DRAFT SHELF PROSPECTUS
Dated: October 16, 2019

REC LIMITED
(Formerly Rural Electrification Corporation Limited)
(A Navratna Enterprise of the Government of India)

Our Company was originally incorporated as a private limited company under the Companies Act, 1956 on July 25, 1969 at New Delhi as "Rural Electrification Corporation Private Limited". The word "private" was deleted from the name of our Company on June 3, 1970. Our Company was converted into a public limited company from a deemed public company with effect from July 18, 2003. The name of the Company has changed from "Rural Electrification Corporation Limited" to "REC Limited" pursuant to the shareholders resolution dated September 25, 2018, with effect from October 13, 2018. For further details, please see the section titled "***History and Certain Corporate Matters***" on page 124.

Corporate Identification Number: L40101DL1969GOI005095.
Registered Office and Corporate Office: Core - 4, SCOPE Complex, 7 Lodi Road, New Delhi, 110003
Website: www.recindia.nic.in
Telephone: (+91 11) 4309 1527; **Facsimile**: (+91 11) 2436 9849; **E-mail**: investorcell@recl.in
Compliance Officer to the Issue: Mr. Sanjay Kumar, General Manager (Finance); **Telephone**: (+91 11) 4309 1616; **Facsimile**: (+91 11) 2436 9846
Compliance Officer of the Company: Mr. J.S. Amitabh, Company Secretary; **Telephone**: (+91 11) 2436 7305; **Facsimile**: (+91 11) 2436 2039

PUBLIC ISSUE BY REC LIMITED ("COMPANY" OR THE "ISSUER") OF SECURED, REDEEMABLE NON-CONVERTIBLE DEBENTURES OF FACE VALUE OF ₹ 1000 EACH, ("NCDs"), AGGREGATING UPTO ₹10,000 CRORE ("SHELF LIMIT") ("ISSUE"). THE NCDS WILL BE ISSUED IN ONE OR MORE TRANCHES (EACH BEING A "TRANCHE ISSUE") SUBJECT TO THE SHELF LIMIT IN ACCORDANCE WITH THE TERMS AND CONDITIONS AS SET OUT IN THE RELEVANT TRANCHE PROSPECTUS(ES) FOR EACH SUCH TRANCHE ISSUE WHICH SHOULD BE READ TOGETHER WITH THIS DRAFT SHELF PROSPECTUS AND THE SHELF PROSPECTUS (COLLECTIVELY THE "ISSUE DOCUMENT" OR "PROSPECTUS"). THE ISSUE IS BEING MADE PURSUANT TO THE PROVISIONS OF SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE AND LISTING OF DEBT SECURITIES) REGULATIONS, 2008, AS AMENDED (THE "SEBI DEBT REGULATIONS") AND COMPANIES ACT, 2013 AND RULES MADE THEREUNDER, AS AMENDED.

OUR PROMOTERS

Our Promoters are the President of India, acting through the Ministry of Power, Government of India and the Power Finance Corporation Limited. For details of our Promoters, please see "*Our Promoters*" on page 144.

GENERAL RISKS

Investors are advised to read the Risk Factors carefully before taking an investment decision in relation to this Issue. For taking an investment decision, investors must rely on their own examination of the Issuer and the Issue, including the risks involved. Specific attention of the investors is invited to the section titled "*Risk Factors*" on page 14. This document has not been and will not be approved by any regulatory authority in India, including the Securities and Exchange Board of India ("**SEBI**"), the Reserve Bank of India ("**RBI**"), any registrar of companies or any stock exchange in India.

ISSUER'S ABSOLUTE RESPONSIBILITY

The Issuer, having made all reasonable inquiries, accepts responsibility for, and confirms that this Draft Shelf Prospectus contains all information with regard to the Issuer and the Issue, which is material in the context of the Issue, that the information contained in this Draft Shelf Prospectus is true and correct in all material respects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Draft Shelf Prospectus as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

CREDIT RATING

The NCDs proposed to be issued under the Issue have been rated 'CARE AAA; Stable' by CARE vide its letter dated July 24, 2019, and revalidated on August 27, 2019 and October 14, 2019; 'CRISIL AAA/ Stable' by CRISIL vide its letter dated July 29, 2019, and revalidated on August 20, 2019, September 23, 2019 and October 10, 2019; '[ICRA] AAA (Stable)' by ICRA vide its letter dated July 22, 2019 and revalidated on August 29, 2019 and October 11, 2019; and 'IND AAA/Stable' by IRRPL vide its letter dated July 22, 2019 and revalidated on August 29, 2019 and October 11, 2019, for an amount of upto ₹10,000 Crore. The ratings provided by CARE, ICRA, CRISIL and IRRPL may be suspended, withdrawn or revised at any time by the assigning rating agency and should be evaluated independently of any other rating. These ratings are not a recommendation to buy, sell or hold the NCDs and investors should take their own decisions. For further details, please refer to Annexure A for the rating letters and the rationale for the above ratings.

PUBLIC COMMENTS

The Draft Shelf Prospectus dated October 16, 2019 has been filed with BSE Limited ("**BSE**"), the Designated Stock Exchange, pursuant to the provisions of the SEBI Debt Regulations on October 17, 2019 and is open for public comments for a period of seven Working Days from the date of filing of this Draft Shelf Prospectus with the Designated Stock Exchange. All comments on this Draft Shelf Prospectus are to be forwarded to the attention of the Compliance Officer to the Issue. Comments may be sent through post, facsimile or e-mail. However please note that all comments by post must be received by the Issuer by 5:00 p.m. on the seventh Working Day from the date on which this Draft Shelf Prospectus is hosted on the website of the Designated Stock Exchange.

LISTING

The NCDs offered through this Draft Shelf Prospectus along with Shelf Prospectus and relevant Tranche Prospectus are proposed to be listed on the BSE. Our Company has obtained 'in-principle' approval for the Issue from BSE vide its letter dated [●], 2019.

COUPON RATE, COUPON PAYMENT FREQUENCY, MATURITY DATE, MATURITY AMOUNT AND ELIGIBLE INVESTORS

For details pertaining to Coupon Rate, Coupon Payment Frequency, Maturity Date and Maturity Amount of the NCDs, see "*Terms of the Issue*" beginning on page 231. For details relating to eligible investors see, "*Issue Related Information*" beginning on page 228.

LEAD MANAGERS TO THE ISSUE

EDELWEISS FINANCIAL SERVICES LIMITED Edelweiss House, Off. C.S.T Road, Kalina, Mumbai 400 098, Maharashtra, India Telephone: (+91 22) 4086 3535 Facsimile: (+91 22) 4086 3610 Email: rec.bonds@edelweissfin.com Investor Grievance E-mail: customerservice.mb@edelweissfin.com Website: www.edelweissfin.com Contact person: Mr. Lokesh Singhi Compliance Officer: Mr. B. Renganathan SEBI Registration No.: INM0000010650	**A. K. CAPITAL SERVICES LIMITED** 30-38, Free Press House, 3rd Floor, Free Press Journal Marg, 215, Nariman Point, Mumbai 400 021, Maharashtra, India Telephone: (+91 22) 6754 6500 / (+91 22) 6634 9300 Facsimile: (+91 22) 6610 0594 Email: recncd2019@akgroup.co.in Investor Grievance E-mail: investor.grievance@akgroup.co. in Website: www.akgroup.co.in Contact person: Mr. Krish Sanghvi / Mr. Malay Shah Compliance Officer: Mr. Tejas Davda SEBI Registration No.: INM000010411	**AXIS BANK LIMITED** Axis House, 8thFloor, C-2 Wadia International Centre, P.B. Marg, Worli, Mumbai – 400 025, Maharashtra, India Telephone: (+91 22) 6604 3293 Facsimile: (+91 22) 2425 3800 Email: recl.ncd2019@axisbank.com Investor Grievance E-mail: investor.grievance@axisbank.com Website: www.axisbank.com Contact person: Mr. Vikas Shinde Compliance Officer: Mr. Sharad Sawant SEBI Registration No.: INM000006104	**ICICI BANK LIMITED** ICICI Bank Towers, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051, Maharashtra, India Telephone: (+91 22) 4008 7295 Facsimile: (+91 22) 2653 1063 Email: publicbonds@icicibank.com Investor Grievance E-mail: vivek.r@icicibank.com Website: www.icicibank.com Contact person: Mr. Sreekanta Chatterjee Compliance Officer: Mr. Vivek Ranjan SEBI Registration No.: INM000010759	**JM FINANCIAL LIMITED** 7th Floor, Cnergy, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025, Maharashtra, India. Telephone: (+91 22) 6630 3030 Facsimile: (+91 22) 6630 3330 Email: REC.bondissue2019@jmfl.com Investor Grievance E-mail: grievance.ibd@jmfl.com Website: www.jmfl.com Contact person: Ms. Prachee Dhuri Compliance Officer: Mr. Sunny Shah SEBI Registration No.: INM000010361	**SBI CAPITAL MARKETS LIMITED** 202, Maker Tower 'E', Cuffe Parade, Mumbai 400 005, Maharashtra, India. Telephone: (+91 22) 2217 8300 Facsimile: (+91 22) 2218 8332 Email: recpublicissue2019@sbicaps.com Investor Grievance E-mail: investor.relations@sbicaps.com Website: www.sbicaps.com Contact person: Ms. Shweta Narang Compliance Officer: Mr. Bhaskar Chakraborthy SEBI Registration No.: INM000003531	**TRUST INVESTMENT ADVISORS PRIVATE LIMITED** 109/110, Balarama, Bandra Kurla Complex, Bandra (E), Mumbai 400 051, Maharashtra, India. Telephone: (+91 22) 4084 5000 Facsimile: (+91 22) 4084 5066 Email: recbond2019@trustgroup.in Investor Grievance E-mail: customercare@trustgroup.in Website: www.trustgroup.in Contact person: Ms. Hetal Sonpal Compliance Officer: Mr. Ankur Jain SEBI Registration No.: INM000011120

REGISTRAR TO THE ISSUE	DEBENTURE TRUSTEE
KARVY FINTECH PRIVATE LIMITED Karvy Selenium Tower B, Plot No – 31 & 32, Financial District, Nanakramguda, Serilingampally Hyderabad Rangareddy, Telangana– 500 032 Telephone: (+91 40) 6716 2222 Facsimile: (+91 40) 2343 1551 Email: rec.ncd@karvy.com Investor Grievance Email: einward.ris@karvy.com Website: www.karvyfintech.com Contact Person: Mr. M. Murali Krishna SEBI Registration No.: INR000000221	**CATALYST TRUSTEESHIP LIMITED *** GDA House, Plot No. 85, Bhusari Colony (Right), Kothrud, Pune, Maharashtra, India – 411 038 and Branch Office: 810, 8th Floor, Kailash Building, 26, Kasturba Gandhi Marg, New Delhi - 110001 Telephone: (+91 20) 2528 0081 / (+91 11) 4302 9101 / (+91 22) 4922 0500 Facsimile: (+91 20) 2582 0275 / (+91 22) 4922 0505 Email: ComplianceCTL-Mumbai@ctltrustee.com Investor Grievance Email: grievance@ctltrustee.com Website: www.catalysttrustee.com Contact Person: Mr. Umesh Salvi SEBI Registration No.: IND000000034

ISSUE PROGRAMME**

ISSUE OPENS ON: As specified in the relevant Tranche Prospectus	**ISSUE CLOSES ON:** As specified in the relevant Tranche Prospectus

**Catalyst Trusteeship Limited has by its letter dated July 15, 2019, given its consent for its appointment as Debenture Trustee to the Issue pursuant to regulation 4(4) of the SEBI Debt Regulations and for its name to be included in this Draft Shelf Prospectus, Shelf Prospectus, Tranche Prospectus, and in all related advertisements, communications or filings pursuant to the Issue.*

*** The Issue shall remain open for subscription on Working Days from 10:00 a.m. till 5:00 p.m. (Indian Standard Time) during the period indicated in the relevant Tranche Prospectus, with an option for early closure or extension by such period as may be decided by the Board of Directors or a duly constituted committee thereof. In the event of such early closure or extension of the Issue, our Company shall ensure that public notice of such early closure or extension is published on or before the day of such early date of closure or the initial Issue Closing Date, through an advertisement in all the newspapers in which pre-issue advertisement and advertisement for opening or closure of the Issue have been given. On the Issue Closing Date, the Application Forms will be accepted only between 10:00 a.m. and 3:00 p.m. (Indian Standard Time) and uploaded until 5 p.m. or such extended time as may be permitted by the Stock Exchange. For further details please refer to the chapter titled "Issue Related Information" on page 228.*

A copy of the Shelf Prospectus along with the relevant Tranche Prospectus shall be filed with the Registrar of Companies, National Capital Territory of Delhi and Haryana, in terms of Section 26 and 31 of the Companies Act, 2013, along with the requisite endorsed/certified copies of all requisite documents. For more information, see the section titled "Material Contracts and Documents for Inspection" on page 273.

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SECTION I – GENERAL

DEFINITIONS AND ABBREVIATIONS

Unless the context otherwise indicates, all references in this Draft Shelf Prospectus to "our Company" or "the Issuer" or "we" or "us" or "our" or "REC" are to REC Limited, a public limited company incorporated under the Companies Act, 1956.

Unless the context otherwise indicates or implies or defined specifically in this Draft Shelf Prospectus, the following terms have the following meanings in this Draft Shelf Prospectus, and references to any statute or rules or regulations or guidelines or policies includes any amendments or re-enactments thereto, from time to time.

Company Related Terms

Term	Description
"Issuer" or "REC" or "our Company" or "the Company"	REC Limited (formerly known as Rural Electrification Corporation Limited), a public limited company incorporated under the Companies Act, 1956 and having its registered office and corporate office situated at Core-4, SCOPE Complex, 7, Lodi Road, New Delhi 110 003, India.
Articles or Articles of Association or AoA	Articles of association of our Company, as amended.
Board or Board of Directors	Board of directors of our Company.
Director(s)	Director(s) on our Board.
Equity Shares	Equity shares of our Company of face value of ₹10 (ten) each.
Memorandum or Memorandum of Association or MoA	Memorandum of association of our Company, as amended.
Promoters	(i) The President of India, acting through the Ministry of Power, Government of India, and (ii) Power Finance Corporation Limited.
"Registered Office" or "Corporate Office"	The registered office situated at Core-4, SCOPE Complex, 7, Lodi Road, New Delhi 110 003, India.
RoC	Registrar of Companies, National Capital Territory of Delhi and Haryana.
Statutory Auditors or Auditors	The current statutory auditors of our Company, namely M/s S.K. Mittal & Co., Chartered Accountants, and M/s O.P. Bagla & Co. LLP., Chartered Accountants.
Subsidiary	(i) REC Transmission Projects Company Limited and its wholly owned subsidiary companies, and (ii) REC Power Distribution Company Limited. Please refer to Section IV (*About Our Company – History and Certain Corporate Matters*) for further information.

Issue Related Terms

Term	Description
Abridged Prospectus	A memorandum containing the salient features of the Shelf Prospectus and relevant Tranche Prospectus.
A.K. Capital	A.K. Capital Services Limited.
Allotment or Allot or Allotted	The allotment of the NCDs to the Allottees, pursuant to the Issue.
Allotment Advice	The communication sent to the Allottees conveying details of NCDs allotted to the Allottees in accordance with the Basis of Allotment.
Allottee	A successful Applicant to whom the NCDs are allotted pursuant to the Issue.
Applicant or Investor or ASBA Applicant	A person who applies for the issuance and Allotment of NCDs through ASBA process pursuant to the terms of the Shelf Prospectus, relevant Tranche Prospectus and the Application Form for any Tranche Issue.
Application or ASBA application	An application (whether physical or electronic) to subscribe to the NCDs offered pursuant to the Issue by submission of a valid Application Form and authorising an SCSB to block the Application Amount in the ASBA Account which will be considered as the application for Allotment in terms of the Shelf Prospectus and the relevant Tranche Prospectus.
Application Amount	The aggregate value of the NCDs applied for, as indicated in the Application Form for the respective Tranche Issue.
Application Form or ASBA Form	The form used by an Applicant for applying for the NCDs under the Issue through the ASBA process, in terms of the Shelf Prospectus and the relevant Tranche Prospectus.
ASBA Account	An account maintained with an SCSB which will be blocked by such SCSB to the extent of the Application Amount of an ASBA Applicant.
Audited Financial Information	Collectively, the Consolidated Financial Information under IND-AS and the Standalone Financial Information under IND-AS.

