |
| 121 | Change in Provisions / Contingent Liabilities | | | | |
| 131 | Change in Reserves | | | | |
| 141 | Net Profit after taxes, minority interest and share of profit / (loss) of associates (11+12+13) | 157,621 | 156,076 | 144,826 | 595,933 |
| 151 | Dividend Paid to the equity shareholders of the Company | 132,004 | 132,004 | 132,004 | 132,004 |
| 161 | Reserve for tax on dividend distributed to equity shareholders | | | | 1,029,917 |
| 171 | Earnings Per Share (EPS) (in ₹) | | | | |
| | (a) Basic and Diluted EPS (before extraordinary items) | 11.94 | 11.83 | 10.97 | 45.15 |
| | (b) Basic and Diluted EPS (after Extraordinary items) | 11.94 | 11.83 | 10.97 | 45.15 |
| Part II : SELECT INFORMATION FOR THE QUARTER ENDED 30TH JUNE 2015 | | | | | |
| A. Particulars of Shareholding | | | | | |
| 1 | Public Shareholding | | | | |
| | Number of Shares | 176,114,403 | 159,026,115 | 150,085,115 | 159,026,115 |
| | Percentage of Shareholding | 27.20% | 27.20% | 27.20% | 27.20% |
| 2 | Promoters and Promoter Group Shareholding | | | | |
| | (a) Pledged / Encumbered | | | | |
| | Number of Shares | | | | |
| | Percentage of Shareholding of the total shareholding of the Company | | | | |
| | Full Pledge / Encumbered (as a part of the shareholding of the Company) | | | | |
| | (b) Non-Encumbered | | | | |
| | Number of Shares | 469,666,808 | 467,655,109 | 469,455,598 | 469,215,159 |
| | Percentage of Shareholding of the total shareholding of the Company | 100% | 100% | 100% | 100% |
| | Percentage of the total shareholding of the Company (100%) | 27.20% | 27.20% | 27.20% | 27.20% |
| B. Investor Complaints | | | | | |
| | Particulars | Equity Shares | | Debt Securities | |
| | Number of the opening of the matter | 1 | | 25 | |
| | Number of the closing of the matter | 0 | | 247 | |
| | Number of the pending matters | 1 | | 18 | |
| | Number of the pending matters at the end of the quarter | 1 | | 18 | |

| Notes :- | |
|----------|--|
| 1 | The above financial results for the quarter ended 30.06.2015 have been reviewed and recommended by the Audit committee of Directors and approved by the Board of Directors in their respective meetings held on 13.08.2015 and 14.08.2015 respectively. The same has been limited reviewed by the Statutory Auditors of the Company. |
| 2 | Interest finance and Other charges at 2(a) of Part I above, includes provisions made during the quarter ended 30.06.2015 on account of (i) NPA ₹ 4,048 Lac (corresponding previous quarter ₹ 11,613 Lac) (ii) Standard Assets ₹ 644 Lac (corresponding previous quarter ₹ 1,248 Lac) and (iii) Restructured Standard Assets ₹ 20,134 Lac (corresponding previous quarter ₹ Nil) |
| | The Company being a Government owned Non Banking Financial Company is exempt from the RBI directives relating to Prudential Norms. 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. Further, RBI vide its letter dated 03.04.2014 has allowed exemption from credit concentration norms in respect of exposure to Central / State Government entities till 31.03.2016. |
| | The Company follows its own prudential norms, approved by the Ministry of Power (MoP), Govt of India (GoI) (including revisions approved by BoD in its meeting held on 09.03.2015 subject to the approval of MoP which is awaited) which inter alia includes norms for Restructuring / Rescheduling / Renegotiation (R/R/R) of loans which allows (i) two times restructuring before CDD, (ii) exemption to the loans having central / state government guarantee and loans to government department, and (iii) depreciation not to consider extension of repayment schedule without sacrifice at restructuring for government sector borrowers. |
| 3 | For R/R/R norms, RBI has advised the Company to follow the instructions contained in RBI circular DNBS/CO/PO No. 367/03 10.01/2013-14 dated 23.01.2014, vide its letter dated 03.04.2014 inter alia allowing maximum period of delay in ER CO for which a loan can be restructured. 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. |
| | 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. |
| | 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. |
