

SEC-1/187(2)/2018/2623

Dated: February 6, 2018

|                                                                                                                                                               |                                                                                                                                                                |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Listing Department,</b><br>National Stock Exchange of India Limited<br>Exchange Plaza, Bandra Kurla Complex,<br>Bandra (East),<br><b>Mumbai – 400 051.</b> | <b>Corporate Relationship Department</b><br>BSE Limited<br>1 <sup>st</sup> Floor, Phiroze Jeejeebhoy Towers<br>Dalal Street, Fort,<br><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, 2017 and declaration of Interim Dividend for the Financial Year 2017-18.**

Dear Sir(s),

In continuation of our letter dated January 18, 2018 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, 2017 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 its Meeting held on February 6, 2018.

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

It is also informed that the Board of Directors of the Company in the Meeting held today (i.e. on February 6, 2018) has declared and approved payment of Interim Dividend @ ₹ 7.40 (Rupees Seven and forty paise only) per equity share of ₹ 10/- each for the Financial Year 2017-18. Further, pursuant to Regulation 42 of SEBI (LODR) Regulations, 2015, the Board of Directors has fixed **Monday, February 19, 2018** as the “**Record Date**” for the purpose of ascertaining the eligibility of shareholders for payment of Interim Dividend on the equity share capital of the Company for the Financial Year 2017-18, as declared by the Board of Directors.

The said Interim Dividend will be paid/dispatched on **Tuesday, February 27, 2018**, to those shareholders whose names appear as beneficial owners in the statement(s) furnished by the Depository(ies) as at the close of business hours on **Monday, February 19, 2018** 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 **Monday, February 19, 2018**, 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