Term	Description
Authorized Officials	Company officials (including the CMD/Director (Finance)) authorized in accordance with the Board resolution dated August 13, 2019 in respect of the Issue.
Axis Bank	Axis Bank Limited.
Banker(s) to the Issue	Collectively, the Public Issue Account Bank and the Refund Bank.
Base Issue Size	As will be specified in the relevant Tranche Prospectus for each Tranche Issue.
Basis of Allotment	As will be specified in the relevant Tranche Prospectus for each Tranche Issue.
Bidding Centres or Collection Centres	Centres at which the Designated Intermediaries shall accept the Application Forms, being the Designated Branches for SCSBs, Specified Locations for the Consortium, Broker Centres for Registered Brokers, Designated RTA Locations for CRTAs and Designated CDP Locations for CDPs.
Bond Committee for the Public Issue	A committee consisting of the CMD, Director (Finance) and Director (Technical) constituted to approve the Draft Shelf Prospectus, Shelf Prospectus and Tranche Prospectus on behalf of the Board.
Broker Centres	Broker centres notified by the Stock Exchange, where Applicants can submit the Application Forms to a Trading Member. The details of such Broker Centres, along with the names and contact details of the Trading Members are available on the respective websites of the Stock Exchange.
BSE	BSE Limited.
CARE	CARE Ratings Limited (formerly known as Credit Analysis and Research Limited).
Category I - Institutional Investors	a) Public financial institutions, scheduled commercial banks, and Indian multilateral and bilateral development financial institutions which are authorised to invest in the NCDs; b) Provident funds and pension funds with a minimum corpus of ₹25 Crores, superannuation funds and gratuity funds, which are authorised to invest in the NCDs; c) Alternative investment funds, subject to investment conditions applicable to them under the SEBI AIF Regulations; d) Resident venture capital funds registered with SEBI; e) Insurance companies registered with the IRDAI; f) State industrial development corporations; g) Insurance funds set up and managed by the army, navy, or air force of the Union of India; h) Insurance funds set up and managed by the Department of Posts, the Union of India; i) Systemically important non-banking financial company registered with the RBI and having a net-worth of more than ₹500 Crores in accordance with the last audited financial statements; j) National Investment Fund set up by resolution no. F.No. 2/3/2005-DDII dated November 23, 2005 of the Government of India published in the Gazette of India; and k) Mutual funds registered with SEBI.
Category II- Non-Institutional Investors	a) Companies within the meaning of Section 2(20) of the Companies Act, 2013; b) Statutory bodies / corporations and societies registered under the applicable laws in India and authorised to invest in the NCDs; c) Co-operative banks and regional rural banks; d) Trusts including public / private charitable / religious trusts which are authorised to invest in the NCDs; e) Scientific and/or industrial research organisations, which are authorised to invest in the NCDs; f) Partnership firms in the name of the partners; g) Limited liability partnerships formed and registered under the provisions of the Limited Liability Partnership Act, 2008 (No. 6 of 2009), as amended; h) Association of persons; and i) Any other incorporated and/or unincorporated body of persons.
Category III - High Net-Worth Individuals	Resident Indian individuals, and HUFs applying through the Karta, for NCDs aggregating up to a value of more than ₹10 Lakhs, across all series of NCDs in a Tranche Issue.
Category IV- Retail Individual Investors	Resident Indian individuals, and HUFs applying through the Karta, for NCDs for an amount aggregating up to and including ₹10 Lakhs, across all series of NCDs in a Tranche Issue.
Collecting Registrar and Share Transfer Agents or CRTAs	Registrar and share transfer agents registered with SEBI and eligible to procure Applications, at the Designated RTA Locations.
Collecting Depository Participants or CDPs	A depository participant, as defined under the Depositories Act, 1996, as amended, and registered under Section 12(1A) of the SEBI Act and who is eligible to procure Applications at the Designated CDP Locations in terms of the Debt ASBA Circular.
Compliance Officer to the Issue	As specified in the section titled "*General Information*" on page 39.
Members of the Consortium (each individually, a Member of the Consortium)	The Lead Managers and the Consortium Members.

Term	Description
Consortium Agreement	Consortium agreement to be signed among our Company and the Consortium Members prior to each Tranche Issue.
Consortium Members	As specified in the relevant Tranche Prospectus.
Consolidated Financial Information under IND-AS	The consolidated balance sheet as at March 31, 2019 and 2018, the consolidated statement of profit and loss, the consolidated statement of cash flows for each of the years ended March 31, 2019 and 2018, and the statement of changes in equity, and notes to accounts including significant accounting policies, as examined by our Company's Statutory Auditors. Our audited consolidated financial statements for the year ended March 31, 2019, form the basis for such Consolidated Financial Information under IND-AS.
Credit Rating Agencies	CARE, ICRA, CRISIL and IRRPL.
CRISIL	CRISIL Limited.
"Debenture Holder(s)" or "NCD Holder(s)"	Any person holding the NCDs and whose name appears on the beneficial owners list provided by the Depositories (in case of NCDs in dematerialized form) or whose name appears in the Register of Debenture Holders maintained by the Issuer (in case of NCDs in physical form pursuant to rematerialization).
"Debentures" or "NCDs"	Secured, redeemable, non-convertible debentures of our Company of face value of ₹1,000 each proposed to be issued by our Company in terms of the Shelf Prospectus and relevant Tranche Prospectus.
Debenture Trustee Agreement	Agreement dated August 13, 2019 entered into between our Company and the Debenture Trustee.
Debenture Trust Deed	Trust deed to be entered into between the Debenture Trustee and the Company, in accordance with applicable laws.
Debenture Trustee or Trustee	Trustee for the Debenture Holders, in this case being Catalyst Trusteeship Limited.
Debt ASBA Circular	Circular no. CIR/DDHS/P/121/2018 issued by SEBI on August 16, 2018.
Deemed Date of Allotment	The date on which the Authorized Officials approve the Allotment of the NCDs for each Tranche Issue, or such other date as may be determined by the Authorized Officials and notified to the Stock Exchange. The actual Allotment of NCDs may take place on a date other than the Deemed Date of Allotment. All benefits relating to the NCDs including interest on NCDs (as specified for each Tranche Issue by way of the relevant Tranche Prospectus) shall be available to the Debenture Holders from the Deemed Date of Allotment.
Demographic Details	The details of an Applicant, such as his address, bank account details, Permanent Account Number, Category for printing on refund orders, and occupation which are based on the details provided by the Applicant in the Application Form.
Designated Branches	Such branches of the SCSBs which shall collect the ASBA Applications and a list of which is available on https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes, or at such other website as may be prescribed by SEBI from time to time.
Designated CDP Locations	Such locations of the CDPs where Applicants can submit the Application Forms. The details of such Designated CDP Locations, along with names and contact details of the Collecting Depository Participants eligible to accept Application Forms are available on the website of the BSE (https://www.bseindia.com) and/or the NSE (https://nseindia.com/) as updated from time to time.
Designated Date	The date on which Registrar to the Issue, issues instruction to SCSBs for transfer of funds from the ASBA Account to the Public Issue Account(s) or to the Refund Account, as appropriate, in terms of the Shelf Prospectus and relevant Tranche Prospectus and the Public Issue Account Agreement.
Designated Intermediaries	The Members of the Consortium, SCSBs, Trading Members, RTAs and CDPs who are authorized to collect Application Forms from the Applicants, in relation to the Issue.
Designated RTA Locations	Such locations of the RTAs where Applicants can submit the Application Forms to RTAs. The details of such Designated RTA Locations, along with names and contact details of the RTAs eligible to accept ASBA Forms are available on the website of the BSE at (https://www.bseindia.com/) and/or the NSE (https://nseindia.com/), as updated from time to time.
Designated Stock Exchange	BSE.
Draft Shelf Prospectus	The draft shelf prospectus dated October 16, 2019 filed with the Designated Stock Exchange for receiving public comments, and with SEBI for its records, in accordance with the provisions of the Companies Act, 2013 and the SEBI Debt Regulations.
Edelweiss	Edelweiss Financial Services Limited.
ICICI Bank	ICICI Bank Limited.
ICRA	ICRA Limited.
IRRPL	India Ratings and Research Private Limited.

Term	Description
Issue	Public issue of secured, redeemable, non-convertible debentures of face value of ₹1,000 each aggregating to ₹10,000 Crores in one or more tranches.
Issue Closing Date	Issue closing date as specified in the relevant Tranche Prospectus for each Tranche Issue.
"Issue Documents" or "Offer Documents"	Collectively, the Draft Shelf Prospectus, the Shelf Prospectus and the Tranche Prospectus for the Issue, the Application Form and the Abridged Prospectus including all amendments, corrections, corrigenda, supplements or notices to be issued to the prospective Applicants in connection with the Issue.
Issue Opening Date	Issue opening date as specified in the relevant Tranche Prospectus for each Tranche Issue.
Issue Period	The period between the Issue Opening Date and the Issue Closing Date inclusive of both days, during which prospective Applicants may submit their Application Forms.
JM Financial	JM Financial Limited.
Lead Managers or LMs	A.K. Capital, Axis Bank, Edelweiss, ICICI Bank, JM Financial, SBI Capital Markets and Trust Investment Advisors.
Limited Liability Partnerships	Limited liability partnerships registered under the Limited Liability Partnership Act, 2008, as amended.
Limited Review Financial Results	The unaudited consolidated and standalone financial results of the Company for the quarter ended June 30, 2019 submitted by the Company to the Stock Exchange pursuant to the requirements of Regulation 33 of the SEBI LODR Regulations.
Market Lot	1 NCD.
Maturity Amount or Redemption Amount	In respect of NCDs Allotted to a Debenture Holder, the face value of the NCDs along with interest that may have accrued as on the Redemption Date.
Maturity Date or Redemption Date	The respective dates on which each Series of NCDs shall be redeemed and Redemption Amount shall be paid by our Company, at the end of the respective tenure of such Series of NCDs.
NRIs	Persons resident outside India, who are citizens of India or persons of Indian origin and shall have the meaning ascribed to such term in the Foreign Exchange Management (Deposit) Regulations, 2008, as amended.
NSE	National Stock Exchange of India Limited.
Public Issue Account	A bank account opened in accordance with the provisions of the Companies Act, 2013, with the Public Issue Account Bank to receive money from the ASBA Accounts on the Designated Date.
Public Issue Account Agreement	Agreement to be entered into amongst our Company, the Registrar to the Issue, the Public Issue Account Bank, the Refund Bank and the Lead Managers for collection of the Application Amounts from ASBA Accounts and where applicable, refunds of the amounts collected from the Applicants on the terms and conditions thereof.
Public Issue Account Bank	As specified in the relevant Tranche Prospectus.
Predecessor Auditors	M/s A.R. & Co., Chartered Accountants and M/s G.S. Mathur & Co., Chartered Accountants, the joint statutory auditors of our Company for the Financial Year 2018-19
Record Date	The date for payment of interest in connection with the NCDs or repayment of principal in connection therewith which shall be 15 days prior to the date on which interest is due and payable, and/or the Redemption Date under the relevant Tranche Prospectus for each Tranche Issue. In case the Record Date falls on a day of holiday for Depositories, the immediate subsequent trading day or a date notified by our Company to the Stock Exchange, will be deemed as the Record Date.
Reformatted Audited Financial Information	Collectively, the Reformatted Consolidated Financial Information under IGAAP and Reformatted Standalone Financial Information under IGAAP.
Reformatted Consolidated Financial Information under IGAAP	The reformatted consolidated balance sheet as at March 31, 2018, 2017, 2016 and 2015, the reformatted consolidated statement of profit and loss and the reformatted consolidated cash flow statements for each of the years ended March 31, 2018, 2017, 2016 and 2015 and the statement of significant accounting policies, and notes to accounts, as examined by our Company's Statutory Auditors. Our audited consolidated financial statements as at and for each of the years ended March 31, 2018, 2017, 2016 and 2015 form the basis for such Reformatted Consolidated Financial Information under IGAAP.
Reformatted Standalone Financial Information under IGAAP	The reformatted standalone balance sheet as at March 31, 2018, 2017, 2016 and 2015, the reformatted standalone statement of profit and loss and the reformatted standalone cash flow statement for each of the years ended March 31, 2018, 2017, 2016 and 2015, and statement of significant accounting policies, and notes to accounts, as examined by our Company's Statutory Auditors. Our audited standalone financial statements as at and for each of the years ended March 31, 2018, 2017, 2016 and 2015 form the basis for such Reformatted Standalone Financial

Term	Description
	Information under IGAAP.
Refund Account	The account opened with the Refund Bank, from which refunds, if any, of the whole or part of the Application Amount shall be made and as specified in the relevant Tranche Prospectus.
Refund Bank	As specified in the relevant Tranche Prospectus.
Register of NCD Holders	The register of NCD holders maintained by the Issuer in accordance with the provisions of the Companies Act, 2013 and by the Depositories in case of NCDs held in dematerialised form, and/or the register of NCD holders maintained by the Registrar.
"Registrar to the Issue" or "Registrar"	Karvy Fintech Private Limited**.**
Registrar Agreement	Agreement dated August 13, 2019 entered into between our Company and the Registrar to the Issue.
Registered Brokers	Stock brokers registered with SEBI under the Securities and Exchange Board of India (Stock Brokers and Sub-Brokers) Regulations, 1992 and the stock exchanges having nationwide terminals, other than the Members of the Consortium and eligible to procure Applications from Applicants.
SBI Capital Markets	SBI Capital Markets Limited.
Security	The principal amount of the NCDs to be issued in terms of this Draft Shelf Prospectus together with all interest accrued on the NCDs shall be secured by way of a pari-passu charge (i) on current and future receivables and/or book debts of our Company, other than those that are exclusively charged or earmarked in favour of various lender(s) and/or (ii) on identified immovable property of our Company in favor of the Debenture Trustee, as decided mutually by our Company and the Debenture Trustee. Our Company will create appropriate security in favor of the Debenture Trustee for the NCD holders on the assets adequate to ensure 100% (One Hundred per cent.) asset cover for the NCDs and interest accrued thereon, more particularly as detailed in the section titled "*Issue Structure*" on page 228.
"Self Certified Syndicate Banks" or "SCSBs"	The banks registered with SEBI, offering services in relation to ASBA, a list of which is available on the website of SEBI at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes updated from time to time and at such other websites as may be prescribed by SEBI from time to time.
Series	Collectively the series of NCDs being offered to the Applicants.
Shelf Prospectus	The shelf prospectus to be filed with the RoC and the Designated Stock Exchange in accordance with the provisions of the Companies Act, 2013 and the SEBI Debt Regulations.
Specified Locations	Bidding centres where the Member of the Consortium shall accept Application Forms from Applicants a list of which is available on the website of the SEBI at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes and updated from time to time, and at such other websites as may be prescribed by SEBI from time to time.
Standalone Financial Information under IND-AS	The standalone balance sheet as at March 31, 2019 and 2018, the standalone statement of profit and loss, the standalone statement of cash flows for each of the years ended March 31, 2019 and 2018, statement of changes in equity, and notes to accounts including significant accounting policies, as examined by our Company's Statutory Auditors. Our audited standalone financial statements for the year ended March 31, 2019, form the basis for such Standalone Financial Information under IND-AS.
Stock Exchange	BSE Limited.
Syndicate ASBA	Applications submitted by an ASBA Applicant through the Members of the Consortium and Trading Members instead of the Designated Branches of the SCSBs
Syndicate ASBA Application Locations	Bidding centers where the Members of the Consortium and Trading Members shall accept Application Forms from Applicants, a list of which is available on the website of the SEBI at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes and updated from time to time and at such other websites as may be prescribed by SEBI from time to time.
Syndicate SCSB Branches	In relation to ASBA Applications submitted to a Member of the Consortium or Trading Members, such branches of the SCSBs at the Syndicate ASBA Application Locations named by the SCSBs to receive deposits of the Application Forms from the Members of the Consortium, and a list of which is available on https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes, or at such other website as may be prescribed by SEBI from time to time.
Trading Members	Intermediaries registered as brokers under the Securities and Exchange Board of India (Stock Brokers) Regulations, 1992, as amended, and with the BSE and/or NSE under the

Term	Description
	applicable byelaws, rules, regulations, guidelines, circulars issued by the BSE and NSE from time to time, and duly registered with BSE and/or NSE for collection and electronic upload of Application Forms on the electronic application platform provided by the BSE and/or NSE.
Tranche Issue	Issue of the NCDs pursuant to the respective Tranche Prospectus.
Tranche Prospectus(es)	The relevant Tranche Prospectus for each Tranche Issue containing, inter alia, the details of NCDs and other terms and conditions for each Tranche Issue.
Trust Investment Advisors	Trust Investment Advisors Private Limited
"Transaction Registration Slip" or "TRS"	The slip or document issued by any of the Members of the Consortium, the SCSBs, or the Trading Members as the case may be, to an Applicant upon demand as proof of registration of his application for the NCDs.
Tripartite Agreements	Agreements entered into between the Issuer, Registrar and each of the Depositories under the terms of which the Depositories agree to act as depositories for the securities issued by the Issuer.
Uniform Listing Agreement	The listing agreement entered into between our Company and the relevant stock exchange(s) in connection with the listing of the securities of our Company.
Working Days	Working Day(s) shall mean all days excluding Sundays or a holiday of commercial banks in Mumbai, except with reference to the Issue Period, where Working Days shall mean all days, excluding Saturdays, Sundays and public holiday in India when the stock exchanges are closed for trading. Furthermore, for the purpose of post issue period, i.e. period beginning from the Issue Closing Date to listing of the NCDs, Working Days shall mean all trading days of the stock exchanges in India excluding Sundays and bank holidays in Mumbai. During the tenor of the NCDs, interest/redemption payments shall be made only on the days when the money market is functioning in Mumbai.

