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SEC-1/187(2)/2017/2598

रूरल इलेक्ट्रीफिकेशन कारपोरेशन लिमिटेड
Rural Electrification Corporation Limited

(भारत सरकार का उद्यम) / (A Government of India Enterprise)

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Dated: August 11, 2017

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

Sub: Clarification on news item appearing in the “Media/Publication”.

Dear Sir(s),

This has reference to your Letter dated August 10, 2017 seeking clarification on a news item captioned “CAG: Lack of due diligence by REC, PFC in credit appraisal on loans; REC, PFC didn't follow RBI norms on loans to Private Power Cos.” which has appeared on BTVi on August 10, 2017.

At the outset, we would like to inform that the above news appearing in the media is purely speculative in nature and does not hold any truth.

Rural Electrification Corporation Limited (REC) is a Navratna CPSE under the aegis of Ministry of Power, Government of India and Comptroller & Auditor General of India (C&AG) conducts the supplementary audit of its financial statements. Further, we would like to inform you that during the course of Audit by officials of C&AG with respect to loan to Independent Power Producers (IPP) by REC and PFC, certain clarifications and points were raised regarding credit appraisal system in REC, which were suitably replied by the Company. Further, REC has sound credit appraisal system and a well-established procedure and guidelines for the due-diligence of any loan proposal.

As regards the comment that REC did not follow RBI Guidelines on Loans to Private Sector, it is hereby informed that REC has been following all norms issued by RBI, from time to time, and making all the required provisioning as prescribed in various guidelines of RBI. Further, we would also like to inform you that Statutory Auditors have given an unqualified Report and C&AG of India have also given ‘Nil’ comments on the Annual Accounts for the financial year 2016-17. Further, C&AG in their Report have clearly mentioned that REC has followed the Prudential Norms in recognizing its NPA, as issued by RBI and applicable to REC, from time to time.

Further, on August 10, 2017, the Stock markets generally witnessed a downward movement with NIFTY 50 falling 87 points to close at 9,820.25 and BSE Sensex falling 266 points to close at 31,531.33. Accordingly, the decline in share price of REC can also be attributed to the weaker sentiment of Indian Stock Markets.

It is pertinent to mention that REC strictly adheres to the compliance of Regulation 30 and other regulations of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 without any failure/delay/deviation. Further, there is no price-sensitive information available with the Company, which has not been announced on the Stock Exchanges and which could possibly explain the decline in the market price of REC shares.

We request you to take our clarification on record. Kindly let us know in case any further clarification is required in this regard.

Thanking you,

Yours faithfully,


(J.S. Amitabh)

General Manager & Company Secretary

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