

**SEC-1/187(2)/2017/2350**

**Dated: February 14, 2017**

Listing Department, National Stock Exchange of India Limited Exchange Plaza, Bandra Kurla Complex, Bandra (East), <b>Mumbai – 400 051.</b>	Corporate Relationship Department BSE Limited 1 <sup>st</sup> Floor, Phiroze Jeejeebhoy Towers Dalal Street, Fort, <b>Mumbai – 400 001.</b>
<b>Scrip Code-- RECLTD</b>	<b>Scrip Code—532955</b>

**Sub: Submission of Unaudited Standalone Financial Results of the Company for the third quarter and nine months ended December 31, 2016 and declaration of Interim Dividend for the Financial Year 2016-17.**

Dear Sir(s),

In continuation of our letter dated January 27, 2017 on the subject cited above and in pursuance of Regulation 30 read with Schedule III of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith the Un-audited Standalone Financial Results of the Company for the third quarter and nine months ended December 31, 2016, in the prescribed format, which have been reviewed by the Audit Committee and approved & taken on record by the Board of Directors of the Company in their Meetings held on February 13, 2017 and February 14, 2017 respectively.

The Un-audited Standalone Financial Results have been subjected to Limited Review by the Joint Statutory Auditors of the Company and a copy of the Limited Review Report is enclosed herewith for your reference and record.

Further, it is also informed that the Board of Directors of the Company in the above said Meeting held today (i.e. on February 14, 2017) have declared and approved payment of Interim Dividend at the rate of ₹ 7/- (Rupee Seven only) per equity share on the face value of the fully paid-up equity shares of ₹10/- each for the Financial Year 2016-17. The said Interim Dividend will be paid/dispatched on **Monday, March 6, 2017**, to those shareholders whose names appear a) as beneficial owners in the statement(s) furnished by the Depository(ies) as at the close of business hours on **Tuesday, February 28, 2017** in respect of shares held in electronic form; and b) as Members in the Register of Members after giving effect to all valid share transfers request in physical form lodged with the Company/R&TA as at the close of business hours on **Tuesday, February 28, 2017** subject to provisions of Section 126 of the Companies Act, 2013.

Thanking you,

Yours faithfully,

  
(J.S. Amitabh)  
**General Manager & Company Secretary**

Encl: As above

**Zonal Offices** : Hyderabad, Kolkata, Mumbai, Panchkula & Lucknow  
**Project Offices** : Bangalore, Bhopal, Bhubaneswar, Chennai, Guwahati, Jaipur, Jammu  
Patna, Ranchi, Shillong, Shimla, Thiruvananthapuram & Vadodara  
**Sub Offices** : Dehradun, Raipur  
**Training Centre** : Central Institute for Rural Electrification (CIRE), Hyderabad





**Raj Har Gopal & Co.**  
Chartered Accountants  
412, Ansal Bhawan  
16, Kasturba Gandhi Marg,  
New Delhi - 110001

**A.R. & Co.**  
Chartered Accountants  
A-403, Gayatri Apartments,  
Plot No. 27, Sector 10, Dwarka  
New Delhi - 110075

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**Independent Auditors' Review Report for the period ended 31 December 2016**

The Board of Directors,  
Rural Electrification Corporation Limited,  
Core-IV, SCOPE Complex,  
7, Lodi Road,  
New Delhi – 110003.

We have reviewed the accompanying statement of Standalone unaudited financial results of Rural Electrification Corporation Limited for the period ended 31 December 2016. This statement is the responsibility of the Company's Management and has been approved by the Board of Directors. Our responsibility is to issue a report on these financial statements based on our review.

We conducted our review in accordance with the Standard on Review Engagement (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 statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit and 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 standalone unaudited financial results read with notes thereon, prepared in accordance with applicable accounting standards 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 misstatement.