Conventional and General Terms or Abbreviations

Term or Abbreviation	Description or Full Form
AGM	Annual General Meeting.
AS	Accounting Standards issued by Institute of Chartered Accountants of India.
BPS	Basis points.
CAG	Comptroller and Auditor General of India.
CAGR	Compounded Annual Growth Rate.
CDSL	Central Depository Services (India) Limited.
CESTAT	Customs Excise and Service Tax Appellate Tribunal
CIC	Core Investment Company.
CIT(Appeals)	Commissioner of Income Tax (Appeals)
CMD	Chairman and Managing Director.
Companies Act, 1956	Companies Act, 1956 as amended.
Companies Act, 2013	Companies Act, 2013, as amended.
CRAR	Capital to Risk Weighted Assets Ratio.
Crore	An amount of ₹ 1,00,00,000.
CSR	Corporate Social Responsibility.
DIN	Director Identification Number.
Depository(ies)	CDSL and NSDL.
Depositories Act	Depositories Act, 1996, as amended.
DP/ Depository Participant	Depository Participant as defined under the Depositories Act.
DRR	Debenture Redemption Reserve.
DRT	Debt Recovery Tribunal.
FDI	Foreign Direct Investment.
FEMA	Foreign Exchange Management Act, 1999, as amended.
FIMMDA	Fixed Income Money Market and Derivative Association of India.
Financial Year or Fiscal or FY	Period of 12 months ended March 31 of that particular year.
GDP	Gross Domestic Product.
GoI or Government	Government of India.
HFC	Housing Finance Company.
HUF	Hindu Undivided Family.
IAS	Indian Administrative Service.
ICAI	Institute of Chartered Accountants of India.
IFRS	International Financial Reporting Standards.
ITAT	Income Tax Appellate Tribunal.
Income Tax Act	Income Tax Act, 1961.
Indian GAAP	Accounting Standards in accordance with the Companies (Accounting standards) Rules,

Term or Abbreviation	Description or Full Form
	2006 notified under Section 133 of the Act and other relevant provisions of the Act.
IND-AS	Indian accounting standards (IND-AS) in accordance with Companies (Indian Accounting Standards) Rules, 2015, as amended notified under section 133 of the Act and other relevant provisions of the Act.
IRDAI	Insurance Regulatory and Development Authority of India.
ISIN	International Securities Identification Number.
IT	Information technology.
JV	Joint venture.
JPY	Japanese Yen.
Lakh	An amount of ₹ 1,00,000.
LIBOR	London Inter-Bank Offer Rate.
LTV	Loan to value.
Master Direction on IT Framework	RBI Master Direction - Information Technology Framework for the NBFC Sector, bearing reference number, RBI/DNBS/2016-17/53 Master Direction DNBS.PPD.No.04/66.15.001/2016-17, dated June 8, 2017.
MICR	Magnetic ink character recognition
MoF	Ministry of Finance, GoI.
MCA	Ministry of Corporate Affairs, GoI.
Million	An amount of 1,000,000.
NACH	National Automated Clearing House.
NBFC	Non-Banking Finance Company, as defined under applicable RBI guidelines.
NCLT	National Company Law Tribunal
NCLAT	National Company Law Appellate Tribunal
NEFT	National Electronic Fund Transfer.
NGO	Non-governmental organisations.
NSDL	National Securities Depository Limited.
NR or "Non-resident"	A person resident outside India, as defined under FEMA.
p.a.	Per annum.
PAN	Permanent Account Number.
PAT	Profit After Tax.
PFC	Power Finance Corporation Limited.
PFI	Public Financial Institution, as defined under Section 2 (72) of the Companies Act, 2013.
RBI	Reserve Bank of India.
RBI Act	Reserve Bank of India Act, 1934.
"₹" or "Rupees" or "Indian Rupees" or "Rs." or "INR"	The lawful currency of India.
RTGS	Real Time Gross Settlement.
SARFAESI Act	Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002.
SCD Rules	Companies (Share Capital and Debentures) Rules, 2014, as amended.
SEBI	Securities and Exchange Board of India.
SEBI Act	Securities and Exchange Board of India Act, 1992, as amended.
SEBI AIF Regulations	Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012, as amended.
SEBI Debt Regulations	Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008, as amended.
SEBI Listing Regulations	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.
TDS	Tax Deducted at Source

Business / Industry Related Terms

Term/Abbreviation	Description/ Full Form
ALCO	Asset Liability Management Committee.
ALM	Asset Liability Management.
AT&C	Aggregate Technical and Commercial.
AUM	Loans and Advances.
CAGR	Compounded Annual Growth Rate.
CEA	Central Electricity Authority.
CPSU	Central Public Sector Undertaking.
CRAR	Capital to Risk Adjusted Ratio.

Term/Abbreviation	Description/ Full Form
ECL	Expected Credit Loss as defined under Indian accounting standards.
ERP	Enterprise Resource Planning.
DISCOM/Discom	Distribution Company.
DISHA	District Electricity Committees.
DPE	Department of Public Enterprises, GoI.
DDUGJY	Deen Dayal Upadhaya Gram Jyoti Yojana.
ECL (%)	Percentage of provision for expected credit loss to exposure at default.
Gross NPA	Gross NPA represents the non-performing portfolio loans outstanding (gross) as of the last day of the relevant period.
Gross NPA (%)	Percentage of the non-performing portfolio loans outstanding (gross) to total gross loans outstanding (total assets under management).
Gross Stage 3 Assets	Gross Stage 3 Asset represent the credit impaired financial instruments (gross fund based and non fund based) as on the last day of the relevant period. The company defines a financial instrument as in default or credit –impaired, when the borrower is more than 90 days past due on its contractual payments.
Gross Stage 3 Assets (%)	Percentage of Gross Stage 3 Assets to gross credit exposure (i.e. outstanding funds based and non fund based limits).
IFC	Infrastructure Finance Company.
ITP	Independent Transmission Project(s).
KV	Kilo Volt.
KWh	kilowatt hour.
KYC	Know Your Customer.
MW	Mega Watts.
NBFC	Non-Banking Financial Company.
NEF	National Electricity Fund
Net NPA	Net NPA represents the non-performing portfolio loans outstanding (net) as of the last day of the relevant period i.e. non-performing portfolio loans outstanding (gross) as reduced by the provision for non-performing assets.
Net NPA (%)	Percentage of the non-performing portfolio loans outstanding (net after adjusting provision against NPA) to total gross loans outstanding.
Net Stage 3 Assets	Net Stage 3 Assets represents the credit impaired financial instruments (net) as of the last day of the relevant period i.e. Gross Stage 3 Assets as reduced by the provision for ECL on such assets.
Net Stage 3 Assets (%)	Percentage of the Stage 3 Assets portfolio (net after adjusting ECL provision against Gross Stage 3 Assets) to gross credit exposure.
NPA	Non-Performing Asset.
NSSO	National Sample Survey Organisation.
PSE	Public sector enterprise.
PV	Photovoltaic.
R-APDRP	Restructured Accelerated Power Development and Reform Program.
RGGVY	Rajeev Gandhi Grameen Vidyutikaran Yojna.
RE	Rural Electrification.
RRB	Regional Rural Bank.
SCB	Scheduled Commercial Banks.
SEB	State Electricity Board.
SERC	State Electricity Regulatory Commission.
STUs	State Transmission Utilities.
T&D	Transmission and Distribution.
TRANSCO/Transo	Transmission Company.
UMPP	Ultra Mega Power Project.

Notwithstanding anything contained herein, capitalised terms that have been defined in the sections titled "*Capital Structure*", "*Statement of Tax Benefits*", "*Regulations and Policies*", "*History and Certain Corporate Matters*", "*Our Management*", "*Financial Indebtedness*", "*Outstanding Litigation*", and "*Issue Procedure*" on pages 48, 60, 106, 124, 131, 150, 193, and 244, respectively will have the meanings ascribed to them in such sections.

CERTAIN CONVENTIONS, USE OF FINANCIAL, INDUSTRY AND MARKET DATA AND CURRENCY OF PRESENTATION

Certain Conventions

All references in this Draft Shelf Prospectus to “India” are to the Republic of India and its territories and possessions.

Financial Data

Unless stated otherwise, the financial data in this Draft Shelf Prospectus is derived from our Reformatted Audited Financial Information and Audited Financial Information of the respective years. In this Draft Shelf Prospectus, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off. All decimals have been rounded off to two decimal points.

The current financial year of our Company commences on April 1 and ends on March 31 of the next year, so all references to particular “financial year”, “fiscal year” and “fiscal” or “FY”, unless stated otherwise, are to the 12 months period ended on March 31 of that year.

The Government has introduced IND-AS pursuant to which Company is required to: (i) prepare its financial statements in accordance with IND-AS for periods beginning on or after April 1, 2018, and (ii) for the purposes of disclosure in this Draft Shelf Prospectus, prepare and present our financial statements for the latest Fiscals (in this case, for Fiscal 2019) under IND-AS, applicable standards and guidance notes specified by the Institute of Chartered Accountants of India and the SEBI Debt Regulations and the comparative information for the year ended March 31, 2018 included in such financial statements have been prepared by making IND-AS adjustments to the audited standalone financial statements of the Company as at and for the year ended March 31, 2018, prepared in accordance with Indian GAAP. Further, we present our financial statements for the earlier four Fiscals (in this case, Fiscals 2018, 2017, 2016 and 2015) in accordance with Indian GAAP, applicable standards and guidance notes specified by the Institute of Chartered Accountants of India and the SEBI Debt Regulations. Accordingly, our financial statements for Fiscals 2019 may not be comparable to our historical financial statements. Further, unaudited limited review of standalone and consolidated financial results for the three months ended on June 30, 2019 has been prepared in line with Fiscal 2019.

Our Company’s financial statements for the year ended and March 31, 2018, March 31, 2017, March 31, 2016, and March 31, 2015 have been prepared in accordance with Indian GAAP, applicable standards and guidance notes specified by the Institute of Chartered Accountants of India, Companies Act, as applicable and other applicable statutory and / or regulatory requirements. Our Company’s financial statements for the year ended March 31, 2019 and 2018 included in this Draft Shelf Prospectus has been prepared in accordance with IND-AS, guidance notes specified by the Institute of Chartered Accountants of India, Companies Act, as applicable and other applicable statutory and/or regulatory requirements. The comparative information for the year ended March 31, 2018 included in such financial statements have been prepared by making IND-AS adjustments to the audited standalone financial statements of the Company as at and for the year ended March 31, 2018, prepared in accordance with Indian GAAP. In addition to the Reformatted Consolidated Financial Information under IGAAP, the Consolidated Financial Information under IND-AS, the Standalone Financial Information under IND-AS and Reformatted Standalone Financial Information under IGAAP, all additional financial information included in this Draft Shelf Prospectus as at and for the period ended March 31, 2019 has been prepared in accordance with IND-AS and the comparative information for the year ended March 31, 2018 have been prepared by making IND-AS adjustments to the audited standalone financial statements of the Company as at and for the year ended March 31, 2018, prepared in accordance with Indian GAAP. Our Company’s Limited Review Financial Results have been prepared in accordance with IND-AS.

The Reformatted Consolidated Financial Information under IGAAP, the Consolidated Financial Information under IND-AS, the Standalone Financial Information under IND-AS and Reformatted Standalone Financial Information under IGAAP and the Limited Review Financial Results, are included in this Draft Shelf Prospectus as “*Financial Statements*” in Annexure C.

Currency and Unit of Presentation

In this Draft Shelf Prospectus, references to “₹”, “Indian Rupees”, “INR”, “Rs.” and “Rupees” are to the legal currency of India, and references to “US$”, “USD”, and “U.S. dollars” are to the legal currency of the United States of America, and references to “Euro” and “€” are to Euro i.e. the official and lawful currency in the majority of the countries of European Union and references to “¥”, “Yen” and “JPY” are to Japanese yen i.e. the legal currency of Japan. For the purposes of this Draft Shelf Prospectus data will be given in Rs. Crore , unless otherwise specified. In the Draft Shelf

Prospectus, any discrepancy in any table between total and the sum of the amounts listed are due to rounding off.

Industry and Market Data

Any industry and market data used in this Draft Shelf Prospectus consists of estimates based on data reports compiled by government bodies, professional organizations and analysts, data from other external sources and knowledge of the markets in which we compete. These publications generally state that the information contained therein has been obtained from publicly available documents from various sources believed to be reliable, but it has not been independently verified by us or its accuracy and completeness is not guaranteed, and its reliability cannot be assured. Although we believe the industry and market data used in this Draft Shelf Prospectus is reliable, it has not been independently verified by us. The data used from these sources may have been reclassified by us for purposes of presentation. Data from these sources may also not be comparable. The extent to which the industry and market data is presented in this Draft Shelf Prospectus is meaningful depends on the reader's familiarity with and understanding of the methodologies used in compiling such data. There are no standard data gathering methodologies in the industry in which we conduct our business and methodologies and assumptions may vary widely among different market and industry sources.

Exchange Rates

The exchange rates (₹) of the USD, JPY, and €, as of September 30, 2019, June 30, 2019, and March 31, 2019, 2018, 2017, 2016 and 2015 are provided below:

Currency	September 30, 2019	June 30, 2019	March 31, 2019	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015
1 USD	70.68	68.92	69.17	65.04	64.84	66.33	62.59
100 JPY	65.55	63.97	62.52	61.54	57.96	59.06	52.11
1 Euro	77.32	78.36	77.70	80.62	69.25	75.10	67.51

Source: www.rbi.org.in and https://www.fbil.org.in/securities?op=referencerate&mq=o
In the event that September 30, 2019, June 30, 2019, or March 31 of any of the respective years is a public holiday, the previous calendar day not being a public holiday has been considered.

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FORWARD LOOKING STATEMENTS

Certain statements contained in this Draft Shelf Prospectus that are not statement of historical fact constitute "forward-looking statements". Investors can generally identify forward-looking statements by terminology such as "aim", "anticipate", "believe", "continue", "could", "estimate", "expect", "contemplate", "intend", "may", "objective", "plan", "potential", "project", "pursue", "shall", "seek", "should", "will", "would", or other words or phrases of similar import. Similarly, statements that describe our strategies, objectives, plans or goals are also forward-looking statements. All statements regarding our expected financial conditions, results of operations, business plans and prospects are forward-looking statements. These forward-looking statements include statements as to our business strategy, revenue and profitability, new business and other matters discussed in this Draft Shelf Prospectus that are not historical facts. All forward-looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause actual results to differ materially from our expectations include, among others:

- volatility in interest rates for both our lending and treasury operations;
- any disruption in funding sources;
- our inability to manage the level of credit impaired assets in our loan assets;
- inability to accurately appraise or recover the full value of collateral or amounts which are sufficient to cover the outstanding amounts due under defaulted loans;
- any downgrade in our credit ratings;
- any restrictions on our ability to obtain bank financing for specific activities;
- changes in the policies or support of the GoI to our business or industry;
- our ability to finance our indebtedness as it comes due and to obtain the additional financing necessary to grow our business;
- our ability to maintain low cost of funds and the continued availability to us of low cost borrowings;
- changes in Indian and international interest rates;
- the continued availability to us of tax benefits;
- our ability to implement our strategy and manage our growth effectively;
- possible contingent liabilities and uninsured losses;
- our ability to grow our asset portfolio;
- our ability to comply with restrictive covenants under our indebtedness and manage our business within those restrictions;
- the outcome of legal proceedings in which we are or may become involved;
- our ability to compete effectively;
- our dependence on our management team and skilled personnel;
- risks associated with the projects we finance;
- general economic and business conditions in the Indian power sector or the Indian economy;
- changes to the regulations that govern us and our borrowers;
- our ability to obtain, renew or comply with regulatory licenses;
- our ability to respond to competitive conditions;
- our ability to successfully implement our strategy;
- our ability to anticipate trends in our current business lines and respond suitably;
- changes in political conditions in India and internationally; and
- governmental and regulatory actions that may affect our business or our industry.

For further discussion of factors that could cause our actual results to differ see section titled "*Risk Factors*" on page 14 of this Draft Shelf Prospectus.