| | During FY 2015-16, the Company is required to enhance provision on qualifying R/R/R loan assets from 2.75% to 3.50% and the aforesaid additional provision @ 0.75% has been made during the current quarter itself. Accordingly, during the quarter provision of ₹ 20,134 Lac (corresponding previous quarter ₹ Nil) has been made on qualifying R/R/R loans (private sector ₹ 21,87,918 Lac and Govt. Sector loan Nil). |
| 4 | RBI vide letter dated 30.06.2015 (received on 03.07.2015), has advised the Company that all loans including the outstanding stock of loans under consortium shall be governed by the asset classification norms as prescribed in Circular DNBR (PM) CC No. 002/03 10.001/2014 15 dated 10.11.2014. RBI has also informed that the asset classification norms that would be applicable to new loans under consortium shall be communicated shortly. Accordingly, the Company has amended its prudential norms w.e.f. 03.07.2015 so that the loan assets (excluding lease assets) outstanding as on 31.03.2015 and overdue for a period of 3 months or more will be classified as non performing assets (NPA). The Company has communicated the manner of implementation of asset classification norms to RBI vide letter dated 13.08.2015. |
| 5 | 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 till 05.05.2015 from Hon'ble High Court of Madhya Pradesh order dated 17.06.2015. The next hearing is scheduled to be held on 19.08.2015 and the stay stands extended accordingly. The Company has sought a legal opinion with respect to asset classification, based on which, the loan asset has been re-classified from restructured sub standard to restructured standard asset and the NPA provision amounting to ₹ 33,999 lac made in the account during the quarter has been reversed. |
| 6 | CSR provision for FY 2015-16 has been made during the quarter ended 30.06.2015 whereas in earlier years it was created on proportionate basis in each quarter. Accordingly, during the quarter ended 30.06.2015 CSR provision amounting to ₹ 14,579 lac (corresponding previous quarter ₹ 2,144 lac) has been made @ 2% of the average net profit before tax of the Company earned during the three immediately preceding financial years. |
| 7 | During the current quarter, two subsidiaries namely Bhoghar Infra Limited and B-har Infrapower Limited have been incorporated for developing the Ultra Mega Power Project in the state of Haryana and Bihar respectively. Equity infusion in the above subsidiaries is yet to be made. |
| 8 | During the quarter, Company has applied for 2,50,00,000 equity shares of Energy Efficiency Services Limited (EESL) (a joint venture company) of face value ₹ 10/- per share aggregating to ₹ 2,500 Lac. Allotment of shares is under process. |

| | |
|--|---|
| 9 | During the quarter, Government of India, Ministry of Power, acting through Department of Disinvestment has divested 29,188 equity shares of face value of ₹ 10/- each by selling it to Goldman Sachs Asset Management (India) Private Limited |
| 10 | On 27th July 2015, President of India, acting through and represented by Ministry of Power, Government of India has sold 66,02,035 equity shares of face value of ₹ 10/- each representing 5% of the total paid up equity share capital of the Company, out of its shareholding of 72.80%, through "Offer for Sale" of shares by Promoters through the Stock Exchange mechanism. Post sale of shares, promoter shareholding stands at 67.80% of the total paid up share capital of the Company. |
| 11 | The Company had exercised the option under para 40A of the AS 11 "The Effects of Changes in Foreign Exchange Rates", to amortize the exchange differences on the long term foreign currency monetary items over their tenure. Consequently, as on 30.06.2015 the unamortised debit balance under Foreign Currency Monetary Item Translation Difference Account (FCMTDA) is ₹ 45,524 Lac (as on 31.03.2015 ₹ 38,050 lac) |
| 12 | 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 |
| 13 | Tax Expenses includes current year tax provision and earlier years' tax expenses / adjustments |
| 14 | Figures for the previous period have been regrouped / rearranged wherever necessary, in order to make them comparable |
|  M.K. GOEL Chairman & Managing Director DIN - 00239813 | |
| Place : New Delhi | |
| Date : 14.08.2015 | |