**Statement of Standalone Unaudited Results for the Quarter and Nine Months Ended 31-12-2017**

| Sl. No. | Particulars                                                                                          | Quarter Ended           |                         |                         | Nine Months Ended       |                         | Year Ended            |
|---------|------------------------------------------------------------------------------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-----------------------|
|         |                                                                                                      | 31-12-17<br>(Unaudited) | 30-09-17<br>(Unaudited) | 31-12-16<br>(Unaudited) | 31-12-17<br>(Unaudited) | 31-12-16<br>(Unaudited) | 31-03-17<br>(Audited) |
| 1       | A Interest Income                                                                                    | 5,470.08                | 5,371.05                | 5,572.84                | 16,304.36               | 17,218.22               | 22,935.61             |
|         | B Other Operating Income                                                                             | 28.37                   | 121.76                  | 73.51                   | 258.46                  | 338.60                  | 415.18                |
|         | C Revenue from Operations (A+B)                                                                      | 5,498.45                | 5,492.81                | 5,646.35                | 16,562.82               | 17,556.82               | 23,350.79             |
|         | D Other Income                                                                                       | 104.29                  | 134.90                  | 311.40                  | 329.79                  | 560.21                  | 744.56                |
|         | Total Revenue (C+D)                                                                                  | 5,602.74                | 5,627.71                | 5,957.75                | 16,892.61               | 18,117.03               | 24,095.35             |
| 2       | Expenses                                                                                             |                         |                         |                         |                         |                         |                       |
|         | A Finance Costs                                                                                      | 3,434.16                | 3,427.49                | 3,373.14                | 10,204.19               | 10,352.61               | 13,775.12             |
|         | B Employee Benefits Expense                                                                          | 46.38                   | 36.38                   | 39.74                   | 138.81                  | 118.14                  | 178.07                |
|         | C Corporate Social Responsibility Expenses                                                           | 8.80                    | 9.87                    | 36.64                   | 24.01                   | 109.92                  | 69.80                 |
|         | D Other Expenses                                                                                     | 31.91                   | 19.62                   | 17.69                   | 76.24                   | 66.72                   | 98.80                 |
|         | E Provisions and Contingencies                                                                       | 205.31                  | 310.48                  | 15.33                   | 858.29                  | 493.28                  | 1,109.47              |
|         | F Depreciation and amortization expense                                                              | 1.40                    | 1.30                    | 1.32                    | 4.00                    | 3.71                    | 5.04                  |
|         | Total Expenses (A to F)                                                                              | 3,727.96                | 3,805.14                | 3,483.86                | 11,305.54               | 11,144.38               | 15,236.30             |
| 3       | Profit before Prior Period Items & Tax (1-2)                                                         | 1,874.78                | 1,822.57                | 2,473.89                | 5,587.07                | 6,972.65                | 8,859.05              |
| 4       | Prior Period Items                                                                                   |                         |                         |                         |                         | (0.64)                  | (1.65)                |
| 5       | Profit before Tax (3-4)                                                                              | 1,874.78                | 1,822.57                | 2,473.89                | 5,587.07                | 6,973.29                | 8,860.70              |
| 6       | Tax Expense                                                                                          |                         |                         |                         |                         |                         |                       |
|         | A Current Year                                                                                       | 596.26                  | 575.72                  | 643.98                  | 1,744.85                | 1,969.95                | 2,606.29              |
|         | B Earlier Years / (Refund)                                                                           |                         |                         | (0.06)                  |                         | 0.36                    | (27.78)               |
|         | C Deferred Tax Liability / (Asset)                                                                   | (17.89)                 | 32.19                   | 75.57                   | 30.01                   | 76.45                   | 36.43                 |
|         | Total Tax Expense (A+B+C)                                                                            | 578.37                  | 607.91                  | 719.49                  | 1,774.86                | 2,046.76                | 2,614.94              |
| 7       | Profit for the period from Continuing Operations (5-6)                                               | 1,296.41                | 1,214.66                | 1,754.40                | 3,812.21                | 4,926.53                | 6,245.76              |
| 8       | Profit from Discontinuing Operations (after tax)                                                     |                         |                         |                         |                         |                         |                       |
| 9       | Profit for the Period (7+8)                                                                          | 1,296.41                | 1,214.66                | 1,754.40                | 3,812.21                | 4,926.53                | 6,245.76              |
| 10      | Paid up Equity Share Capital (Face Value ₹10 per share)                                              | 1,974.92                | 1,974.92                | 1,974.92                | 1,974.92                | 1,974.92                | 1,974.92              |
| 11      | Reserves & Surplus (Excluding Revaluation Reserves)<br>(as per audited balance sheet as at 31 March) |                         |                         |                         |                         |                         | 31,350.67             |
| 12      | Earnings per Share (EPS) (of ₹10 each)<br>(not annualised) (in ₹)                                    |                         |                         |                         |                         |                         |                       |
|         | A Basic                                                                                              | 6.56                    | 6.15                    | 8.88                    | 19.30                   | 24.95                   | 31.63                 |
|         | B Diluted                                                                                            | 6.56                    | 6.15                    | 8.88                    | 19.30                   | 24.95                   | 31.63                 |

See accompanying notes to the financial results.

**Notes:**

- The above financial results for the period ended 31st December 2017 were reviewed by the Audit Committee at the meeting held on 6th February 2018 and approved and taken on record by the Board of Directors at the meeting held on 6th February 2018.
- These results have been subjected to limited review by the Statutory Auditors of the Company.
- During the quarter ended 30th June 2017, the Company had revised the accounting policy for amortization of one time arrangement fee incurred in raising of foreign currency borrowings and premium paid towards hedging contracts over the period of such borrowings/ contracts. Due to this change in accounting policy, profit before tax for the quarter and nine months ended 31st December 2017 is higher by ₹ 9.52 Crores and ₹ 54.50 Crores respectively.  
Further, during the quarter ended 30th September 2017, the policy for recognising the agency fee on Government schemes has now been changed to recognise such income on accrual basis. Due to this change in accounting policy, profit before tax for the quarter ended 31st December 2017 is lower by ₹ 23.82 Crores and for nine months ended 31st December 2017, profit before tax is higher by ₹ 43.93 Crores.
- The company has opted for amortising the foreign exchange fluctuation loss/ gain on the long term foreign currency monetary items over the balance period of such items. The balance in 'Foreign Currency Monetary Item Translation Difference Account' remaining to be amortised as at 31st December 2017 is ₹ 89.54 Crores (gain) [As at 30th September 2017 ₹ 35.70 Crores (gain)].
- RBI, vide its letters dated 25th July 2013 and 4th April 2014, had 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 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 11th June 2014 had 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 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.