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed in the section titled "*Our Business*" on page 85. The forward-looking statements contained in this Draft Shelf Prospectus are based on the beliefs of management, as well as the assumptions made by, and information currently available to, management. Although we believe that the expectations reflected in such forward-looking statements are reasonable at this time, we cannot assure investors that such expectations will prove to be correct. Given these uncertainties, investors are cautioned not to place undue reliance on such forward-looking statements. If any of these risks and uncertainties materialize, or if any of our underlying assumptions prove to be incorrect, our actual results of operations or financial condition could differ materially from that described herein as anticipated, believed, estimated or expected. All subsequent forward-looking statements attributable to us are expressly qualified in their entirety by reference to these cautionary statements.

Neither our Company, its Directors and officers, nor any of their respective affiliates or associates or the Lead Managers have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI Debt Regulations, the Company and the Lead Managers will ensure that investors in India are informed of material developments between the date of filing the Draft Shelf Prospectus with the Stock Exchange and the date of obtaining the listing and trading approval for the NCDs.

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SECTION II – RISK FACTORS

RISK FACTORS

Prospective investors should carefully consider the risks and uncertainties described below, in addition to other information contained in this Draft Shelf Prospectus including "Our Business", "Financial Information" and "Financial Statements" on pages 85 and 150 and Annexure C, respectively, of this Draft Shelf Prospectus, before making any investment decision relating to the NCDs. If any of the following risks or other risks that are not currently known or are now deemed immaterial, actually occur, our business, financial condition, cash flows and result of operation could suffer, the trading price of the NCDs could decline and you may lose all or part of your interest and/or redemption amounts. The risks and uncertainties described in this section are not the only risks that we currently face. Additional risks and uncertainties not known to us or that we currently believe to be immaterial may also have an adverse effect on our business, results of operations and financial condition. Further, the risk factors set forth below do not purport to be complete or comprehensive in terms of all the risk factors that may arise in connection with our business or any decision to purchase, own or dispose of, the NCDs.

Unless otherwise stated in the relevant risk factors set forth, we are not in a position to specify or quantify the financial or other implications of any of the risks mentioned herein. The ordering of the risk factors is intended to facilitate ease of reading and reference and does not in any manner indicate the importance of one risk factor over another. This Draft Shelf Prospectus contains forward looking statements that involve risk and uncertainties. Our Company's actual results could differ materially from those anticipated in these forward looking statements as a result of several factors, including the considerations described below and elsewhere in this Draft Shelf Prospectus.

Unless otherwise indicated, the financial information included herein is based on the Standalone Financial Information under IND-AS and Reformatted Standalone Financial Information under IGAAP and the Limited Review Financial Results, as included in this Draft Shelf Prospectus.

In this section, reference to "we", "us" or "our" refers to our Company together with its subsidiaries, on a consolidated basis, unless otherwise indicated.

A. RISKS IN RELATION TO OUR BUSINESS

1. *Our business, and the industry in which we conduct our business, are dependent on the policies and support of the Government and we are susceptible to changes to such policies and the level of support we receive. If the changes in Government policies are not in favour of our business, then the same are likely to adversely affect our business, financial condition and results of our operations.*

We are a Government company operating in a regulated industry. Our business and our industry are dependent, directly and indirectly, on the policies and support of the Government in many significant ways, including, the cost of our capital, the financial strength of our borrowers, the management and growth of our business, our industry and our overall profitability.

Historically, we have been able to reduce our cost of capital and reliance on commercial borrowings because of various forms of assistance received from the Government. Currently, we have been receiving tax concessions with respect to certain types of our bonds that enable us to price such bonds at a lower rate of interest than would otherwise be available to us. We also benefit from certain direct tax benefits provided by the Government.

The Government also influences the nature of our business in a number of ways. In particular, the Government establishes the schemes in which we and our borrowers participate. Like any other public sector undertaking, the Government can also influence or determine key decisions about our Company including dividends and the appointment of our Directors, the formal communication of which, may sometimes be delayed and consequently affect our Board composition and compliance with applicable laws in this respect. Additionally, the Government may implement policies which may not be consistent with our business objectives. For example, although we intend to continue to diversify our asset portfolio and continue to increase our power generation-related lending activity, our lending capacity is not unlimited, and the Government could seek refocusing of our lending capacity on transmission and distribution projects in rural areas.

As the Government regulates the industry in which our borrowers operate, our borrowers may also be significantly impacted by the policies of the Government in a variety of ways. For example, the Government has established a number of schemes and provided incentives that provide benefits to power projects that have enhanced the financial viability of the projects and the financial position of our borrowers. Additionally, the Government has, in the past, assisted us in procuring the repayment of our loans from our borrowers. Furthermore, the growth of our business is dependent upon the continued growth of the power sector and the overall Indian economy, which may significantly be impacted by the policies of the Government. Any unfavourable change in Government policies or any variation in the level of direct or indirect support to us, as provided by the Government, in these or other areas could have a material adverse effect on our business, financial condition and results of our operations.

Barriers to entry in the power sector are high, especially in the transmission and distribution segments, which are largely state monopolies. Also, entering the power generation business requires heavy investment initially. The other barriers are fuel linkages, payment guarantees from state governments that buy power and retail distribution license.

The state of business and policy environment in the country also has a cascading effect on the interest-rate regime, cost and availability of raw materials and gestation period & capital outlays required for power projects.

2. *We have a significant concentration of outstanding loans to certain borrowers and if the loans to these borrowers become non-performing, the quality of our asset portfolio may be adversely affected.*

We are a power sector-specific public financial institution. This sector has a limited number of borrowers, primarily comprising public sector utilities (State Power Utilities ("**SPUs**") and State Electricity Boards ("**SEBs**")), many of which are loss-making and may not have the liquidity to repay their borrowings. Our past exposure has been, and future exposure is anticipated to be, concentrated towards these borrowers.

As of March 31, 2019, we had aggregate loans outstanding to state sector borrowers of Rs. 2,47,719 Crore, which constituted about 88.09% of our total loans outstanding. Historically, state sector utilities had a relatively weak financial position and have also defaulted on their indebtedness in the past. Consequently, we have had to restructure loans sanctioned to certain SPUs and SEBs, which resulted in our having to reschedule their loans and waive a part of their interest dues because of such restructuring. There can be no assurance that the applicable SEBs and SPUs will be able to perform under the terms of the rescheduled loans.

As of March 31, 2019, our single borrower having the largest amount of outstanding loans accounted for 6.85% of our total outstanding loans and the borrower group to which we had the largest amount of outstanding loans in the aggregate also accounted for 6.85% of our total outstanding loans. As of March 31, 2019, the top ten individual borrowers to whom we had the largest amount of outstanding loans in the aggregate accounted for 38.88% of our total outstanding loans and the top ten borrower groups to which we had the largest amount of outstanding loans in the aggregate also accounted for 38.88% of our total outstanding loans. For further details, see the section titled "*Business*" in this Draft Shelf Prospectus. In addition to our exposure to borrowers resulting from our outstanding loans, we may also have exposures to borrowers, including the top ten individual borrowers and borrower groups referred to above, in the form of unfunded loan sanctions.

Any negative trends or financial difficulties, particularly among the borrowers and borrower groups to whom we have the greatest exposure, including SEBs and SPUs, could increase the level of credit-impaired assets in our portfolio and that may make us unable to service our outstanding indebtedness. For the foreseeable future, we expect to continue to have a significant concentration of loans to certain borrowers, including SEBs and SPUs. Credit losses on the individual borrowers or borrower groups to whom, as well as the projects in respect of which, we have the greatest exposure could have a material adverse effect on our business, financial condition and results of our operations.

Furthermore, as we continue to increase our exposure to generation projects, our individual loan size is expected to increase, thereby increasing our exposure with respect to individual projects.

3. *Our competitive efficiency is dependent on our ability to maintain a low and effective cost of funds; if we are unable to do, so it could have a material adverse effect on our business, financial condition and results of our operations.*

Our ability to compete effectively is dependent on our ability to maintain a low and effective cost of funds. Historically, our access to funds has been enhanced and our cost of funds has been reduced by equity financing and loans received directly from the Government, as well as tax concessions with respect to, and guarantees of, certain types of our bonds and borrowings that enable us to price such borrowings at a lower rate of interest than would have been otherwise available to us. For further details, see the section titled ''*Business*'' in this Draft Shelf Prospectus. Further, competition in our industry depends on, among other things, the on-going evolution of the

Government and state government policies relating to the power and finance industries, the entry of new participants into the industry and the extent to which existing participants in our industry seek to expand their exposure to the power sector.

There can be no assurance as to the level of direct or indirect support as may be provided to us by the Government. If there are any unfavourable changes in the policies of the Government in future, the same could materially increase the cost of funds available to us. In particular, the Government has not provided us any direct funding since 2001. Similarly, the Government has not allowed us to issue SLR Bonds since Fiscal 1999. In addition, since January 2007, the Government has limited the amount of our capital gain tax exemption bonds issued under Section 54EC of the Income Tax Act that an individual investor can utilize to offset capital gains to Rs. 50 Lakhs, which has reduced the amount of bonds that we have been able to offer for subsequent periods. Consequently, our dependency on funding from debt capital markets and commercial borrowings has increased significantly. Further, the allocation of amount in respect of tax-free bonds is subject to the CBDT notification issued by the Ministry of Finance ("**MoF**") and we may not be able to issue such bonds prospectively. As a result of these and other factors, our Company's cost of funds (ratio of finance costs to average borrowings, without foreign exchange fluctuation gain/loss amortized), as on March 31, 2019 was 7.16% which may increase during subsequent periods. While we generally have been able to pass the increased cost of funds onto our customers over this period, we may not be able to continue to do so in the future. In particular, financially stronger SPUs and private sector borrowers may seek to source their funds directly from the market if our loan products are not competitively priced and where our ability to price our products depends on our cost of capital.

Our ability to continue to obtain funds from the debt capital markets and through commercial borrowings on acceptable terms will depend on various factors including, in particular, our ability to maintain our credit ratings (which are based upon several factors and many of which are beyond our control, including the economic conditions in the power sector and the Indian economy, and the liquidity in the domestic and global debt markets). There can be no assurance as to whether we will be able to maintain our existing ratings or be able to obtain funds on acceptable terms, or at all. Any deterioration of our ratings (if any) could materially increase the cost of funds available to us, particularly from debt capital markets and commercial borrowings. Furthermore, some of our existing commercial borrowings require us to pay increased rates of interest and/or to repay the loan in its entirety in the event of a ratings downgrade. Our borrowing costs have been competitive in the past due to direct and indirect benefits, including financing we have received from the Government and our strong credit ratings, which may also be dependent on our relationship with the Government. If we are unable to access funds at an effective cost that is comparable to, or lower than, our competitors, possibly due to a change in the Government's policy, a reduction in our credit rating or due to other factors, we may not be able to offer competitive interest rates to our borrowers. This is a significant challenge for our Company as there are limits to the extent to which higher costs of funds can be passed on to borrowers, thus potentially affecting our Company's net interest income. All of the above factors could adversely affect our profitability and growth, which in turn would have an adverse effect on our business, financial condition and results of operations.

If we are unable to maintain a low effective cost of funds, we may be unable to competitively price our loans. Accordingly, we may not be able to maintain the profitability or growth of our business, which could have a material adverse effect on our business, financial condition and results of operations.

4. ***Our statutory auditors have made observations in their annexure to auditor's reports on our audited financial statements for Fiscal 2015, 2016, 2017, 2018 and 2019 and raised matters of emphasis in their annexure to auditor's reports on our audited financial statements for Fiscal 2015 and 2016.***

Our statutory auditors have not given any qualification, reservation, adverse remark or disclaimer in their report on the unconsolidated and consolidated financial statements of the Company but have made certain observations on further strengthening of our internal financial controls. This can be referred to in the respective annexure to the auditors reports on our audited financial statements for Fiscal 2015, 2016, 2017, 2018 and 2019. For further information please refer to Annexure C, of this Draft Shelf Prospectus.

In addition, the auditors also included a matter of emphasis in their report on our audited consolidated financial statements for Fiscal 2015 and 2016. Please see the independent auditors' report on our consolidated financial statements for Fiscal 2015, independent auditors' report on our unconsolidated and consolidated financial statements for Fiscal 2016 and note no. 11.2.7 and note no. 13.2.7 of our unconsolidated and consolidated financial statements for Fiscal 2016, respectively.

Our Company may be subject to similar observations and matters of emphasis in the future, which could have a material adverse impact on our financial condition, profitability and operations.

5. ***We may face asset liability mismatches, which could affect our liquidity and consequently have a material and adverse effect on our business, financial performance and results of operations.***

We may face potential liquidity risks due to varying periods over which our assets and liabilities mature. We currently fund our business in significant part through the use of borrowings that have shorter maturities than the maturities of all of our new substantial loan assets. In particular, in recent years we have obtained funding through the issuance of capital gains tax exemption bonds issued under Section 54EC of the Income Tax Act. These bonds are subject to tax concessions for the benefit of bondholders that enable us to price such bonds at a lower rate of interest than would otherwise be available to us and thereby reduce our cost of capital. However, these bonds require a holding period of five years from the date of allotment for the bondholders to receive the benefit of these tax concessions and are automatically redeemed at the end of five years from allotment. For additional information with respect to our issuances of long-term tax exemption bonds issued under Section 54EC of the Income Tax Act, see the section titled ''*Business*'' in this Draft Shelf Prospectus. Our financial products may have maturities that exceed the maturities of our borrowings.

Furthermore, our Company's inability to effectively manage our funding requirements and the financing that our Company, provides may also be aggravated if our Company's borrowers pre-pay or are unable to repay any amount due under the financing facilities granted by our Company. Our Company's asset-liability management framework categorizes all interest rate sensitive assets and liabilities into various time period categories according to contracted residual maturities or anticipated re-pricing dates, as maybe relevant in each case. The difference between the value of assets and liabilities maturing, or being re-priced, in any time period category provides the measure to which our Company is exposed to the risk of potential changes in the margins on new or re-priced assets and liabilities. Despite the existence of such measures, our Company's liquidity position could be adversely affected by the development of an asset-liability mismatch, which could have a material adverse effect on our Company's business, prospects, results of operations and financial condition. To the extent we fund our business through the use of borrowings that have shorter maturities than the loan assets we disburse, our loan assets will not generate sufficient liquidity to enable us to repay our borrowings as they become due, and we will be required to obtain new borrowings to repay our existing indebtedness. There can be no assurance that new borrowings will be available on favourable terms or at all. In particular, we are increasingly reliant on funding from debt capital markets and commercial borrowings. The market for such funds is competitive and our ability to obtain funds on acceptable terms will depend on various factors including, in particular, our ability to maintain our credit ratings, which are based upon several factors, many of which are outside our control including the economic conditions in the power sector and the Indian economy, and the liquidity in the domestic and global debt markets.

Any inability to obtain new borrowings, on favourable terms or otherwise, may negatively impact the profitability and growth of our business, which could have an adverse effect on our business, financial condition and results of operations.

6. ***If we are unable to manage our growth effectively, our business and financial results could be adversely affected.***

Our business has experienced growth in scope and size since we began operations in 1969. We began financing projects outside the area of rural transmission and distribution much later in our Company's history. Since 2001, funding for generation projects has constituted a significant portion of our business. The size of the projects that we finance has increased. Further, vide certificate dated September 17, 2010, the RBI has categorised us as an infrastructure finance company ("**IFC**"). As a result, our Company can now increase its exposure to private sector borrowers. A fresh certificate of registration bearing no. 14.000011 dated November 28, 2018 was allotted by the RBI in the name of REC Limited.

We intend to continue to grow our business in both scope and size, which could place significant demands on our operational, credit, financial and other internal risk controls. In addition, in September 2009, our mandate was further extended to include financing other activities with linkages to power projects, such as coal and other mining activities, fuel supply arrangements for the power sector and other power-related infrastructure.

We expect that our asset growth will be primarily funded by the issuance of new debt. We may have difficulty in obtaining funding on attractive terms. Adverse developments in the Indian credit markets, such as increases in interest rates, may increase our debt service costs and the overall cost of our funds and impair our ability to manage our recent growth or to continue to grow our business.

Any inability to manage our growth effectively could have a material adverse effect on our business, financial condition and results of operations. Furthermore, because of our recent growth and the long gestation period for power sector investments, our historical financial statements may not be an accurate indicator of our future financial performance.

7. ***We are currently engaged in foreign currency borrowings and we are likely to do so at increased levels in the future, which will expose us to fluctuations in foreign exchange rates and if we are unable to hedge the risk effectively, it could adversely affect our business, financial condition and results of operations***

As of March 31, 2019, we had foreign currency borrowings outstanding equal to Rs. 33,950.25 Crore out of which 27.99% were unhedged. We are likely to obtain additional foreign currency borrowings in the future. Although we believe that our foreign currency hedging with respect to our existing foreign currency borrowings is effective, there can be no assurance that it will remain effective or that we will enter into effective hedging with respect to any new foreign currency borrowings. We expect to increase our foreign currency borrowing in the future and therefore may be further exposed to fluctuations in foreign currency rates. Volatility in foreign exchange rates and our inability, if any, to hedge the risk effectively could adversely affect our business, financial condition and results of operations.

