



आर ई सी लिमिटेड | REC Limited

(Formerly Rural Electrification Corporation Limited)

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

Regd. Office: Core-4, SCOPE Complex, 7, Lodhi Road, New Delhi 110 003

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CIN : L40101DL1969GOI005095 | GST No.: 07AAACR4512R1Z3



SEC-1/187(2)/2019/224

Dated: August 6, 2019

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

Sub: Submission of Unaudited Financial Results (Standalone & Consolidated) of the Company for the first quarter ended June 30, 2019.

Dear Sir(s),

In continuation of our letter dated July 29, 2019 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 Unaudited Financial Results (Standalone & Consolidated) of the Company for the first quarter ended June 30, 2019 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 August 6, 2019.

The Un-audited Standalone Financial Results have been subjected to Limited Review by M/s. G.S. Mathur & Co. and M/s. A.R. & Co., Chartered Accountants and a copy of the Limited Review Report is enclosed herewith for your reference and record.

Thanking you,

Yours faithfully,

(J.S. Amitabh)
Executive Director & Company Secretary

Encl: As above

Regional Offices : Bangalore, Bhopal, Bhubaneswar, Chennai, Guwahati, Hyderabad, Imphal, Jaipur, Jammu, Kolkata, Lucknow, Mumbai, Panchkula, Patna, Raipur, Ranchi, Thiruvananthapuram & Vijayawada

State Offices : Dehradun, Itanagar, Shillong, Shimla, Vadodara & Varanasi

REC Limited (formerly Rural Electrification Corporation Limited) - A Govt. of India Enterprise
Registered Office - Core-4, SCOPE Complex, 7, Lodhi Road, New Delhi - 110003, CIN: L40101DL1969GOI005095

Statement of Unaudited Standalone Financial Results for the Quarter ended 30-06-2019

(₹ in Crores)

Sl. No.	Particulars	Quarter Ended			Year Ended
		30-06-2019 (Unaudited)	31-03-2019 (Audited)	30-06-2018 (Unaudited)	31-03-2019 (Audited)
1	Income				
A	Interest income				
(i)	Interest income on loan assets	6,919.27	6,493.49	5,668.82	24,727.90
(ii)	Other interest income	52.68	56.87	63.98	243.12
	Sub-total (A) - Interest Income	6,971.95	6,550.36	5,732.80	24,971.02
B	Other Operating Income				
(i)	Dividend income	-	56.97	-	113.61
(ii)	Fees and commission income	14.24	2.80	4.12	225.09
(iii)	Net translation/ transaction exchange gain	-	61.68	-	-
(iv)	Net gain on fair value changes	-	-	580.55	-
	Sub-total (B) - Other Operating Income	14.24	121.45	584.67	338.70
C	Total Revenue from Operations (A+B)	6,986.19	6,671.81	6,317.47	25,309.72
D	Other Income	3.00	14.09	1.54	31.44
	Total income (C+D)	6,989.19	6,685.90	6,319.01	25,341.16
2	Expenses				
A	Finance costs	4,572.57	4,161.13	3,619.83	15,641.54
B	Net translation/ transaction exchange loss	42.07	-	332.72	521.19
C	Fees and commission expense	6.80	12.31	9.86	34.38
D	Net loss on fair value changes	190.58	762.03	-	348.52
E	Impairment on financial instruments	(27.50)	17.78	132.31	240.33
F	Employee benefits expenses	49.86	46.47	43.18	157.53
G	Depreciation and amortization	2.09	2.03	1.59	7.17
H	Corporate social responsibility expenses	24.81	18.88	47.47	103.39
I	Other expenses	25.91	30.97	21.68	186.61
	Total expenses (A to I)	4,887.19	5,051.60	4,208.64	17,240.66
3	Profit before tax (1-2)	2,102.00	1,634.30	2,110.37	8,100.50
4	Tax expense				
A	Current tax				
	- Current year	582.78	353.13	344.14	1,805.65
	- Earlier years	10.30	(14.01)	-	(14.01)
B	Deferred tax	7.58	39.05	298.00	545.14
	Total tax expense (A+B)	600.66	378.17	642.14	2,336.78
5	Net profit for the period (3-4)	1,501.34	1,256.13	1,468.23	5,763.72



