

Part I		(₹ in Crores)			
Statement of Standalone Unaudited Results for the Quarter Ended 30-06-2016					
Sl. No.	Particulars (Refer Notes Below)	Quarter Ended			Year Ended
		30-06-16 (Unaudited)	31-03-16 (Audited)	30-06-15 (Unaudited)	31-03-16 (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.

*[Handwritten 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