8. ***We are susceptible to the volatility in interest rates in our operations and therefore may be adversely affected due to the fluctuation in interest rates.***

We are susceptible to the volatility in interest rates in our operations. Interest rates are highly sensitive to many factors beyond our control, including the monetary policies of the RBI, deregulation of the financial sector in India, domestic and international economic and political and other conditions and other factors. Due to these factors, interest rates in India have historically experienced, and may continue to experience, a relatively high degree of volatility.

A substantial portion of our loan assets, including all of our long-term loans, permits the borrowers to seek re-pricing of their loans after three or ten years. As of March 31, 2019, we had long-term loan assets outstanding of Rs. 2,68,546 Crore. When interest rates decline, our borrowers may increasingly seek re-pricing of our loans to them based on the terms of their loan agreements or due to commercial considerations resulting from competitive conditions, which would result in us realising a lower rate of return on our capital committed to the re-priced loans and would adversely affect our profitability, particularly if we did not have the ability to re-price our borrowings. Additionally, if we are unable or unwilling to competitively re-price our loans, we may have to face greater levels of prepayments on our loans. In a decreasing interest rate environment, prepayments may also result in a lower rate of return because we may not be able to redeploy the capital in assets yielding similar rates of return, and any prepayment premium we receive may not fully offset these lower rates of return.

When interest rates rise, we may be more susceptible to such increases than our competitors that have access to lower cost funds, particularly if we have a higher portion of floating rate borrowings or borrowings with shorter durations than that of our competitors.

Further, most of our borrowings are fixed rate borrowings and in a falling interest rate scenario, this may impact our results of operations and financial condition.

Our Company's results of operations are therefore dependent on various factors that are indirectly affected by the prevailing interest rate and lending environment, including disbursement and repayment schedules for our Company's loans, the terms of such loans including interest rate reset terms as well as the currency of such loans and any exchange gains or losses relating thereto. In addition, the value of any interest rate hedging instruments our Company may enter into in the future may be affected by changes in interest rates. There can be no assurance that our Company will be able to adequately manage our interest rate risk and be able to effectively balance the proportion and maturity of our interest earning assets and interest-bearing liabilities in the future.

Our treasury operations are also susceptible to volatility in interest rates and any adverse movement in interest rates, though not quantifiable, may adversely impact the value of our treasury operations, and consequently may have an adverse effect on our business prospects, financial condition and results of operations.

9. ***The Government, through the Power Finance Corporation Limited continues to exercise control over us, and therefore it can determine the outcome of shareholder voting and influence our operations.***

On 28 March 2019, Power Finance Corporation Limited completed its acquisition of the entire GoI holding of 52.63% in our Company ("**Acquisition by PFC**"). While the Company is no longer directly owned by the GoI, the GoI continues to exercise control over it through PFC. Consequently, the Government, acting through PFC, will continue to control us and will have the power to elect and remove our directors and therefore determine the outcome of most of our proposals for corporate action requiring approval of our Board or shareholders, including with respect to the payment of dividends. As we are a Government company under section 2(45) of the Companies Act and the Government is our Promoter, therefore the Government has the power, to take actions or make decisions, influence policies, issue directives or take positions or exercise control which may affect our Company's business.

10. ***There may be challenges as a result of, or difficulties in realising the benefits of the Acquisition by PFC, or any future merger of the Company with PFC's business and/or successfully integrating the Company's business with PFC's or (in the event of a merger) the merged business.***

On March 28, 2019, PFC completed the acquisition of REC. In addition, while there is a possibility that our Company may merge with PFC, there can be no assurance that such merger will take place in the near future or at all.

While the Acquisition by PFC was intended to achieve integration across the power chain, obtain better synergies, create economies of scale and enhance capability to support energy access and energy efficiency in India, we will continue to face a range of operational, financial and other related risks inherent in such acquisitions (and any future merger). The integration process may be complex, costly and time-consuming. The potential difficulties of integrating the operations of our Company with that of PFC and realising our Company's expectations for the Acquisition by PFC (and any future merger with PFC), including the benefits that may or may not be realised, include, among other things:

- failure to implement the business plan for the combined business;
- delays or difficulties in completing the integration of our business and/or its assets, leveraging synergies or rationalising operations with those of PFC;
- higher than expected costs, lower than expected cost savings, exposure limit ceilings and/or a need to allocate resources to manage unexpected operating difficulties;
- unanticipated issues in integrating logistics, information, communications and/or other systems;
- unanticipated changes in the combined business due to potential divestitures or other requirements imposed by antitrust regulators;
- failure to maintain the continuity and/or assimilation of operations or employees;
- retaining key customers, borrowers and/or employees;
- higher borrowing cost and exposure limit by investors;
- retaining and obtaining required regulatory approvals, licenses and permits;
- diversion of the attention and resources of management;
- assumption of liabilities not identified in due diligence, including any on-going litigation, claims or disputes; and
- other unanticipated issues, expenses and/or liabilities.

There can be no assurance that any of the foregoing factors relating to the Acquisition by PFC (and any future merger with PFC) or any potential difficulties as a result of the Acquisition by PFC will not have a material adverse impact on our business, financial condition, results of operations, performance and prospects. For example, to ensure the smooth integration of our business and PFC's business and to create synergies, a certain degree of optimisation and integration will be required including in respect of customer/borrower management, financial accounting and human resources management across both our business and PFC's business. However, it is uncertain whether such integration can be successfully implemented, if at all. If the relevant risks of such integration are not properly managed or the expected benefits of the Acquisition by PFC (and any future merger with PFC) fail to materialise, this may result in, inter alia, a deterioration of asset quality, the loss of key employees or members of the senior management team, or the deterioration or loss of customer relationships and/or connections. Any of these factors could have a material and adverse effect on our business, financial condition, results of operations, performance and/or prospects.

An integration or merger may also have an adverse impact, including increasing cost of borrowings due to restrictions on exposures of banks or mutual funds or other investors in a single company, restrictions on lending exposures by a single integrated company to borrowers, or other similar issues.

11. ***The Government may sell all or part of its shareholding in PFC, and/or PFC may sell all or part of its shareholding in us, which may result in a change in control of our Company.***

Subsequent to the Acquisition by PFC, as of the date of this Draft Shelf Prospectus, though the Government does not own, directly or indirectly, more than 50% of the voting rights of the issued share capital of our Company, nevertheless, as long as the Government's shareholding in PFC and PFC's shareholding in our Company each equals or exceeds 51.00%, or our Company is a subsidiary of a Government company, our Company will continue to be classified as a Government Company and will be subject to various regulations, regulatory exemptions and benefits generally applicable to government companies in India. As of the date of this Draft Shelf Prospectus, there is no legislation that places a mandatory requirement on the Government to hold a minimum 51.00% shareholding in PFC. Therefore, the Government may sell all or part of its shares in PFC, and/or PFC may sell all or part of its shareholding in us, which may result in a change in control of our Company and which may, in turn, disqualify us from benefiting from certain regulatory exemptions and other benefits that may be applicable to our Company due to us being a public sector company. If a change of control were to occur, we cannot assure investors that we will have sufficient funds available at such time to pay the purchase price of any outstanding NCDs, as the source of funds for any such purchase will be its available cash or third-party financing which we may not be able to obtain at the time. This may also trigger early redemption of our borrowings as mentioned in the respective covenants to our loan documents.

12. ***Failure to manage any acquisition that our Company makes may cause its profitability to suffer.***

Our Company may take advantage of merger and acquisition opportunities in the future if suitable opportunities arise (including a potential merger with PFC – please see "*Risk Factors – There may be challenges as a result of, or difficulties in realising the benefits of the Acquisition by PFC, or any future merger of the Company with PFC's business and/or successfully integrating the Company's business with PFC's or (in the event of a merger) the merged business*" in the Draft Shelf Prospectus).

These may require significant investments which may adversely affect our Company's business and revenues. Furthermore, our Company is not permitted to carry out any merger or acquisitions without prior approval from the Government. Acquisitions involve additional risks, including the following:

- impact of unforeseen risks, such as contingent or latent liabilities relating to the acquired businesses, that become apparent only after the merger or acquisition is finalized;
- success or failure of integration and management of the acquired operations and systems;
- success or failure of retention of select personnel; or
- impact of diversion of our Company management's attention from other on-going business concerns.

If our Company is unable to integrate the operations of an acquired business successfully or manage such future acquisitions profitably, or obtain any necessary approvals to effect any proposed mergers or acquisitions, its revenues and results of operations may be adversely affected.

13. ***An inability to develop or implement effective risk management policies and procedures could expose us to unidentified risks or unanticipated levels of risk.***

Although we follow various risk management policies and procedures to identify, monitor and manage risks, there can be no assurance that such policies and procedures will be effective in addressing all risks that the Company encounters in its business and operations or that such policies and procedures are as comprehensive as those implemented by other banks and financial institutions. Our risk management policies and procedures are based on, among other considerations, historical market behaviour, information regarding borrowers, and market knowledge. Consequently, these policies and procedures may not accurately predict future risk exposures that could vary from, or be greater than, those indicated by historical measures. In addition, information available to us may not be accurate, complete, up-to-date or properly evaluated. Unexpectedly large or rapid movements or disruptions in one or more financial markets or other unforeseen developments could have a material adverse effect on the Company's results of operations and financial condition. Our risk management policies and procedures are also influenced by applicable Government policies and regulations and may prove inadequate or ineffective in addressing risks that arise as a consequence of any development in Government policies and regulations that adversely affect our business and operations.

In addition, we intend to continue to diversify our borrower portfolio and extend fund based and non-fund based financial and other assistance and services to projects that represent forward and backward linkages to the core power sector projects. These business initiatives may involve operational and other risks that are different from those that are currently faced or anticipated, and there can be no assurance that we will be able to effectively identify and address any additional risks that apply to such business initiatives. An inability to develop, modify and implement effective and dynamic risk management policies and procedures may adversely affect our growth strategy. The management of operational, legal and regulatory risk requires, among others, policies and procedures to accurately record and verify transactions and events. There can be no assurance that our policies and procedures will effectively and accurately record and verify such information. Failure of our risk management policies and procedures or exposure to unanticipated risks could lead to losses and adversely affect our business, financial condition and results of operations.

14. ***We take advantage of certain tax benefits available to us as a lending institution. If these tax benefits were reduced or are no longer available to us, it would adversely affect our profitability.***

We have been receiving, certain tax benefits by virtue of our status as a lending institution, including as a result of our lending within the infrastructure sector, which have enabled us to reduce our effective tax rate. The availability of these tax benefits is subject to the policies of the Government, among other things, and there can be no assurance as to the amount of tax benefits that we will receive in the future, if any.

If the laws or regulations regarding these or other tax benefits were to change further, our taxable income and tax liability may increase, which may adversely affect our financial condition and results of operations.

15. ***We may not have obtained sufficient security and collateral from our borrowers, or we may not be able to recover or enforce, or there may be a delay in recovering or enforcing, the expected value from any security and collateral.***

We have historically granted certain loans to our borrowers where the value of the security for the loan may be less than the amount of the loan, where we have funded the loan prior to obtaining security or where the loans have been granted without security. As of March 31, 2019, we had total loan assets outstanding of Rs. 2,81,210 Crore, of which Rs. 2,16,395 Crore or 76.95% were secured by charges on assets, Rs. 42,575 Crore or 15.14% which were backed by way of state government guarantee including loans to state governments and Rs. 22,240 Crore or 7.91% were unsecured loan assets. Although legislation in India is now effective enough to strengthen the rights of creditors to obtain faster realisation of collateral in the event of loan default, we may nonetheless be unable to realise the full value of our collateral due to certain factors, including delays occasioned by the fact that the loan was granted by us as a part of consortium of lenders or delays in us taking immediate action in bankruptcy foreclosure proceedings, market downturns that affect the value of the collateral, defects in the perfection of collateral and fraudulent transfers by borrowers. Further, upon the occurrence of certain events, a specialised regulatory agency may obtain jurisdiction over the assets of our borrowers, which may delay actions on behalf of the borrower's creditors. Any failure to recover the expected value of collateral security could expose us to a potential loss.

The RBI from time to time provides circulars and directions with respect to corporate debt restructuring, and the resolution of stressed assets for banks and NBFCs as well as revisions to the framework and directions in respect of identification of stressed assets, implementation of resolution plans, permitted methods, conditions and timing of restructuring or resolution of assets, prudential norms and supervisory review by the RBI as well as enforcement under the insolvency or other laws of India. In situations where other lenders own more than a requisite specified percentage of the debt of one of our borrowers, we could be required by the other lenders to agree to restructure the debt or take enforcement proceedings, regardless of our preferred method of settlement. We may also be a part of a syndicate of lenders wherein the majority elect to pursue a different course of action than the course of action favourable to us, whether or not such debt is subject to the RBI guidelines. Any such debt restructuring or enforcement could lead to an unexpected loss that could adversely affect our business, financial condition and results of operations.

16. ***The escrow account mechanism for the payment obligations of our state sector borrowers may not be effective, which may reduce our recourse in the event of defaulted loans and could have a material adverse effect on our business, financial condition and results of operations.***

We have a mechanism of creating escrow accounts with most of our borrowers in the state sector. This mechanism provides that certain predetermined amounts from the payments received by such borrowers from their respective customers are deposited in an escrow account. The deposited amount is available for use by the borrower, except in the case of a default on account of non-payment to us by the borrower. In such case, the escrow agent is required to make the default amount available to us on our demand.

The escrow agreement mechanism is effective only if the customers of our borrowers, including DISCOMs and end users of power (such as power traders, industrial, commercial, household and agricultural consumers) make payment to our borrowers and such payment deposited into the escrow facilities is sufficient to repay the borrower's obligations to us. We do not have any arrangement in place to ensure that this occurs, which limits the effectiveness of the escrow mechanism. In the event the customers of our borrowers do not make payments to our borrowers, the escrow mechanism will not ensure the timely repayment of our loans, which may adversely affect our business, financial condition and results of operations. In addition, as our Company diversifies our loan portfolio and enters into new business opportunities, our Company may not be able to implement such or similar quasi-security mechanisms or arrangements and there can be no assurance that even if such mechanisms and arrangements are implemented, they will be effective.

17. ***We have granted loans to the private sector on a non-recourse or limited recourse basis, which may increase the risk of non-recovery and could expose us to significant losses.***

As of March 31, 2019, Rs. 33,491 Crore or 11.91%, of our loans assets outstanding were to borrowers that are private sector power utilities (including project-specific special purpose vehicles). Our exposure to private sector power utilities may increase in the future. The ability of private sector power utility borrowers and in particular project-specific special purpose vehicles to perform their obligations will depend primarily on the financial condition of the projects, which may be affected by many factors beyond the borrowers' control, including competition, as well as other risks such as those relating to operating costs and regulatory issues. If borrowers with non-recourse or limited recourse loans were to be adversely affected by these or other factors and were unable to meet their obligations, the value of the underlying assets available to repay the loans may be insufficient to pay the full principal and interest on the loans, which could expose us to significant losses, and such significant losses could have an adverse effect on our business, financial condition and results of operations.

18. ***Certain SEBs which were our borrowers have been restructured and we may not have transferred the liabilities associated with our loans to the newly formed entities, which may affect our ability to enforce the applicable provisions of the original loan agreements.***

We have granted certain long-term loans to various SEBs of various states. Pursuant to amendments in the Electricity Act, the state governments of these states have restructured their SEBs into separate entities formed for the generation, transmission and/or distribution of electricity. As part of the restructuring, all liabilities and obligations of a restructured SEB were transferred by a notification process to the applicable state government, which in turn transferred them to the newly formed, state government-owned transmission, distribution and/or generation companies. However, under the restructuring notification, the transfer of liabilities and obligations under loans granted by us is to be documented by a transfer agreement between our Company, the applicable state government and the applicable newly formed company. Although we have entered into transfer agreements with the separate entities formed as a result of the restructuring of the certain SEBs, we are yet to execute transfer agreements with the separate entities formed as a result of the restructuring of the SEBs of certain states. There can be no assurance that we will be able to enter into transfer agreements within a reasonable period to ensure that the terms of our original loan agreements will continue with the new entities.