Sl. No.	Particulars	Quarter Ended			Year Ended
		30-06-2019 (Unaudited)	31-03-2019 (Audited)	30-06-2018 (Unaudited)	31-03-2019 (Audited)
6	Other comprehensive Income/(Loss)				
	(i) Items that will not be reclassified to profit or loss				
	(a) Re-measurement gains/(losses) on defined benefit plans	-	(26.83)	-	(19.37)
	(b) Changes in fair value of FVOCI equity instruments	(23.61)	(22.02)	(71.44)	(47.26)
	(c) Income tax relating to these items				
	- Re-measurement gains/(losses) on defined benefit plans	-	9.38	-	6.77
	- Changes in fair value of FVOCI equity instruments	0.78	0.12	(0.83)	(0.68)
	Sub-total (i)	(22.83)	(39.35)	(72.27)	(60.54)
	(ii) Items that will be reclassified to profit or loss	-	-	-	-
	Other comprehensive Income/(Loss) for the period (i + ii)	(22.83)	(39.35)	(72.27)	(60.54)
7	Total comprehensive income for the period (5+6)	1,478.51	1,216.78	1,395.96	5,703.18
8	Paid up equity share capital (Face Value ₹10 per share)	1,974.92	1,974.92	1,974.92	1,974.92
9	Other equity (as per audited balance sheet as at 31st March)		32,328.02		32,328.02
10	Basic & Diluted earnings per equity share of ₹ 10 each) (in ₹)				
	A For continuing operations	7.60	6.36	7.43	29.18
	B For continuing and discontinued operations	7.60	6.36	7.43	29.18

See accompanying notes to the financial results.



Statement of Unaudited Consolidated Financial Results for the Quarter ended 30-06-2019

(₹ in Crores)

Sl. No.	Particulars	Quarter Ended			Year Ended
		30-06-2019 (Unaudited)	31-03-2019 (Audited)	30-06-2018 (Unaudited)	31-03-2019 (Audited)
1	Income				
	A Interest Income				
	(i) Interest income on loan assets	6,919.27	6,493.49	5,668.82	24,727.90
	(ii) Other interest income	56.15	59.88	67.19	255.72
	Sub-total (A) - Interest Income	6,975.42	6,553.37	5,736.01	24,983.62
	B Other Operating Income				
	(i) Dividend income	-	10.08	-	20.38
	(ii) Fees and commission income	14.24	2.80	4.12	225.09
	(iii) Net translation/ transaction exchange gain	-	61.68	-	-
	(iv) Net gain on fair value changes	-	-	580.55	-
	(v) Sale of services	17.42	83.40	28.99	169.93
	Sub-total (B) - Other Operating Income	31.66	157.96	613.66	415.40
	C Total Revenue from Operations (A+B)	7,007.08	6,711.33	6,349.67	25,399.02
	D Other Income	3.09	14.18	1.70	32.31
	Total income (C+D)	7,010.17	6,725.51	6,351.37	25,431.33
2	Expenses				
	A Finance costs	4,571.31	4,160.52	3,619.02	15,639.20
	B Net translation/ transaction exchange loss	42.07	-	332.72	521.19
	C Fees and commission expense	6.80	12.31	9.86	34.38
	D Net loss on fair value changes	190.58	762.03	-	348.52
	E Impairment on financial instruments	(28.05)	21.49	128.24	243.49
	F Cost of services rendered	14.79	38.01	10.19	85.15
	G Employee benefits expenses	54.37	51.19	49.42	177.37
	H Depreciation and amortization	2.53	2.28	1.90	8.29
	I Corporate social responsibility expenses	24.82	19.58	47.74	104.49
	J Other expenses	24.72	27.32	25.13	188.76
	Total Expenses (A to J)	4,903.94	5,094.73	4,224.22	17,350.84
3	Share of Profit of Joint Venture accounted for using equity method	6.35	10.32	(4.51)	9.95
4	Profit before Tax (1-2+3)	2,112.58	1,641.10	2,122.64	8,090.44
5	Tax Expense				
	A Current Tax				
	- Current Year	583.65	366.62	347.95	1,826.51
	- Earlier Years	10.30	(13.28)	-	(13.28)
	B Deferred Tax	9.63	35.10	302.72	535.83
	Total Tax Expense (A+B)	603.58	388.44	650.67	2,349.06
6	Net profit for the period (4-5)	1,509.00	1,252.66	1,471.97	5,741.38