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*[Handwritten signature]*

In accordance with clarification from RBI vide email dated 10 August 17, T&D, R&M and life extension projects as also the hydro projects in Himalayan region or affected by natural disaster will be regulated by RBI restructuring norms with effect from 1 April 2017.

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.

During the current quarter, a provision has been made amounting to ₹ 27.10 Crores on qualifying restructured loans (comprising of loans to Public Sector ₹ 8,555.91 crores and loans to Private Sector ₹ 12,644.14 crores). Further in one of the public sector projects, with an outstanding loan amount of ₹ 2,193.64 crores, where COD has already been achieved and the period of 2 years from the date of restructuring has elapsed, a provision amounting to ₹ 103.87 crores created upto last quarter has been reversed. This has resulted in net reversal of provision of ₹ 76.77 Crore during the current quarter. The total provision held as on 31st December 2017 against such restructured loans amounts to ₹ 1192.63 crores.

6. As at 31st December 2017, the dues of one of the borrowers were overdue for more than 3 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.  
However, as a matter of prudence, an additional provision had been created during the financial year 2016 17 @ 4.50% over and above 5.00% provision in respect of the loan, making a total of 9.50% amounting to ₹ 218.69 crores and the same continues to be maintained. Further, during the quarter and nine months ended 31st December 2017, the interest income of ₹ 94.89 Crores and ₹ 280.15 Crores respectively has not been recognised in the books of accounts.
7. The Company paid the final dividend of ₹ 2.65 per equity share of ₹ 10/- each for the financial year ended 31st March 2017 on 9th October 2017. The total dividend paid for the financial year 2016 17 amounted to ₹ 9.65 per equity share of ₹ 10/- each.  
Further, the Company has declared an interim dividend of ₹ 7.40 per equity share of ₹ 10/- each for the financial year 2017 18 and 19th February 2018 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. The Company has raised USD 400 million 3-year US Dollars denominated bonds in December 2017 to refinance its existing foreign currency syndicated term loan with the purpose of reducing the all-in cost of such external commercial borrowings within the ambit of applicable ECB Guidelines and the amount has been utilized for the aforementioned purpose.
10. For all the secured bonds issued by the Company and outstanding as at 31st December 2017, 100% security cover has been maintained by way of mortgage on certain immovable properties and/or charge on the receivables of the Company.
11. In respect of one of the borrowers under NPA category, the Company took over the management control of the Company on 7th November 2017 under Section 13(4)(b) of the SARFAESI Act after issuing necessary notice/ publication. The above actions of the Company have been challenged by the promoter of the borrower company in Hon'ble Debt Recovery Tribunal (DRT) and the matter is currently sub-judice, being heard in Hon'ble DRT.
12. 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: New Delhi  
Date: 6th February 2018



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**G S Mathur & Co.**  
**Chartered Accountants**  
**A-160 Defence Colony**  
**New Delhi- 110024**

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

**Independent Auditors' Review Report**

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

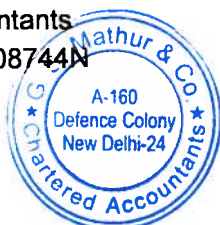
We have reviewed the accompanying statements of standalone unaudited financial results of Rural Electrification Corporation Limited for the quarter and nine months ended 31st December 2017 prepared by the Company pursuant to the requirement of Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. 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 have 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 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 thereon 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.

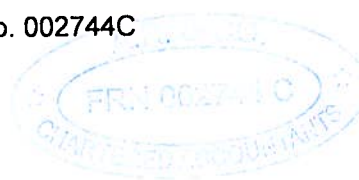
**For G.S.Mathur & Co.**  
**Chartered Accountants**  
**Firm Regn No. 008744N**

  
**(S.C.Choudhary)**  
**Partner**  
**M.No. 082023**



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

  
**(Shelly Goel)**  
**Partner**  
**M.No. 307309**



**Place : New Delhi**  
**Date : 6th February 2018**