19. ***Our contingent liabilities could adversely affect our financial condition.***

As of March 31, 2019, our Company had, on an unconsolidated basis, non-funded contingent liabilities not provided for of Rs. 116.87 Crore (as disclosed in our unconsolidated financial statements) as follows:

Sr No.	Contingent liabilities not provided for	Amount (Rs. In Crore)
1.	Claim against the Company not acknowledged as debts	0.08
2.	Taxation Demands	116.79
3.	Others – Letter of Comfort	0.00
Total		116.87

Note: We have issued letters of comfort to some of our borrowers against loan amounts sanctioned to them. These letters of comfort are basically used by borrowers to give comfort to LC issuing banks for procurement of power equipment or otherwise similar facilities during *execution of contracts.*

20. ***Our cash flow reflects negative cash flows from operations in view of presentation of borrowings and lending in different categories. There is no assurance that such negative cash flow from operations shall not recur in future Fiscal periods and in case it recurs then it may adversely affect our business.***

In view of the opinion of an expert advisory committee of the Institute of Chartered Accountants of India, our outward cash flow relating to disbursement of loans and advances (net of any repayments we receive) is reflected in cash flow from our operating activities whereas the inward cash flows from external funding taken (net of any repayments of such funding) to disburse these loans and advances are reflected in our cash flow from financing activities. Consequently, cash flow of our Company (on an unconsolidated basis) reflects negative net cash flow from operating activities of Rs. 36,013.01 Crore, Rs. 32,777.87 Crore for Fiscal 2018 and Fiscal 2019, respectively, calculated pursuant to IND-AS. The cash flow for Fiscal 2017 reflects positive net cash flow from operating activities of Rs. 6,794.19 Crore calculated pursuant to IGAAP, owing to pre-payments under UDAY. For further details on our Company's unconsolidated cash flow, see the Annexure titled "*Financial Statements*" of this Draft Shelf Prospectus.

21. ***Our success depends largely upon our management team and skilled personnel. Our ability to attract and retain such persons and disassociation of our key personnel could adversely affect our business and our ability to pursue our growth strategies.***

Our future performance depends on the continued service of our experienced management team and skilled personnel. We also face a continuous challenge to recruit and retain a sufficient number of suitably skilled personnel, particularly as we continue to grow our business. There is competition for management and other skilled personnel in our industry, and it may be difficult for us to attract and retain the personnel we need in the future. The loss of key personnel, or our inability to attract and retain new personnel, may have an adverse effect on our business, results of operations, financial condition and our ability to grow.

22. ***Our borrowers' insurance of assets may not be adequate to protect them against all potential losses to which they may be subject, which could affect our ability to recover the loan amounts due to us from them.***

The terms and conditions of our loan agreements require our borrowers to maintain insurance on their charged assets as collateral for the loan granted by us. However, we have not historically monitored our borrower's compliance with their obligation to maintain insurance. Our borrowers may not have the required insurance coverage, or may not renew the insurance policies, or the amount of insurance coverage may be less than the replacement cost of the relevant assets and therefore the amount of insurance coverage may be insufficient to cover all financial losses that our borrowers may suffer as a result of any uninsured event. In the event the assets charged in our favour are damaged or our borrowers otherwise suffer a loss because of insufficient insurance to offset the respective borrower's losses, it may affect our ability to recover the loan amounts due to us from the respective borrower.

23. ***We are subject to restrictive covenants under our credit facilities that limit our flexibility in managing our business. Such restrictive covenants may restrict our operations or ability to expand and may adversely affect our business.***

There are restrictive covenants in the agreements we have entered into with certain banks and financial institutions for our borrowings. These restrictive covenants require us to maintain certain financial ratios, our existing credit rating and to seek the prior permission of these banks and financial institutions for various activities, including, among others, change in capital structure, issue of equity, preferential capital or debentures, raising any deposits, selling or transferring any part of our business, effecting any scheme of acquisition, merger, amalgamation or reconstitution, implementing a new scheme of expansion or creation of a subsidiary. Such restrictive covenants may restrict our operations or ability to expand and may adversely affect our business. Further, these restrictive covenants may also affect some of the rights of our shareholders, including the payment of the dividends in case of any default in debt to such lenders. Additionally, these banks and financial institutions also have the powers to appoint a nominee director on our Board, with the prior approval of the Government, in case of any default on our part in payment of interest or principal towards some of our borrowings.

24. ***The power sector financing industry is becoming increasingly competitive and our profitability and growth will depend on our ability to compete effectively and maintain a low effective cost of funds so as to maintain our interest income and grow our portfolio of assets.***

Our interest rate margins are determined by the cost of our funding relative to the pricing of our loan products. The cost of our funding and the pricing of our loan products are determined by a number of factors, many of which are beyond our control. Our cost of funds (ratio of finance costs to average borrowings, without foreign exchange fluctuation gain/loss amortized) raised as on March 31, 2019 is 7.16%. However, we may not be able to maintain the same during subsequent periods without raising funds from debt market through various concessional debt issues. While we have generally been able to pass on the increased cost of funds to our customers over this period, we may not be able to continue to do so in future. In the event we were to suffer a decline in interest rate margins, we would be required to increase our lending activity in order to maintain our then current profit level. However, there can be no assurance that we will be able to do so and we may suffer reduced profitability or losses. In the event our interest rate margins decrease, the same may adversely affect our business, financial condition and results of operations.

In addition, competition in our Company's industry depends on, among other factors, the ongoing evolution of the Government policies relating to the industry, the entry of new participants into the industry and the extent to which there is consolidation among banks, financial institutions and NBFCs in India. Our Company's primary competitors are public sector infrastructure finance companies, public sector banks, private banks (including foreign banks), financial institutions and other NBFCs. Many of our Company's competitors may have larger resources or balance sheet sizes than our Company and may have considerable financing resources. In addition, since our Company is a non-deposit taking NBFC, our Company may have restricted access to funds in comparison to banks and deposit taking NBFCs. Our growth will depend in large part on our ability to respond in an effective and timely manner to the said competitive pressures. In particular, the Electricity Act provides for opportunities in the private sector involvement in the Indian power sector.

Many of our existing and future competitors may have greater and more inexpensive resources than we do. Therefore, our ability to compete effectively is dependent on our ability to maintain a low effective cost of funds.

25. ***Power projects carry certain risks that, to the extent they materialize, could adversely affect our business, financial condition and results of operations.***

Our business mainly consists of lending to power sector projects in India. Power sector projects carry project-specific as well as general risks. These risks are generally outside of our control and include:

- non-conversion of letter of assurance and/or Memorandum of Understanding by coal suppliers into binding fuel supply agreement;
- delays in development of captive coal mines;
- political, regulatory, fiscal, monetary and legal actions and policies that may adversely affect the viability of projects to which we lend;
- changes in government and regulatory policies relating to the power sector;
- delays in construction and operation of projects to which we lend;
- adverse changes in demand for, or the price of, power generated or distributed by the projects to which we lend;
- the willingness and ability of consumers, aggregators or DISCOMs to pay for the power produced by projects to which we lend;
- shortages of, or adverse price developments for, raw materials and key inputs for power production including domestic and imported coal and natural gas;
- delays in inviting bids for procurement of power by state sector state power utilities and DISCOMS;
- delay in obtaining forest clearance, land acquisition, right of way clearance and other relevant clearances;
- adverse geological conditions;
- effectiveness of current technology and its obsolescence in renewable energy;
- increased project costs due to environmental challenges and changes in environmental regulations;
- potential defaults under financing arrangements of project companies and their equity investors;
- failure of co-lenders with us under consortium lending arrangements to perform on their contractual obligations;
- failure of third parties such as contractors, fuel suppliers, sub-contractors and others to perform their contractual obligations in respect of projects to which we lend;

- adverse developments in the overall economic environment in India;
- adverse fluctuations in liquidity, interest rates or currency exchange rates;
- economic, political and social instability or occurrences of events such as natural disasters, armed conflict and terrorist attacks, particularly where projects are located or in the markets they are intended to serve;
- delays in the implementation of Government policies and initiatives;
- environmental concerns and environmental regulations applicable to power sector projects that our Company finances, including, for example, relevant coal mining areas being classified as “no-go” areas;
- extent and reliability of power sector infrastructure in India;
- strikes, work stoppages or increased wage demands by employees or any other disputes with employees that affect the project implementation schedule or operations of the projects that our Company finances;
- disruption of projects due to explosions, fires, earthquakes and other natural disasters, breakdown, failure or substandard performance of equipment, improper installations or operation of equipment, accidents, operational problems, transportation interruptions, other environmental risks and labour disputes;
- changes in credit ratings of our Company’s borrowers affecting their ability to finance projects;
- failure to supply power to the market due to unplanned outages of any projects that our Company finances, failure in transmission systems or inter-regional transmission or distribution systems;
- inherent risks relating to signing, execution and honouring of power purchase agreements and non-permissibility of pass through or escalation in the cost in the dynamic environment;
- rehabilitation, resettlement and local public agitation on project sites/resources;
- low demand and power offtake, resulting in non-conformity with the agreed power purchase agreement and/or power sale agreement signed with DISCOMs;
- the low selling price of merchant power; and
- constraints in power transmission corridors.

Power sector projects may be exposed to unplanned interruptions caused by catastrophic events such as floods, earthquakes, fires, major plant breakdowns, pipeline or electricity line ruptures or other disasters. Operational disruption, as well as supply disruption, could adversely affect the cash flows available from these projects. Furthermore, the cost of repairing or replacing damaged assets could be considerable. Repeated or prolonged interruption may result in a permanent loss of customers, substantial litigation or penalties and/or regulatory or contractual non-compliance. To the extent these or other risks relating to the power projects we finance materialize, the quality of our asset portfolio and our profitability may be adversely affected. Furthermore, as we continue to increase our exposure to generation projects, our individual loan size is likely to increase in size, thereby increasing our exposure with respect to individual projects. Accordingly, the potential for adverse effects on our business, financial condition and results of operations may arise in the event these risks relating to the power projects we finance were to materialize.

26. ***Negative trends in the Indian power sector or the Indian economy could adversely affect our business, financial condition and results of operations.***

We were founded with the objective of developing the power infrastructure in rural areas. For the foreseeable future, we expect to continue to be a sector-specific public financial institution with a focus on the Indian power sector. Any negative trends or financial difficulties in the Indian power sector could adversely affect our business and financial performance.

We believe that the further development of India’s power sector is dependent on regulatory framework, policies and procedures that facilitate and encourage private and public sector investment in the power sector. Many of these policies are evolving and their success will depend on whether they properly address the issues faced and are effectively implemented.

Additionally, these policies will need continued support from stable and experienced regulatory regimes throughout India that not only stimulate and encourage the continued movement of capital into power development, but also lead to increased competition, appropriate allocation of risk, transparency and more efficient power supply and demand management to the end consumer.

The allocation of capital and the continued growth of the power sector are also linked to the continued growth of the Indian economy generally. In particular, the growth of the power industry will be affected by consumers’ income levels and the extent to which they would be willing to pay or can be induced to pay for power.

If the central and state governments' initiatives and regulations in the power sector do not proceed to improve the power sector as intended, or if there is any downturn in the macroeconomic environment in India or in the power sector, our business, financial condition and results of operations could be adversely affected.

Additionally, it is generally believed that demand for power in India will increase in connection with expected increases in India's GDP. However, there can be no assurance that demand for power in India will increase to the extent we expect, or at all. In the event demand for power in India does not increase as we expect, the extent to which we are able to grow our business by financing the growth of the power sector would be limited and this could have a material adverse effect on our business, financial condition and results of operations.

27. ***Material changes in the regulations that govern us and our borrowers could cause our business to suffer.***

Our Company is under the administrative control of the Ministry of Power ("**MoP**"). We are regulated by the Companies Act and some of our activities are subject to supervision and regulation by statutory authorities including the RBI, SEBI and the Stock Exchange. For details, see the section titled ''*Regulations and Policies*'' in this Draft Shelf Prospectus. Additionally, our borrowers in the power sector are subject to supervision and regulation by the Central Electricity Regulatory Commission ("**CERC**") and State Electricity Regulatory Commission ("**SERC**"). Further, we are subject to changes in Indian law, as well as to changes in regulation and government policies and accounting principles. We also receive certain benefits and take advantage of certain exemptions available to our classification as a public financial institution under section 2 (72) of the Companies Act and as an IFC NBFC – ND SI.

The statutory and regulatory framework for the Indian power sector has changed in many important ways in recent years and the impact of these changes is yet to be seen. The Electricity Act provides for a framework for reforms in the sector. There could be additional changes in the manner of determination of tariff and other policies and licensing requirements for, and tax incentives applicable to, companies in the power sector. Presently, our Company is not aware of the nature or extent of any future review and amendment of the Electricity Act and rules and policies issued thereunder, and it is possible that any amendments may have an adverse impact on our Company's business, financial condition and results of operations.

For further details on the proposed amendments to the Electricity Act, please see the section titled ''*Regulations and Policies*''. The above laws and other regulations governing our borrowers and our Company could change in the future and any such changes could adversely affect our business, financial condition and results of operations.

28. ***We may fail to obtain certain regulatory approvals in the ordinary course of our business in a timely manner or at all, or to comply with the terms and conditions of our existing regulatory approvals and licences, which may have a material adverse effect on the continuity of our business and may impede our effective operations in the future.***

We usually require certain regulatory approvals, sanctions, licences, registrations and permissions for operating our businesses. We may not receive or be able to renew such approvals in the time frames anticipated by us or at all, which could adversely affect our business. If we do not receive, renew or maintain such regulatory approvals required to operate our business, the same may have a material adverse effect on the continuity of our business and may impede our effective operations in the future. Additionally, any historical or future failure to comply with the terms and conditions of our existing regulatory or statutory approvals may cause us to lose or become unable to renew such approvals.

We are subject to periodic inspection by the RBI under Section 45N of the RBI Act, pursuant to which the RBI inspects our books of accounts and other records for the purpose of verifying the correctness or completeness of any statement, information or particulars furnished to the RBI. RBI, in its last inspection report for the period 2017-18, has indicated certain deficiencies with respect to, inter alia, asset quality, liquidity ratio, systems and control and other supervisory concerns, etc. For instance, RBI observed that additional provisioning to the tune of Rs. 1859.50 Crores was required to be made. To this observation, our Company has replied to RBI that from the financial year 2018-19, the Company has shifted to IND-AS methodology and provisioning has been made based on expected credit loss method. The total provisioning made by the company as on March 31, 2019 has been to the tune of Rs. 9698.95 Crores on Stage-III (NPA) assets while the same would have been Rs. 5119.68 Crores if RBI norms were followed. We have responded to all the observations of RBI and addressed them suitably and as such, no penalties have been levied by RBI. We cannot assure you that the RBI will not find any deficiencies in future inspections or the RBI will not make similar or other observations in the future. Imposition of any penalty or adverse findings by the RBI during the ongoing or any future inspections may have an adverse effect on our business, results of operations, financial condition and reputation.

29. ***We have been granted exemption from the applicability of certain prudential norms by the RBI. We cannot assure you that such exemption shall continue to be granted by the RBI which may affect our business.***

The RBI, vide certificate dated September 17, 2010, had categorised our Company as an IFC according to the instructions contained in the Systemically Important NBFC Directions. A fresh certificate of registration bearing no. 14.000011 dated November 28, 2018 was allotted by the RBI in the name of REC Limited. As an IFC, the total permissible exposure for lending in the private sector is 25% of owned funds in the case of a single borrower, and 40% in the case of a single group of borrowers and exposure for lending and investing taken together can be up to 30% and 50% of owned funds, respectively. Our Company is also required to maintain a capital to risk weighted assets ratio ("**CRAR**") of 15% with a minimum Tier I capital of 10%. Accordingly, we have modified the prudential norms with the approval of our Board on September 25, 2010. In view of the exemption granted by the RBI through the letter dated June 16, 2016, to our Company from concentration norms in respect of exposure to central and state entities in the power sector until March 31, 2022, our maximum credit exposure limits to such utilities varies from 50% to 250% of our net worth, depending on the entity appraisal and status of unbundling of the respective state utilities.

If the RBI does not extend the exemptions as mentioned above, we may have to comply with the prevailing RBI prudential norms with respect to exposure norms which may affect our business and profitability. In respect of private sector entities, the Company's credit exposure to single borrowers and group borrowers did not exceed the RBI prudential exposure limits as at March 31, 2019, March 31, 2018 and March 31, 2017.

30. ***There are a number of legal and tax-related proceedings involving us. Any unfavourable development in these proceedings or in other proceedings in which we become involved could have a material adverse effect on our business, financial condition and results of operation.***

We are involved in certain legal and tax-related proceedings. These proceedings are pending at different levels of adjudication before various courts, tribunals and appellate authorities.

The legal proceedings generally arise because we seek to recover our dues from our borrowers or because customers seek claims against us. The majority of these cases arise in the normal course of business and we believe, based on the facts of the cases and consultation with counsel, that these cases generally do not involve risk of a material adverse impact on our financial performance. In certain instances, present and former employees have instituted legal and other proceedings against us. We make necessary provisions when it is probable that an outflow of resources will be required to settle certain obligations arising out of the legal proceedings and a reliable estimate of the amount of the obligation can be made. We determine the amount of necessary provisions based on our estimate of the amount required to settle the obligation at the balance sheet date, supplemented by our experience in similar situations. When there is only a remote risk of loss, we do not recognize a provision nor do we include a disclosure in our consolidated financial statements in relation to such legal proceedings.