**For Raj Har Gopal & Co.**  
Chartered Accountants  
Firm Regn No. 002074N

  
(Shrey Gupta)  
Partner  
M. No. 522315



**For A.R. & Co.**  
Chartered Accountants  
Firm Regn No. 002744C

  
(Priyanshu Jain)  
Partner  
M. No. 530262



Place : Mumbai  
Date : 14 February 2017



**Rural Electrification Corporation Limited (A Govt. of India Enterprise)**

**Registered Office - Core-4, SCOPE Complex, 7, Lodhi Road, New Delhi - 110003, CIN: L40101DL1969GOI005095**

Part I

(₹ in Crores)

Statement of Standalone Unaudited Results for the Quarter and Nine Months Ended 31-12-2016							
Sl. No.	Particulars (Refer Notes Below)	Quarter Ended			Nine Months Ended		Year Ended
		31-12-2016	30-09-2016	31-12-2015	31-12-2016	31-12-2015	31-03-2016
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1	<b>Income from Operations</b>						
a	Interest Income	5,572.84	5,755.86	5,987.25	17,218.22	17,455.28	23,470.66
b	Other Operating Income	73.51	200.96	30.70	338.60	118.93	167.69
	<b>Total Income from Operations</b>	<b>5,646.35</b>	<b>5,956.82</b>	<b>6,017.95</b>	<b>17,556.82</b>	<b>17,574.21</b>	<b>23,638.35</b>
2	<b>Expenses</b>						
a	Finance Costs	3,373.14	3,425.48	3,706.61	10,351.97	10,529.59	14,283.12
b	Employee Benefits Expense	39.74	41.55	32.71	118.14	101.73	137.44
c	Corporate Social Responsibility Expenses	36.64	36.64	29.77	109.92	95.60	128.20
d	Other Expenses	17.69	34.96	14.32	66.72	42.83	67.01
e	Provisions and Contingencies	15.33	121.42	373.19	493.28	625.46	1,089.85
f	Depreciation and amortization expense	1.32	1.83	1.34	3.71	4.08	5.45
	<b>Total Expenses</b>	<b>3,483.86</b>	<b>3,661.88</b>	<b>4,157.94</b>	<b>11,143.74</b>	<b>11,399.29</b>	<b>15,711.07</b>
3	<b>Profit from Operations before Other Income &amp; Exceptional Items (1-2)</b>	<b>2,162.49</b>	<b>2,294.94</b>	<b>1,860.01</b>	<b>6,413.08</b>	<b>6,174.92</b>	<b>7,927.28</b>
4	Other Income	311.40	151.73	19.50	560.21	97.60	117.93
5	<b>Profit from Ordinary Activities before Exceptional Items (3+4)</b>	<b>2,473.89</b>	<b>2,446.67</b>	<b>1,879.51</b>	<b>6,973.29</b>	<b>6,272.52</b>	<b>8,045.21</b>
6	Exceptional Items	-	-	-	-	-	-
7	<b>Profit from Ordinary Activities before Tax (5+6)</b>	<b>2,473.89</b>	<b>2,446.67</b>	<b>1,879.51</b>	<b>6,973.29</b>	<b>6,272.52</b>	<b>8,045.21</b>
8	<b>Tax Expense</b>						
	- Current Year	643.98	705.44	565.86	1,969.95	1,850.27	2,477.89
	- Deferred Tax Liability / (Asset)	75.57	(10.46)	(56.21)	76.45	(39.78)	(57.57)
	- Earlier Years / (Refund)	(0.06)	0.42	0.00	0.36	(5.60)	(2.77)
9	<b>Net Profit from Ordinary Activities after Tax (7-8)</b>	<b>1,754.40</b>	<b>1,751.27</b>	<b>1,369.86</b>	<b>4,926.53</b>	<b>4,467.63</b>	<b>5,627.66</b>
10	Extraordinary Items (net of tax expense)	-	-	-	-	-	-
11	<b>Net Profit for the Period (9-10)</b>	<b>1,754.40</b>	<b>1,751.27</b>	<b>1,369.86</b>	<b>4,926.53</b>	<b>4,467.63</b>	<b>5,627.66</b>
12	Paid up Equity Share Capital (Face Value ₹10 per share)	1,974.92	1,974.92	987.46	1,974.92	987.46	987.46
13	Reserves & Surplus (Excluding Revaluation Reserves) (as per audited balance sheet as at 31st March)						27,630.30
14	<b>i Earnings per Share (EPS) (before extraordinary items) (of ₹10 each) (not annualised) (in ₹)</b>						
a	Basic	8.88	8.87	6.94	24.95	22.62	28.50
b	Diluted	8.88	8.87	6.94	24.95	22.62	28.50
	<b>ii Earnings per Share (EPS) (after extraordinary items) (of ₹10 each) (not annualised) (in ₹)</b>						
a	Basic	8.88	8.87	6.94	24.95	22.62	28.50
b	Diluted	8.88	8.87	6.94	24.95	22.62	28.50