Sl. No.	Particulars	Quarter Ended			Year Ended
		30-06-2019 (Unaudited)	31-03-2019 (Audited)	30-06-2018 (Unaudited)	31-03-2019 (Audited)
7	Other comprehensive Income/(Loss)				
	(i) Items that will not be reclassified to profit or loss				
	(a) Re-measurement gains/(losses) on defined benefit plans	-	(26.83)	-	(19.37)
	(b) Changes in fair value of FVOCI equity instruments	(23.61)	(22.02)	(71.44)	(47.26)
	(c) Share of Profit of Joint Venture accounted for using equity method	-	(0.10)	-	(0.05)
	(d) Income tax relating to these items				
	- Re-measurement gains/(losses) on defined benefit plans	-	9.38	-	6.77
	- Changes in fair value of FVOCI equity instruments	0.78	0.12	(0.83)	(0.68)
	Sub-total (i)	(22.83)	(39.45)	(72.27)	(60.59)
	(ii) Items that will be reclassified to profit or loss				
	(a) Share of other comprehensive income/ (loss) of joint venture accounted for using equity method	(3.94)	-	-	-
	(b) Income tax relating to these items	0.81	-	-	-
	Sub-total (ii)	(3.13)	-	-	-
	Other comprehensive income/(loss) for the period (i + ii)	(25.96)	(39.45)	(72.27)	(60.59)
8	Total comprehensive Income for the period (6+7)	1,483.04	1,213.21	1,399.70	5,680.79
9	Paid up Equity Share Capital (Face Value ₹10 per share)	1,974.92	1,974.92	1,974.92	1,974.92
10	Other Equity (as per audited balance sheet as at 31st March)		32,571.42		32,571.42
11	Basic & Diluted earnings per equity share of ₹ 10 each) (in ₹)				
A	For continuing operations	7.64	6.34	7.45	29.07
B	For continuing and discontinued operations	7.64	6.34	7.45	29.07

See accompanying notes to the financial results.

Notes:

- The above financial results were reviewed by the Audit Committee at the meeting held on 6th August 2019 and approved and taken on record by the Board of Directors at the meeting held on 6th August 2019. These results have been subjected to limited review by M/s A.R. & Co., Chartered Accountants and M/s G.S. Mathur & Co., Chartered Accountants. However, since the Consolidated financial results of the Company are being submitted for the first time pursuant to the mandatory requirement with effect from April 1, 2019, the consolidated figures for the comparative periods for the quarter ended 30th June 2018 and the quarter ended 31st March 2019, as reported in these financial results, have not been subjected to limited review.
- The accounts of the subsidiary companies, REC Power Distribution Company Limited (standalone) and REC Transmission Projects Company Limited (consolidated), subjected to the limited review and unaudited standalone accounts of joint venture (Energy Efficiency Services Limited) have been consolidated in accordance with the Indian Accounting Standard 110 'Consolidated Financial Statements', Indian Accounting Standard 111 'Joint Arrangements' and Indian Accounting Standard 28 'Investments in Associates and Joint Ventures'.
- Details of credit-impaired loan assets and the provisions maintained in respect of those accounts is as under:

(₹ in Crores)

S. No.	Particulars	As at 30th June 2019
1.	Credit-impaired loan assets	20,892.23
2.	Impairment Allowance Maintained	10,073.30
	Impairment Allowance Coverage (%) (2/1)	48.22%



4. One of the borrowers of the Company has obtained an ad-interim order from Hon'ble High Court of Madras on 18th September 2015 not to classify the account as Non-Performing Asset. Accordingly, the loan outstanding of the borrower has not been classified as Stage III Asset, even though the overdues are more than 3 months old and the asset is credit impaired. Further, as a matter of prudence, the interest income is not being recognised in respect of the project loan.

However, the Company has created an adequate provision of ₹ 942.67 crore @ 40.95% of Loan outstanding of ₹ 2,302 crore in the books of accounts as per Expected Credit Loss (ECL) as on 31st March 2019 after considering the financial and operational parameters of the project.

- 5 The Company, along with its subsidiaries has adopted Ind AS 116 'Leases', using modified retrospective method with the initial date of application of 1st April, 2019. Accordingly, in one of the subsidiaries, REC Power Distribution Corporation Limited, the Right of Use assets (ROU) amounting to ₹ 2.61 crores have been recognised as on the initial date of application, which is equivalent to the lease liability.
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 Indian Accounting Standard (Ind AS) 108 'Operating Segments'.
7. The Company has raised US\$ 650 million 5-year US Dollars denominated bonds in July 2019 under its Global Medium Term Note (GMTN) Programme of USD\$ 5 Billion. The amount raised has since been utilized for funding Infrastructure Power Sector projects as per the extant RBI guidelines.
8. The Company had started creating Expected Credit Loss (ECL) on undisbursed Letters of Comfort during the quarter ended 31st March 2019 and suitable adjustments have been made in the comparative results.
9. Interest income on credit-impaired loan assets is not being recognised as a matter of prudence, pending the outcome of resolutions of stressed assets.
10. For all the secured bonds issued by the Company and outstanding as at 30th June 2019, 100% security cover has been maintained by way of mortgage on certain immovable properties and/or charge on the receivables of the Company.
11. The Consolidated figures for the quarter ended 31st March 2019 are derived by deducting the year-to-date figures for the period ended 31st December 2018 from the audited figures for the year ended 31st March 2019.