Litigation could result in substantial costs to, and a diversion of effort by, our Company and/or subject our Company to significant liabilities to third parties. There can be no assurance that the results of such legal proceedings will not materially harm our Company's business, reputation or standing in the market or that our Company will be able to recover any losses incurred from third parties, regardless of whether the Company is at fault. There can be no assurance that losses relating to litigation or arbitration will be covered by insurance, that any such losses would not have a material adverse effect on the results of the Company's business, operations or financial condition, or that provisions made for litigation related losses will be sufficient to cover the Company's ultimate loss or expenditure.

For further details, see the section titled ''*Legal and Other Information*'' in this Draft Shelf Prospectus.

31. ***We are subject to stringent labour laws and trade union activity and any work stoppage could have an adverse material effect on our business, financial condition and results of operations***

India has stringent labour legislation, which protects the interests of workers, including legislation which sets forth detailed procedures for employee removal, dispute resolution and imposes financial obligations on employers upon employee layoffs. This makes it difficult for us to maintain flexible human resource policies, discharge employees or downsize, which although not quantifiable, may adversely affect our business and profitability.

Moreover, we have a registered trade union under the Indian Trade Unions Act, 1926. Although we consider our relations with our unionized employees to be stable and have not lost any time on account of strikes or labour unrest as of the date of this Draft Shelf Prospectus, our failure to effectively renegotiate wage revisions or other legitimate union activity could result in work stoppages. Any such work stoppage, though not quantifiable, could have an adverse effect on our business, financial condition and results of operations.

32. ***Some of our immovable properties may have certain irregularities in title, as a result of which our operations may be impaired.***

We own or lease properties for the purposes of our offices (registered office, corporate office and project offices) and for residential purposes for our employees. Some of these properties may not have been constructed or developed in accordance with local planning and building laws and other statutory requirements. In addition, there may be certain irregularities in title in relation to some of our owned or leased properties. For example, some of the agreements for such arrangements may not have been duly executed and/or adequately stamped or registered in the land records of the local authorities or the lease deeds may have expired or are yet to be renewed. Our business may be adversely affected if we are unable to continue to utilize these properties as a result of any irregularity of title or otherwise. Further, the registration of the conveyance deed with respect to the following is yet to be executed: (i) land acquired by our Company for the purpose of construction of staff colony at Sector 57, Gurugram, Haryana, and (ii) our office building at scope complex in Delhi.

33. ***We have invested in debt instruments that may carry interest at a lower rate than the prevailing market rate.***

As of March 31, 2019, our Company has made investments aggregating to an amount of approximately Rs. 2,398 Crore on an unconsolidated basis, of which Rs. 1,604 Crore is in debt instruments. While we believe that our debt investments carry interests at prevailing market rates, when invested, these rates can change due to various factors that may affect the value of our investments. Consequently, these instruments may carry interest at a lower rate than the prevailing market rate.

34. ***Changes in legislation or policies applicable to us could adversely affect our results of operations.***

Our business and operations are governed by various laws and regulations. Our business and financial performance could be materially adversely affected by any change in laws or interpretations of existing laws, or the promulgation of new laws, rules and regulations applicable to our business. Unfavourable changes in or interpretations of existing, or the promulgation of new, laws, rules and regulations including foreign investment laws governing our Company's business, operations and group structure may result in our Company being deemed to be in contravention of such laws. The Government or state governments could implement new regulations and policies, which could require us to obtain approvals and licences from the Government and other regulatory bodies or impose onerous requirements and conditions on our operations. Our Company may incur increased costs and other burdens relating to compliance with such new requirements, which may also require significant management time and other resources. Any such changes and the related uncertainties with respect to the implementation of the new regulations as well as any failure to comply may have a material adverse effect on our business, prospects, financial condition and results of operations. Uncertainty in the applicability, interpretation or implementation of any amendment to, or change in, governing law, regulation or policy, including by reason of an absence, or a limited body of administrative or judicial precedent may be time consuming as well as costly for it to resolve and may impact the viability of our Company's current business or restrict its ability to grow its business in the future.

Tax and other levies imposed by the central and state governments in India that affect our Company's tax liability include: central and state taxes and other levies, income tax, stamp duty and other special taxes and surcharges which are introduced on a temporary or permanent basis from time to time. Moreover, the central and state tax scheme in India is extensive and subject to change from time to time. Any tax amendments from time to time may affect the overall tax efficiency of companies operating in India and may result in significant additional taxes becoming payable. Additional tax exposure could adversely affect our Company's business and results of operations.

As the taxation system undergoes changes, the effect of such changes on the financial system may not be determined and there can be no assurance that such effects would not adversely affect our business, prospects, financial condition and results of operations. At present, our Company has the benefit of the deductions under Sections 36(1) (viia) (c) and 36(1) (viii) of the Income Tax Act. The Government of India is in the process of bringing Direct Tax Code which may review exemption / deductions available to companies. Non-availability of deduction under Sections 36(1) (viia) (c) and 36(1) (viii) of the Income Tax Act may increase our tax liability.

Additionally, we are subject to the SEBI Listing Regulations, which was notified by the Securities and Exchange Board of India on September 2, 2015. The SEBI Listing Regulations have brought into effect changes to the framework governing listed companies, including the introduction of certain additional requirements such as the disclosure of material events or information, and making prior notifications of certain proposals to raise funds. The requirement for compliance with such applicable regulations presents a number of risks, particularly in areas where applicable regulations may be subject to varying interpretations. Further, if the interpretations of the regulators and authorities are different, we may be subject to penalties and our business could be adversely affected. Furthermore, to ensure compliance with the requirements of the SEBI Listing Regulations, we may need to allocate additional resources, which may increase our regulatory compliance costs and divert management attention.

35. ***Our insurance may not be adequate to protect us against all potential losses to which we may be subject.***

We maintain insurance for our physical assets, such as our office and residential properties, against standard fire and special perils (including earthquakes). In addition, we maintain a group personal accident insurance as well as directors' and officers' insurance policies. However, the amount of our insurance coverage may be less than the replacement cost of such property and the same may not be sufficient to cover all financial losses that we may suffer should a risk materialize. If we were to incur a significant liability for which we were not fully insured or a loss in excess of our insured limits, it could have a material adverse effect on our operations.

In addition, in the future, we may not be able to maintain insurance of the types or in the amounts which we deem necessary or adequate or at premiums which we consider acceptable. The occurrence of an event for which we are inadequately or insufficiently insured or the successful assertion of one or more large claims against us that exceed available insurance coverage, or changes in our insurance policies (including premium increases or the imposition of large deductible or co-insurance requirements), could have a material and adverse effect on our business, financial condition, results of operations and cash flows.

36. ***Any cross default of financial indebtedness may trigger payment to all other borrowings made by our Company, thereby adversely affecting the liquidity position of our Company, and which may adversely affect our financial condition.***

Our Company has agreed to a cross default covenant in certain of its borrowings. If our Company defaults in any of its obligations under those loans, the loans which contain the cross default covenant will also become payable even if there is no breach of covenant or default of payment on such loans. The occurrence of any such default would have an impact on our Company's liquidity.

37. ***This Draft Shelf Prospectus includes certain unaudited financial information, which has been subject to limited review, in relation to our Company. Reliance on such information should, accordingly, be limited.***

This Draft Shelf Prospectus includes unaudited standalone and consolidated financial results in relation to our Company and its Subsidiaries, for the quarter ended June 30, 2019, in respect of which M/s A.R. & Co., Chartered Accountants and M/s G.S. Mathur & Co., Chartered Accountants, the joint statutory auditors of our Company for the Financial Year 2018-19 have issued their limited review report for the period ended June 30, 2019 dated August 6, 2019. As this financial information has been subject only to limited review and as described in Standard on Review Engagements (SRE) 2410, "Review of Interim Financial Information" Performed by the Independent Auditor of the Entity" issued by the ICAI, and not subject to an audit, any reliance by prospective investors on such unaudited standalone and consolidated financial information for the quarter ended June 30, 2019 should, accordingly, be limited. Moreover, our financial results for any given fiscal quarter or period, including the quarter ended June 30, 2019, may not be directly comparable with our financial results for any full Fiscal or for any other Fiscal quarter or period. Accordingly, prospective investors in the Issue are advised to read such unaudited standalone and consolidated financial information for the quarter ended June 30, 2019 in conjunction with the audited financial information provided elsewhere in this Draft Shelf Prospectus in Annexure C (*Financial Statements*).

38. ***We have entered, and may enter, into certain transactions with related parties, which may not be on an arm's length basis or which may lead to conflicts of interest.***

We have entered and may enter into transactions with related parties, including our Directors. There can be no assurance that we could not have achieved more favourable terms on such transactions had they not been entered into with related parties. Furthermore, it is likely that we will enter into related party transactions in the future. There can be no assurance that such transactions, individually or in the aggregate, will not have an adverse effect on our financial condition and results of operations. The transactions we have entered into, and any future transactions we will enter into, with related parties have involved, or could potentially involve, conflicts of interest.

39. ***Our Directors may have interests in companies or entities similar to ours, which may result in a conflict of interest that may adversely affect future financing opportunity referrals.***

Some of our directors have interests in other companies that are in businesses similar to our Company. This may result in potential conflicts of interest. For further information with respect to directorships of certain of our directors, see the section titled ''*Management*'' in this Draft Shelf Prospectus. Accordingly, potential conflicts of interest may arise out of common business objectives shared by us and our directors and there can be no assurance that these or other conflicts of interest will be resolved in an impartial manner.

40. ***Any downgrading of our debt rating or India's sovereign rating by a credit rating agency could have a negative impact on our business***

Any adverse revisions of our credit rating or India's sovereign credit ratings for domestic or international debt by credit rating agencies may adversely impact our ability to raise additional financing, the interest rates and other commercial terms at which such additional financing is available. This could have a material adverse effect on our business and financial performance and our ability to obtain financing for lending operations.

41. ***The security of our Company's IT systems may fail and adversely affect our Company's business, operations, financial condition and reputation.***

Our Company is dependent on the effectiveness of its information security policies, procedures and capabilities to protect its computer and telecommunications systems and the data such systems contain or transmit. An external information security breach, such as a hacker attack, fraud, a virus or worm, or an internal problem with information protection, such as a failure to control access to sensitive systems, could materially interrupt our Company's business operations or cause disclosure or modification of sensitive or confidential information. Our Company's operations also rely on the secure processing, storage and transmission of confidential and other information in its computer systems and networks. Our Company's computer systems, software and networks may be vulnerable to unauthorized access, computer viruses or other malicious code and other events that could compromise data integrity and security. Although our Company maintains procedures and policies to protect its IT systems, such as a data back-up system, disaster recovery and a business continuity system, any failure of our Company's IT systems could result in business interruption, material financial loss, regulatory actions, legal liability and harm to our Company's reputation. Furthermore, any delay in implementation or disruption of the functioning of our Company's IT systems could disrupt its ability to track, record, process financial information or manage creditors/debtors or engage in normal business activities.

42. ***If the level of credit impaired assets or non-performing assets in our loan portfolio were to increase, our financial condition would be adversely affected.***

Our Company's gross credit impaired assets (Stage 3) are Rs. 4,873 Crore, Rs. 17,128 Crore, and Rs.20,348 Crore, which constitute 2.41%, 7.15% and 7.24% of our total loan assets as of March 31, 2017, 2018 and 2019, respectively. Upon the implementation of IND-AS, the provisioning in respect of loan assets is made on the basis of Expected Credit Loss (ECL) methodology, which considers the probability of default and the expected loss to the Company. We may, from time to time, amend our policies and procedures regarding asset classification of our loans, which may increase our level of credit impaired assets.

The Reserve Bank of India on February 12, 2018 had introduced a revised framework for resolution of stressed assets, in which RBI had also withdrawn its earlier resolution schemes like Strategic Debt Restructuring, S4A etc. Although this circular was earlier not directly applicable to REC, but being in consortium with banks and other financial institutions and as a prudent measure, the Company classified all projects which were under various erstwhile resolution schemes (i.e. cases where such schemes were invoked but not yet implemented) of RBI as

Non-Performing Assets. Under this RBI circular, there was a mandatory provision for referring the stressed project to NCLT (National Company Law Tribunal), if any Resolution Plan was not implemented within 180 days from the date of default. This RBI circular was struck down by the Supreme Court in April 2019.

Thereafter, the RBI has recently issued a circular on "Prudential Framework for Resolution of Stressed Assets by Banks" (the "**Stressed Asset Framework**") on June 7, 2019, with a view to providing a framework for earlier recognition, reporting and time bound resolution of stressed assets. These guidelines are applicable to all scheduled commercial banks (excluding regional rural banks), All-India Term Financial Institutions (such as Export Import Bank of India, National Bank for Agriculture and Rural Development, National Housing Bank and Small Industries Development Bank of India), Small finance banks and Systemically Important Non-Deposit taking Non-Banking Financial Companies and Deposit taking Non-Banking Financial Companies (NBFC-D). Accordingly, these directions are also applicable to our Company.

The Stressed Asset Framework mandates higher provisioning if Resolution Plan is not implemented within a stipulated time period. Certain projects have been driven to NCLT, which may or may not require a significant hair-cut. The resolution under NCLT is required within a time span of 180 days, extendable further for 90 days. Considering these timelines, it is envisaged that the resolution of these stressed projects may not happen in the near future, and the Company may have to take haircuts at the time of resolution of these stressed assets. Once resolution process is complete, the funds realized from the sale of these assets will be reinvested at a lower rate, and will have an impact on the Company's financials going forward. The Company faces the risk of higher provisioning and significant haircuts, wherever its projects fall under the 'stressed assets' category. Further, the Stressed Asset Framework has repealed the earlier issued instructions of the RBI on resolution of stressed assets such as the framework for revitalising distressed assets, corporate debt restructuring scheme, flexible structuring of existing long term project loans, strategic debt restructuring scheme ("SDR"), change in ownership outside SDR and scheme for sustainable structuring of stressed assets. Accordingly, the Stressed Assets Framework will impact our asset quality and profitability.

For a further summary please see the section headed "Regulations and Policies".

43. ***A decline in India's foreign exchange reserves may affect liquidity and interest rates in the Indian economy, which could have an adverse impact on us. A rapid decrease in reserves would also create a risk of higher interest rates and a consequent slowdown in growth.***

Flows to foreign exchange reserves can be volatile, and past declines may have adversely affected the valuation of the Rupee. There can be no assurance that India's foreign exchange reserves will not decrease again in the future. Further decline in foreign exchange reserves, as well as other factors, could adversely affect the valuation of the Rupee and could result in reduced liquidity and higher interest rates that could adversely affect our business, financial condition and results of operations.

44. ***Prepayment penalty in respect of our financial indebtedness***

Our Company enters into financial indebtedness by way of raising term loans from banks and financial institutions regularly. The terms of such financial indebtedness may require that the Company pays prepayment penalty of a certain percentage of the principal amount of such financial indebtedness, in the event of any prepayment prior to the stated lock-in period, if any. If the Company does prepay any such financial indebtedness in future, the payment of any prepayment penalty may affect the Company's profitability, financial condition or results of operations.

45. ***Our Company may in the future conduct additional business through joint ventures and strategic partnerships, exposing our Company to certain regulatory and operating risks.***

Our Company intends to continue to pursue suitable joint venture and strategic partnership opportunities in India, in particular with companies or firms whose resources, capabilities and strategies are likely to enhance and diversify our Company's business operations in the power sector. Our Company may not be able to identify suitable joint venture or strategic partners, that may complete transactions on terms commercially acceptable to our Company, or which may not complete transactions at all. Our Company may not be able to successfully form such alliances and ventures or realise the anticipated benefits of such alliance and joint ventures. Furthermore, such partnerships may be subject to regulatory approvals, which may not be received in a timely manner, or at all. Furthermore, the success of the joint venture is dependent upon the cooperation of the Company's joint venture partners. The joint venture is subject to the risk of non-performance by our Company's joint venture partners of their obligations, including their financial obligations, in respect of the joint venture. Joint venture partners may have business interests or goals that may differ from our Company's business interests or goals, or those of our Company's shareholders. Any disputes that may arise between our Company and its joint venture partners may cause delays in completion or the suspension or abandonment of the venture. Although the joint venture confers rights on our Company, its joint venture partners have certain decision making rights that may limit our Company's flexibility to make decisions relating to such business, and may cause delays or losses. In addition, our Company's expected strategic benefits or synergies of any future partnerships may not be realised. Furthermore, such investments in strategic partnerships may be long-term in nature and may not yield returns in the short- to medium-term. Such initiatives will place significant strains on our Company's management, financial and other resources and any unforeseen costs or losses could adversely affect our business, profitability and financial condition.