See accompanying notes to the financial results.

**Notes:**

- The above financial results for the period ended 31 December 2016 were reviewed by the Audit Committee at the meeting held on 13 February 2017 and approved & taken on record by the Board of Directors at the meeting held on 14 February 2017.
- These results have been subjected to limited review by the Statutory Auditors of the Company.
- During the quarter ended 30 June 2016, the Company had revised the accounting policy for accounting for derivatives 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 1 April 2016. In accordance with the transitional provisions mentioned in the Guidance Note, an amount of ₹ 86.75 Crores after netting of taxes of ₹ 45.92 Crores had been adjusted in the opening balance of reserves, representing the change in the fair value of the interest rate swaps till 31 March 2016. Further, the fair value gain on interest rate swaps of ₹ 242.15 Crores and ₹ 327.03 Crores has been booked to the Statement of Profit & Loss for the quarter and nine months ended 31 December 2016 respectively in accordance with the revised accounting policy.

Further, the accounting policy on treatment of foreign currency exchange differences on the hedged loans and the corresponding derivative contracts has also been revised in order to align the same with existing accounting policy for amortising the foreign exchange fluctuation loss/ (gain) on the long term foreign currency monetary items over the balance period of such items in accordance with AS-11. The impact of this change, foreign exchange fluctuation loss pertaining to the previous years ₹ 29.79 Crores and foreign exchange fluctuation gain pertaining to current quarter and nine months amounting to ₹ 4.83 Crores and ₹ 5.04 Crores respectively has been adjusted in the Finance Cost for the period ended 31 December 2016.

Due to these changes in accounting policies, profit before tax for the quarter and nine months ended 31 December 2016 is higher by ₹ 246.98 Crores and ₹ 302.28 Crores respectively.

The amount remaining to be amortised in 'Foreign Currency Monetary Item Translation Difference Account' is ₹ 76.52 Crores (As on 31 December 2015 ₹ 221.88 Crores).





4. RBI, vide its letters dated 25 July 2013 and 4 April 2014, has conveyed to the Company to comply with the Prudential Norms of RBI by 31 March 2016 and follow the instructions contained in RBI Circular dated 23 January 2014 issued vide Notification No. DNBS (PD) No. 271/ CGM (NSV)-2014 in respect of restructuring of assets. Later, RBI vide its letter dated 11 June 2014 has allowed exemption to the Company from RBI restructuring norms till 31 March 2017 for Transmission & Distribution, Renovation & Modernisation and Life Extension projects and also the Hydro projects in Himalayan region or affected by natural disasters. 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 loans as on 31/03/2015 of such projects, the provisioning shall commence with a provision of 2.75% w.e.f. 31/03/2015 and reaching 5% by 31/03/2018.

Accordingly, during the quarter, a provision has been made amounting to ₹ 66.41 crores on qualifying loans (comprising of loans to Public Sector ₹ 9,333.90 crores and loans to Private Sector ₹ 10,204.74 crores). Further, in one of the public sector projects, with an outstanding loan amount of ₹ 4,561.63 crores, where COD has already been achieved and the period of two years from the date of restructuring has elapsed, a provision amounting to ₹ 179.67 crores created upto last quarter, has been reversed.

