

SEC-1/187(2)/2016/2073

Dated: August 11, 2016

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

**Sub: Submission of Outcome of Board Meeting of Rural Electrification Corporation Limited held on August 11, 2016.**

Dear Sirs,

Pursuant to Regulation 30 and Schedule III of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, this is to inform that the Board of Directors of Rural Electrification Corporation Limited, in its Meeting held on August 11, 2016 has approved the following:-

**1. Unaudited Standalone Financial Results of the Company for the first quarter ended June 30, 2016:-**

The Un-audited Standalone Financial Results for the first quarter ended June 30, 2016 have been reviewed by the Audit Committee and approved & taken on record by the Board of Directors of the Company in their respective Meetings held on Thursday, August 11, 2016.

Further, the Un-audited Standalone Financial Results have been subjected to Limited Review by Statutory Auditors of the Company i.e. M/s. Raj Har Gopal & Co., Chartered Accountants and M/s. A.R & Co., Chartered Accountants. **A copy of the Un-audited Standalone Financial Results for the first quarter ended June 30, 2016 along with Limited Review Report is enclosed herewith.**

**2. Date of convening of AGM and Book Closure period & Pay-out date for payment of Final Dividend for the financial year 2015-16:-**

It has been decided that the 47<sup>th</sup> Annual General Meeting (AGM) of Rural Electrification Corporation Limited will be held on Wednesday, September 21, 2016 at 11.00 A.M. at Weightlifting Auditorium, Jawaharlal Nehru Stadium, Bhisham Pitamah Marg, Pragati Vihar, Lodhi Colony, New Delhi-110003, India.

Pursuant to the provisions of the Companies Act, 2013, rules made thereunder and Regulation 42 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, it is informed that the Company has fixed the following dates in connection with



the ensuing (47<sup>th</sup>) Annual General Meeting and subject to approval of shareholders, for payment of Final Dividend for the financial year 2015-16:-

Sl. No.	Particulars	Relevant date(s)
1.	Period of Closure of Register of Members and Share Transfer Books for payment of Final Dividend for the Financial Year 2015-16.	<b>Wednesday, August 24, 2016 to Friday, August 26, 2016, both days inclusive.</b>
2.	Cut-off date for determining the eligibility of shareholders to vote by electronic means or in the general meeting.	<b>Thursday, September 15, 2016.</b>
3.	Period of <i>remote</i> e-voting to enable shareholders as on the <i>Cut-off date</i> , i.e. September 15, 2016 to cast their votes electronically on the proposed resolutions.	<b>Saturday, September 17, 2016 (1000 hours) to Tuesday, September 20, 2016 (1700 hours)</b>
4.	Pay Out date for payment of Final Dividend for the financial year 2015-16, if approved by the shareholders in the 47 <sup>th</sup> AGM.	<b>Tuesday, October 4, 2016.</b>

Accordingly, the Final Dividend @ ₹ 5.10 per equity share, as recommended by the Board of Directors in its Meeting held on May 27, 2016, if approved, by the Members of the Company in the 47<sup>th</sup> AGM, will be paid on **Tuesday, October 4, 2016** to the members or their mandates whose names appear in the Register of Members of the Company after giving effect to all valid share transfer requests lodged with the Company or M/s Karvy Computershare Private Limited, Registrar and Share Transfer Agent (R&TA), **on or before Tuesday, August 23, 2016**, in respect of physical shares. In respect of dematerialized shares, the final dividend shall be payable to the "beneficial owners" of the shares whose names appear in the Statement of Beneficial Ownership furnished by National Securities Depository Limited and Central Depository Services (India) Limited at the close of business hours on **Tuesday, August 23, 2016**.