For REC Limited

Ajeet Kumar Agarwal

Ajeet Kumar Agarwal
Chairman & Managing Director
DIN - 02231613

Place: New Delhi

Date: 6th August 2019



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 Auditor's Review Report on Quarterly Unaudited Standalone Financial Results of REC Limited (Formerly Rural Electrification Corporation Limited) Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended

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

We have reviewed the accompanying statement of unaudited financial results of **REC Limited (Formerly Rural Electrification Corporation Limited)** (the "Company") for the quarter ended 30th June 2019 being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.

This statement is the responsibility of the Company's Management and has been approved by the Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in the Indian Accounting Standard 34 'Interim Financial Reporting', prescribed under section 133 of the Companies Act, 2013 (the 'Act') read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to issue a report on these financial statements based on our review.

We conducted our review of the Statement in accordance with the Standard on Review Engagements (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 provides 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 unaudited financial results prepared in accordance with recognition and measurement principles laid down in the Indian Accounting Standards specified under Section 133 of the Act, as amended, read with relevant rules issued there under and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, 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

UDIN – 19082023AAAAAB7874



For A.R. & Co.

Chartered Accountants

Firm Regn No. 002744C



Priyanshu Jain

Partner

M.No. 530262

UDIN – 19530262AAAAAR5092



Place : New Delhi

Date : 6th August 2019

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 Auditor's Review Report On consolidated unaudited quarterly financial results REC Limited (Formerly Rural Electrification Corporation Limited) Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended

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

1. We have reviewed the accompanying Statement of Consolidated Unaudited Financial Results of **REC Limited (Formerly Rural Electrification Corporation Limited)** ("the Parent") and its subsidiaries (the Parent and its subsidiaries together referred to as "the Group"), and its share of the net profit after tax and total comprehensive income of its joint ventures for the quarter ended 30th June 2019 ("the Statement"), being submitted by the Parent pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended. Attention is drawn to the fact that the consolidated figures for the corresponding quarter ended 30th June 2018, as reported in these financial results have been approved by the Parent's Board of Directors, but have not been subjected to review.
2. This Statement, which is the responsibility of the Parent's Management and approved by the Parent's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34"), prescribed under Section 133 of the Companies Act, 2013, and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Institute of



Chartered Accountants of India. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We also performed procedures in accordance with the circular issued by the SEBI under Regulation 33 (8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, to the extent applicable.

4. The Statement includes the results of the following entities:

List of Subsidiaries:

- i) REC Power Distribution Company Limited
- ii) REC Transmission Projects Company Limited

List of Joint Venture:

- i) Energy Efficiency Services Limited, using equity method

5. Based on our review conducted and procedures performed as stated in paragraph 3 above and based on the consideration of the review reports other auditors referred to in paragraph 6 below, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the Indian Accounting Standards as specified under Section 133 of the Act, as amended, read with relevant rules issued there under and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, including the manner in which it is to be disclosed, or that it contains any material misstatement.
6. We did not review the interim financial results of two subsidiaries included in the consolidated unaudited financial results, whose interim financial results reflect total revenues of Rs.25.72 crores, total net profit after tax of Rs. 3.28 crores and total comprehensive income of Rs.3.28 crores , for the quarter ended 30th June 2019, as considered in the consolidated unaudited financial results. These interim financial results have been reviewed by other auditors whose reports have been furnished to us by the Management and our conclusion on the Statement, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries is based solely on the reports of the other auditors and the procedures performed by us as stated in paragraph 3 above.

Our conclusion on the Statement is not modified in respect of the above matters.



7. The consolidated unaudited financial results also includes the Group's share of net profit after tax of Rs. 6.35 crores and total comprehensive income of Rs. 2.41 crores for the quarter ended 30th June 2019, as considered in the consolidated unaudited financial results, in respect of one joint ventures based on their interim financial information which have not been reviewed/audited by their auditors. According to the information and explanations given to us by the Management, these interim financial information are not material to the Group.

Our conclusion on the Statement is not modified in respect of the above matter.

For G.S. Mathur & Co.

Chartered Accountants

Firm Regn No. 008744N


S.D. Choudhary

Partner

M.No. 082023

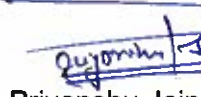
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For A.R. & Co.

Chartered Accountants

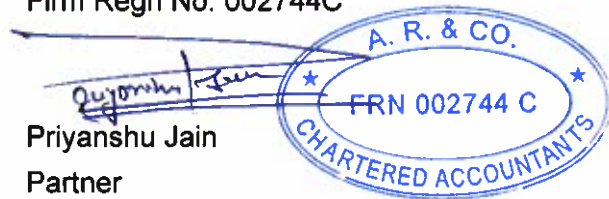
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Priyanshu Jain

Partner

M.No. 530262

UDIN – 19530262AAAAAS3516



Place : New Delhi

Date : 6th August 2019