Further, RBI vide its letter No. DNBR.PD.CO.No. 582/03.10.001/2015-16 dated 5th October, 2015, has allowed the company to follow the REC's existing asset classification norms for NPA till 31 March 2017 (i.e. overdues of more than 6 months instead of 5 months for the Financial Year ending 31 March 2016 and 4 months for the Financial Year ending 31 March 2017 as prescribed in RBI Prudential Norms) for the existing loans of the Company i.e. loans sanctioned on or before 31 March 2015.

Further, in response to the Company's letter dated 13 May 2016, RBI vide its letter No. DNBR.PD.CO.No. 2184/03.10.001/2015-16 dated 16 June 2016, has exempted REC, from applicability of RBI's concentration of Credit/Investment norms, in respect of its exposure to Central/ State Government entities up to 31 March 2022.

5. As at 31 December 2016, the dues of one of the borrowers were overdue for more than 6 months, thus, exceeding the time limit for classification of the borrower as 'Standard Asset'. However, the borrower had obtained an ad-interim order from Hon'ble High Court of Madras on 18 September 2015 not to classify the account as NPA. In view of the same, the classification of the borrower has been retained as 'Standard Asset' pending final decision of the Court. However, as a matter of prudence, an additional provision amounting to ₹ 57.55 Crores has been created @ 2.50% of the loan over and above 5% provision already existing in respect of the loan and the interest income of ₹ 84.45 Crores has not been recognised during the quarter ended 31 December 2016. Further, unrealised interest income of ₹ 101.94 Crores as at 30 September 2016 has been reversed during the quarter ended 31 December 2016.
6. In respect of one of the borrowers, an additional provision amounting to ₹ 5.94 Crores and ₹ 17.76 Crores for the quarter and nine months ended 31 December 2016 respectively on the residual loan outstanding of ₹ 236.80 Crores as at 31 December 2016 has been made in terms of RBI Circular dated 25 February 2016. Further, as a matter of prudence, income amounting to ₹ 10.99 Crores and ₹ 31.42 Crores on the outstanding loan amount has not been recognised for the quarter and nine months ended 31 December 2016 respectively due to uncertainty in view of SDR implementation.
7. The Company paid the final dividend of ₹ 5.10 per equity share of ₹ 10/- each for the financial year ended 31 March 2016 on 4 October 2016. The total dividend paid for the financial year 2015-16 amounted to ₹ 17.10 per equity share of ₹ 10/- each.
- Further, the Company has declared an interim dividend of ₹ 7/- per equity share of ₹ 10/- each for the financial year 2016-17 and 28 February 2017 has been fixed as the Record Date for payment of Interim Dividend.
8. The Company's main business is to provide finance to power sector. Accordingly, the company does not have more than one segment eligible for reporting in terms of Accounting Standard-17 'Segment Reporting'.
9. Pursuant to the approval of the shareholders, the Company had allotted bonus shares in the ratio of one equity share of ₹ 10/- each for one existing equity share of ₹ 10/- each on 30 September 2016. Accordingly, Earnings Per Share (EPS) (basic and diluted) have been restated for the previous periods presented in accordance with the provisions of AS-20.
10. For all the secured bonds issued by the Company and outstanding as at 31 December 2016, 100% security cover has been maintained by way of mortgage on certain immovable properties and/or charge on the receivables of the Company.
11. Previous periods/year's figures have been regrouped/rearranged wherever necessary.