Thanking you,

Yours faithfully,

  
(J. S. Amitabh)  
GM & Company Secretary

Encl.:- as above



Part I						(₹ in Crores)
Statement of Standalone Unaudited Results for the Quarter Ended 30-06-2016						
Sl. No.	Particulars	Quarter Ended			Year Ended	
		30-06-16	31-03-16	30-06-15	31-03-16	
	(Refer Notes Below)	(Unaudited)	(Audited)	(Unaudited)	(Audited)	
1	<b>Income from Operations</b>					
a	Interest Income	5,889.52	6,015.38	5,640.98	23,470.66	
b	Other Operating Income	64.13	48.76	21.91	167.69	
	<b>Total Income from Operations</b>	<b>5,953.65</b>	<b>6,064.14</b>	<b>5,662.89</b>	<b>23,638.35</b>	
2	<b>Expenses</b>					
a	Finance Costs	3,553.35	3,753.53	3,306.36	14,283.12	
b	Employee Benefits Expense	36.85	35.71	35.50	137.44	
c	Corporate Social Responsibility Expenses	36.64	32.60	31.87	128.20	
d	Other Expenses	14.07	24.18	13.84	67.01	
e	Provisions and Contingencies	356.53	464.39	196.50	1,089.85	
f	Depreciation and amortization expense	0.56	1.37	1.34	5.45	
	<b>Total Expenses</b>	<b>3,998.00</b>	<b>4,311.78</b>	<b>3,585.41</b>	<b>15,711.07</b>	
3	<b>Profit from Operations before Other Income &amp; Exceptional Items (1-2)</b>	<b>1,955.65</b>	<b>1,752.36</b>	<b>2,077.48</b>	<b>7,927.28</b>	
4	Other Income	97.08	20.33	46.74	117.93	
5	<b>Profit from Ordinary Activities before Exceptional Items (3+4)</b>	<b>2,052.73</b>	<b>1,772.69</b>	<b>2,124.22</b>	<b>8,045.21</b>	
6	Exceptional Items	-	-	-	-	
7	<b>Profit from Ordinary Activities before Tax (5+6)</b>	<b>2,052.73</b>	<b>1,772.69</b>	<b>2,124.22</b>	<b>8,045.21</b>	
8	<b>Tax Expense</b>					
	- Current Year	620.53	627.62	622.19	2,477.89	
	- Deferred Tax Liability / (Asset)	11.34	(17.79)	23.45	(57.57)	
	- Earlier Years / (Refund)	-	2.83	-	(2.77)	
9	<b>Net Profit from Ordinary Activities after Tax (7-8)</b>	<b>1,420.86</b>	<b>1,160.03</b>	<b>1,478.58</b>	<b>5,627.66</b>	
10	Extraordinary Items (net of tax expense)	-	-	-	-	
11	<b>Net Profit for the Period (9-10)</b>	<b>1,420.86</b>	<b>1,160.03</b>	<b>1,478.58</b>	<b>5,627.66</b>	
12	Paid up Equity Share Capital (Face Value ₹10 per share)	987.46	987.46	987.46	987.46	
13	Reserves & Surplus (Excluding Revaluation Reserves) (as per audited balance sheet as at 31st March)	27,630.30	27,630.30	25,279.84	27,630.30	
14	<b>i Earnings per Share (EPS) (before extraordinary items) (of ₹10 each) (not annualised) (in ₹)</b>					
a	Basic	14.39	11.75	14.97	56.99	
b	Diluted	14.39	11.75	14.97	56.99	
	<b>ii Earnings per Share (EPS) (after extraordinary items) (of ₹10 each) (not annualised) (in ₹)</b>					
a	Basic	14.39	11.75	14.97	56.99	
b	Diluted	14.39	11.75	14.97	56.99	

See accompanying notes to the financial results.

**Notes:**

- The above financial results for the quarter ended 30th June, 2016 were reviewed by the Audit Committee at the meeting held on 11th August, 2016 and approved & taken on record by the Board of Directors at the meeting held on 11th August, 2016.
- These results have been subjected to limited review by the Statutory Auditors of the Company.
- During the quarter ended 30th June, 2016, the Company has 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 1st April, 2016. In accordance with the transitional provisions mentioned in the Guidance Note, an amount of ₹ 86.75 Crores (net of taxes of ₹ 45.92 Crores) has been adjusted in the opening balance of reserves, representing the change in the fair value of the interest rate swaps till 31st March, 2016. Further, the fair value gain on interest rate swaps of ₹ 35.89 Crores has been booked to the Statement of Profit & Loss for the quarter ended 30th June, 2016 in accordance with the revised accounting policy.

*Signature*





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 period ₹ 1.91 Crores has been adjusted in the Finance Cost for the quarter ended 30th June, 2016. Further, the amount remaining to be amortised in 'Foreign Currency Monetary Item Translation Difference Account' is ₹ 172.36 Crores (As on 30th June 2015 ₹ 403.77 Crores). Due to these changes in accounting policies, profit before tax for the quarter ended 30th June, 2016 is higher by ₹ 8.01 Crores.

4. RBI, vide its letters dated 25th July, 2013 and 4th April, 2014, has conveyed to the Company to comply with the Prudential Norms of RBI by 31st March, 2016 and follow the instructions contained in RBI Circular dated 23rd 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 11th June, 2014 has allowed exemption to the Company from RBI restructuring norms till 31st 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 ₹ 57.40 crores on qualifying loans (comprising of loans to Public Sector ₹ 12,538.23 crores + loans to Private Sector ₹ 9,108.59 crores).

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 31st March, 2017 (i.e. overdues of more than 6 months instead of 5 months for the Financial Year ending 31st March, 2016 and 4 months for the Financial Year ending 31st March, 2017 as prescribed in RBI Prudential Norms) for the existing loans of the Company i.e. loans sanctioned on or before 31st March, 2015.

Further, in response to the Company's letter dated 13th May 2016, RBI vide its letter No. DNBR.PD.CO.No. 2184/03.10.001/2015-16 dated 16th 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 March 31, 2022.

5. As at 30th June 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 18th 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. Accordingly, the interest income of ₹ 78.53 Crores in respect of the loan has been recognized for the quarter ended 30th June, 2016 (Cumulative interest accrued ₹ 388.74 Crores) on accrual basis in accordance with the accounting policy of the Company for recognition of income on standard assets.
6. 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'.
7. The Board of Directors of the Company at its meeting held on 18th July, 2016, subject to the approval of the shareholders, has approved increase in the authorised share capital of the Company from present ₹ 1,200 Crores divided into 1,20,00,00,000 equity shares of ₹ 10/- each to ₹ 5,000 Crores divided into 5,00,00,00,000 equity shares of ₹ 10/- each and corresponding amendment in the capital clause of Memorandum of Association of the Company.
8. The Board of Directors of the Company have recommended the issue of Bonus Shares in the proportion of one bonus share of ₹ 10/- each for every existing one fully paid-up share of ₹ 10/- each for the approval of the Members in the ensuing Annual General Meeting by capitalising the Securities Premium Account.
9. For all the secured bonds issued by the Company and outstanding as at 30th June 2016, 100% security cover has been maintained by way of mortgage on certain immovable properties and/or charge on the receivables of the Company.
10. During the current quarter, the Company has subscribed to 26,05,42,050 fully paid equity shares of NHPC Limited under Offer for Sale at a cost of ₹ 21.78 per share of ₹ 10/- each aggregating to ₹ 567.50 crores.
11. Previous periods/year's figures have been regrouped/rearranged wherever necessary.

For Rural Electrification Corporation Limited

  
(Rajeev Sharma)

Chairman & Managing Director  
DIN - 00973413

Place: New Delhi  
Date: 11th August, 2016





**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 quarter ended 30<sup>th</sup> June, 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 quarter ended 30<sup>th</sup> June, 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.

Without modifying our report, attention is invited to Note No. 5 to the statement of Standalone unaudited financial results in respect of classification of one of the borrower account as standard asset in view of ad-interim order of Hon'ble High Court of Madras.

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

  
(Gopal Krishan)

Partner

M. No. 081085



**For A.R. & Co.**

Chartered Accountants

Firm Regn No. 002744C

  
(Anil Gaur)

Partner

M. No. 017546



Place : New Delhi

Date : 11<sup>th</sup> August, 2016