For Rural Electrification Corporation Limited

P.V. Ramesh

Chairman & Managing Director

DIN - 02836069



Place: Mumbai

Date: 14 February 2017





**Extract of Standalone Unaudited Results for the Quarter and Nine Months Ended 31-12-2016**

(₹ in Crores)

Sl. No.	Particulars	Quarter ended		Nine Months ended		Year ended
		31-12-2016	31-12-2015	31-12-2016	31-12-2015	31-03-2016
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1.	Total Income from Operations	5,646.35	6,017.95	17,556.82	17,574.21	23,638.35
2.	Net Profit for the period (before Tax, Exceptional and Extraordinary items)	2,473.89	1,879.51	6,973.29	6,272.52	8,045.21
3.	Net Profit for the period before tax (after Exceptional and Extraordinary items)	2,473.89	1,879.51	6,973.29	6,272.52	8,045.21
4.	Net Profit for the period after tax (after Exceptional and Extraordinary items)	1,754.40	1,369.86	4,926.53	4,467.63	5,627.66
5.	Total Comprehensive Income for the period [Comprising Profit for the period (after tax) and Other Comprehensive Income (after tax)]	N.A.	N.A.	N.A.	N.A.	N.A.
6.	Equity Share Capital (Face Value ₹10 per share)	1,974.92	987.46	1,974.92	987.46	987.46
7.	Reserves & Surplus (Excluding Revaluation Reserves) (as per audited balance sheet as at 31st March)					27,630.30
8.	Earnings per Share (of Rs.10 each) (for continuing and discontinued operations) (in ₹)					
	Basic	8.88	6.94	24.95	22.62	28.50
	Diluted	8.88	6.94	24.95	22.62	28.50

**Notes:**

- During the quarter ended 30 June 2016, the Company had revised the accounting policy for accounting for derivatives 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 1 April 2016. In accordance with the transitional provisions mentioned in the Guidance Note, an amount of ₹ 86.75 Crores after netting of taxes of ₹ 45.92 Crores had been adjusted in the opening balance of reserves, representing the change in the fair value of the interest rate swaps till 31 March 2016. Further, the fair value gain on interest rate swaps of ₹ 242.15 Crores and ₹ 327.03 Crores has been booked to the Statement of Profit & Loss for the quarter and nine months ended 31 December 2016 respectively in accordance with the revised accounting policy.

Further, the accounting policy on treatment of foreign currency exchange differences on the hedged loans and the corresponding derivative contracts has also been revised in order to align the same with existing accounting policy for amortising the foreign exchange fluctuation loss/ (gain) on the long term foreign currency monetary items over the balance period of such items in accordance with AS-11. The impact of this change, foreign exchange fluctuation loss pertaining to the previous years ₹ 29.79 Crores and foreign exchange fluctuation gain pertaining to current quarter and nine months amounting to ₹ 4.83 Crores and ₹ 5.04 Crores respectively has been adjusted in the Finance Cost for the period ended 31 December 2016.

Due to these changes in accounting policies, profit before tax for the quarter and nine months ended 31 December 2016 is higher by ₹ 246.98 Crores and ₹ 302.28 Crores respectively.

The amount remaining to be amortised in 'Foreign Currency Monetary Item Translation Difference Account' is ₹ 76.52 Crores (As on 31 December 2015 ₹ 221.88 Crores).

- As notified by Ministry of Corporate Affairs, the Company shall be implementing Indian Accounting Standards (Ind-AS) from FY 2018-19 onwards. Accordingly, information in respect of 'Other Comprehensive Income' above cannot be provided since the term has been defined only under Ind-AS.
- The Company has declared an interim dividend of ₹ 7/- per equity share of ₹ 10/- each for the financial year 2016-17. Further, 28 February 2017 has been fixed as the Record Date for payment of Interim Dividend.
- Pursuant to the approval of the shareholders, the Company had allotted bonus shares in the ratio of one equity share of ₹ 10/- each for one existing equity share of ₹ 10/- each on 30 September 2016. Accordingly, Earnings Per Share (EPS) (basic and diluted) have been restated for the previous periods presented in accordance with the provisions of AS-20.
- The above is an extract of the detailed format of Quarterly 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 financial results are available on the Stock Exchange websites ([www.bseindia.com](http://www.bseindia.com) and [www.nse-india.com](http://www.nse-india.com)) and also at the Company's website ([www.recindia.com](http://www.recindia.com)).

For Rural Electrification Corporation Limited

P.V. Ramesh  
Chairman & Managing Director  
DIN - 02836069

Place: Mumbai

Date: 14 February 2017