B. RISKS RELATING TO THE POWER SECTOR AND POWER SECTOR FINANCING IN INDIA

1. *Private participation in the power sector in India is dependent on the continued growth of the Indian economy and regulatory developments in India. Any adverse change in policy, implementation or industry demand may adversely affect us.*

Although the power sector is a rapidly growing sector in India, we believe that further development of this sector is dependent upon the formulation and effective implementation of regulations and policies that facilitate and encourage private sector investment in power projects. Many of these regulations and policies are evolving and their success will depend on whether they are designed to adequately address the issues faced and whether they are effectively implemented. In addition, these regulations and policies will need continued support from stable and experienced regulatory regimes that not only stimulate and encourage the continued investment of private capital into power projects, but also lead to increased competition, appropriate allocation of risk, transparency and effective dispute resolution. The availability of private capital and the continued growth of the private power sector in India are also linked to the continued growth of the Indian economy. Many specific factors in the power sector may also influence the success of power projects, including changes in policies, regulatory and statutory frameworks and market structures. Any adverse change in the policies relating to the power sector may leave us with unutilized capital and interest and debt obligations to fulfil. If the central and state governments' initiatives and regulations in the power sector do not proceed in the desired direction, or if there is any downturn in the macroeconomic environment in India, our business, prospects, results of operations and financial condition could be adversely affected. In addition, it is generally believed that demand for power in India will increase in connection with expected increases in India's GDP. India's power sector is characterised by a myriad, and often highly inefficient, policy interventions. Controls on supply and the lack of transparent price signals reduce incentives to invest. Distribution creates a bottleneck and poses a bigger problem than generation capacity. Political constraints will make any change incremental rather than wholesale.

Some of the defining features of energy policy and regulation in India are (i) subsidies that are aimed at improving access for poor and rural communities; (ii) central and state governments providing financial support for distribution companies, including occasional bailouts, to cover losses for supplying power at artificially low rates; (iii) regulated energy prices such as electricity tariffs to end-users are regulated by state utilities below the cost of supply in many states, making any pass-through of higher priced imports difficult; (iv) no formal provision for different peak and off-peak tariffs making it harder for distribution companies to recover costs; (v) difficult land acquisition laws; (vi) development of transnational pipelines which is limited due to strict land acquisition laws; (vii) environmental concerns; (viii) policy and investment decisions being influenced by the sensitivity of land and water use, as well as the worsening air quality in many of India's major cities.

However, there can be no assurance that the demand for power in India will increase to the extent we expect, or at all. In the event the demand for power in India does not increase as anticipated, the extent to which we are able to grow our business by financing the growth of the power sector would be limited and this could have a material adverse effect on our business, financial condition and results of operations.

2. *Setting up and operating power projects in India requires a number of approvals and permits, and the failure to obtain or renew them in a timely manner may adversely affect the operations of our borrowers and in turn adversely affect the quality of our loans.*

Setting up and operating power projects requires a number of approvals, licences, registrations and permissions. Some of these approvals are subject to certain conditions, the non-fulfilment of which may result in revocation of such approvals. Moreover, some of the conditions may be onerous and may require our customers to incur substantial expenditure, specifically with respect to compliance with environmental laws. Furthermore, certain of our borrowers' contractors and other counterparties are required to obtain approvals, licences, registrations and permits with respect to the services they provide to our borrowers. Our borrowers, their contractors or any other party may not be able to obtain or comply with all necessary licences, permits and approvals required for the power projects in a timely manner to allow for the uninterrupted construction or operation of the power plants, or at all. Any failure to renew the approvals that have expired or any failure to apply for and obtain the required approvals, licences, registrations or permits, or any suspension or revocation of any of the approvals, licences, registrations and permits that have been or may be issued to our borrowers, may adversely affect our operations. This in turn could adversely affect the quality of our loans or may put our customers in financial difficulties (which could increase the level of non-performing assets in our portfolio) and may adversely affect our business and financial condition.

3. ***Shortages in the supply of crude oil, natural gas or coal (domestic and imported) could adversely affect the Indian economy and the power sector projects to which we have exposure.***

India imports majority of its requirements of crude oil. Crude oil prices are volatile and are subject to a number of factors, such as the level of global production, and political factors such as war and other conflicts, particularly in the Middle East, where a substantial proportion of the world's oil and natural gas reserves are located. Future increases in oil prices could affect the Indian economy, including the power sector, and the Indian banking and financial system. High oil prices could also add to inflationary pressures in the Indian economy. Additionally, increases in oil prices may have a negative impact on the power sector and related industries. This could adversely affect our business, including our ability to grow, the quality of our asset portfolio, our financial performance and our ability to implement our strategy.

In addition, natural gas is an important input for power projects. India has experienced interruptions in the availability of natural gas, which has caused difficulties in these projects in the past. India's natural gas demand has been mainly affected by (i) lower availability; (ii) price affordability; (iii) inadequate transmission and distribution infrastructure; and (iv) limited gas import facilities. Continued difficulties in obtaining a reliable and consistent supply of natural gas could adversely affect some of the projects we finance and could impact the quality of our asset portfolio and our financial performance.

Furthermore, the Indian power sector has been suffering generation loss due to a shortage of coal (domestic and imported). Continued shortages of fuel could adversely affect some of the projects we finance and could impact the quality of our asset portfolio, which in turn could have a material adverse effect on our business, financial condition and results of operations.

4. ***We are exposed to project execution and construction delays faced by domestic power companies.***

Domestic power companies face significant project execution and construction delay risks which could adversely affect projects financed by us. Power companies could experience longer than expected construction periods due to delays in obtaining environmental permits and infrastructure related delays in connecting with the grid. Accessing offtake and finalising fuel supply agreements could cause further delays.

5. ***Changes in environment standards in relation to power projects impose significant risks to our Company's business.***

With the change in requirements and adoption of stricter norms by borrower power projects in order to bring projects in line with global parameters of environmental standards and climate conservation, there may be delays in the execution of such projects. Any delay in the implementation of the projects of our Company's borrowers may in turn lead to delay or impediments to future sanctions, disbursements and recovery from such sectors, which may adversely affect our Company's business and financial condition.

6. ***Direct capital market access by our borrowers could adversely affect us.***

The Indian capital market is developing and maturing at a good pace, which may cause a shift in the pattern of power sector financing. In particular, financially stronger borrowers including SPUs might source their fund requirement directly from the market. We have a large exposure to SPUs (which have weak financial risk profiles) and such changes may have an adverse impact on our profitability and growth, which would have a negative effect on our business, financial condition and results of our operations.

C. RISKS RELATING TO INDIA

1. *A slowdown in economic growth in India could adversely impact our business. Our performance and the growth of our business are necessarily dependent on the performance of the overall Indian economy.*

Any slowdown in the Indian economy or in the growth of the industry to which we provide financing or future volatility in global commodity prices could adversely affect our borrowers and the growth of our business, which in turn could adversely affect our business, results of operations and financial condition.

India's economy could be adversely affected by a general rise in interest rates, currency exchange rates, adverse conditions affecting agriculture, commodity and electricity prices or various other factors. Further, conditions outside India, such as slowdowns in the economic growth of other countries, could have an impact on the growth of the Indian economy, and government policy may change in response to such conditions.

The Indian economy and financial markets are also significantly influenced by worldwide economic, financial and market conditions. Any financial turmoil, especially in the United States of America, Europe or China, may have a negative impact on the Indian economy. Although economic conditions differ in each country, investors' reactions to any significant developments in one country can have adverse effects on the financial and market conditions in other countries. A loss in investor confidence in the financial systems, particularly in other emerging markets, may cause increased volatility in Indian financial markets. The International Monetary Fund has provided a list of downside risk factors, including mounting trade tensions, rising interest rates, political uncertainty and complacent financial markets. This and any prolonged financial crisis may have an adverse impact on the Indian economy, thereby resulting in a material adverse effect on our business, financial condition and results of operations.

2. *Political instability or changes in the Government could affect the liberalisation of the Indian economy and adversely affect economic conditions in India generally.*

We are incorporated in India, derive our revenues from operations in India and all of our assets are located in India. Consequently, our performance may be affected by interest rates, government policies, taxation, social and ethnic instability and other political and economic developments affecting India.

The Government has traditionally exercised, and continues to exercise, a significant influence over many aspects of the economy. Our business, and the market price and liquidity of the NCDs, may be affected by changes in the Government's policies, including taxation.

Since 1991, successive governments have pursued policies of economic liberalisation and financial sector reforms. However, there can be no assurance that such policies will be continued and any significant change in the Government's policies in the future could affect business and economic conditions in India in general. In addition, any political instability in India or geo-political instability affecting India will adversely affect the Indian economy and the Indian securities markets in general.

3. *Difficulties faced by other financial institutions or the Indian financial sector generally could cause our business to suffer.*

We are exposed to the risks resulting from our participation in the Indian financial sector. This sector in turn may be affected by financial difficulties and other problems faced by Indian financial institutions. Certain Indian financial institutions have experienced difficulties during recent years, and some co-operative banks have also faced serious financial and liquidity difficulties. Any major difficulty or instability experienced by the Indian financial sector could create adverse market perception, which in turn could adversely affect our business, financial condition and results of operations. As the Indian financial system operates within an emerging market, it faces risks of a nature and extent not typically faced in more developed economies.

4. *Terrorist attacks, civil unrest and other acts of violence or war involving India and other countries could adversely affect the financial markets.*

Terrorist attacks and other acts of violence or war may negatively affect the Indian markets in which our securities trade and also adversely affect the worldwide financial markets. These acts may also result in a loss of business confidence, make travel and other services more difficult and eventually adversely affect our business. Any deterioration in relations between India and its neighbouring countries may result in actual or perceived regional instability. Events of this nature in the future could have a material adverse effect on our ability to develop our operations. As a result, our business, prospects, results of operations and financial condition could be materially adversely affected by any such events.

5. ***Natural calamities could have a negative impact on the Indian economy and our business.***

India has experienced natural calamities such as earthquakes, tsunamis, floods and droughts in the past few years. Prolonged power outages, spells of below normal rainfall in the country or other natural calamities could have a negative impact on the Indian economy, affecting our business and potentially causing the trading price of the NCDs to decrease. The extent and severity of these natural disasters determine their impact on the Indian economy. Such unforeseen circumstances of sub-normal rainfall and other natural calamities could have a negative impact on the Indian economy, especially on the rural areas, which could adversely affect our business, financial condition and results of operations.

6. ***An outbreak of an infectious disease or any other serious public health concerns in Asia or elsewhere could have a material adverse effect on our business, financial condition and results of operations.***

The outbreak of an infectious disease in Asia or elsewhere or any other serious public health concern, such as swine influenza, around the world could have a negative impact on economies, financial markets and business activities worldwide and which in turn could have a material adverse effect on our business, financial condition and results of operations. Southeast Asia has been affected by a number of emerging infectious diseases, including those which have a pandemic potential.

We can give no assurance that a future outbreak of an infectious disease among humans or animals (if any) or any other serious public health concern will not have a material adverse effect on our business, financial condition and results of operations.

7. ***Any downgrade of India's sovereign rating by a credit rating agency could have a negative impact on our business, financial condition and results of operations.***

Any adverse revisions to India's sovereign credit ratings for domestic and international debt by credit rating agencies may adversely impact the interest rates and other commercial terms at which such financing is available to us. Consequently, if India's sovereign credit rating downgrades, we may not be able to competitively price our loans and, accordingly, we may not be able to maintain the profitability or growth of our business. Additionally, if we are unable to competitively price our loans, we would be subjected to greater levels of prepayments on our loans as borrowers would seek loans from competitors that are priced lower because of the lower cost of capital. Accordingly, any adverse revisions to our credit rating or to India's sovereign credit rating could have a material adverse effect on our business, financial condition and results of operations, as well as our ability to obtain financing for lending operations.

8. ***Any downgrading of PFC's debt rating by a credit rating agency could have a negative impact on our business.***

Our Promoter Group constitutes of the Government of India and PFC. Any adverse revisions of our credit rating or our Promoter Group's credit rating for domestic and/or international debt by credit rating agencies may adversely impact our ability to raise additional financing, the interest rates and other commercial terms at which such additional financing is available. Further, we may not be able to pass on this increased cost of funds to our customers which may impact our net interest margins. This could also have a material adverse effect on our business and financial performance and our ability to obtain financing for lending operations.

9. ***Certain global economic conditions have been unprecedented and challenging and have had, and continue to have, an adverse effect on the Indian financial markets and the Indian economy in general.***

Certain global market and economic conditions have been unprecedented and challenging, with tighter credit conditions and recessions in most major economies. Continued concerns about the systemic impact of potential long-term and wide-spread recession, energy costs, geopolitical issues, the availability and cost of credit, and the global housing and mortgage markets have contributed to increased market volatility and diminished expectations for western and emerging economies and international capital and credit markets. These conditions, combined with volatile oil prices, declining business and consumer confidence and increased unemployment, have contributed to volatility of unprecedented levels.

As a result of these market conditions, the cost and availability of credit has been, and may continue to be, adversely affected by illiquid credit markets and wider credit spreads. Concern about the stability of the markets generally and the strength of counter parties specifically has led many lenders and institutional investors to reduce and, in some cases, cease to provide credit to businesses and consumers. These factors have led to a decrease in spending by businesses and consumers alike and corresponding decreases in global infrastructure spending and commodity prices. Continued turbulence in the international markets and economies and prolonged declines in business consumer spending may adversely affect our liquidity and financial condition and the liquidity and financial condition of our customers, as well as our ability to refinance maturing liabilities and access the capital markets to meet liquidity needs. These global market and economic conditions have had, and continue to have, an adverse effect on the Indian financial markets and the Indian economy in general, which in turn may continue have a material adverse effect on our business and our financial performance.

10. ***The risks to financial stability could adversely affect our business.***

The gross non-performing assets in the Indian banking system have grown, while stressed advances, including standard restructured loans, have risen since September 2014. This deterioration in asset quality is expected to continue into the next few quarters, however, profitability measured by return on assets and return on equity remained around the same level during the last two years. The overall risks to the banking sector remain elevated due to asset quality concerns. In addition, the banking stability map suggests that the overall risks to the banking sector have moderated marginally. Nonetheless, concerns remain over the continued weakness in asset quality and profitability. Deterioration in the asset quality and the progressive implementation of Basel III norms which require greater buffers, have led to PSBs receiving capital infusions through the issuance of recapitalization bonds and budgetary support. The RBI's revised prompt corrective action framework became effective in April 2017. Few PSBs placed under this framework so far have been restricted in their operations and have been subjected to remedial action plans to prevent further capital erosion.

Our Company has little or no control over any of these risks or trends and may be unable to anticipate changes in economic conditions. Adverse effects on the Indian banking system could impact our Company's funding as well as cost of borrowing, and adversely affect our business, operations and financial condition and the market price of the NCDs.

D. RISKS RELATING TO THE ISSUE AND THE NCDs

1. ***There are other lenders and debenture trustees who have pari passu charge over the Security provided.***

There are other lenders and debenture trustees of the Company who have pari passu charge over the Security provided for the Issue. While the Company is required to maintain a 100% (One Hundred per cent.) asset cover of the outstanding amount of the NCDs and interest accrued thereon, upon the Company's bankruptcy, winding-up or liquidation, the other lenders and debenture trustees will rank pari passu with the NCD holders and to that extent, may reduce the amounts recoverable by the NCD holders. Our Company may raise further borrowings and charge over the security after receipt of necessary consents from its existing lenders.

2. ***Changes in interest rate may affect the price of our NCD. Any increase in rate of interest, which frequently accompany inflation and/or a growing economy, are likely to have a negative effect on the price of our NCDs.***

All securities where a fixed rate of interest is offered, such as our NCDs, are subject to price risk. The price of such securities will vary inversely with changes in prevailing interest rates, i.e. when interest rates rise, prices of fixed income securities fall and when interest rates drop, the prices increase. The extent of fall or rise in the prices is a function of the existing coupon, days to maturity and the increase or decrease in the level of prevailing interest rates. Increased rates of interest, which frequently accompany inflation and/or a growing economy, are likely to have a negative effect on the price of our NCDs.

3. ***The NCD Holders may not be able to recover, on a timely basis or at all, the full value of the outstanding amounts and/or the interest accrued thereon in connection with the NCDs. Failure or delay to recover the expected value from a sale or disposition of the assets charged as security in connection with the NCDs could expose the holders to a potential loss.***

Our ability to pay interest accrued on the NCDs and/or the principal amount outstanding from time to time in connection therewith would be subject to various factors inter-alia including our financial condition, profitability and the general economic conditions in India and in the global financial markets. We cannot assure you that we would be able to repay the principal amount outstanding from time to time on the NCDs and/or the interest accrued thereon in a timely manner or at all. Although our Company will create appropriate security in favour of the Debenture Trustee for the NCD Holders on the assets adequate to ensure 100% (One Hundred per cent.) asset cover for the NCDs, the realisable value of the assets charged as security, when liquidated, may be lower than the outstanding principal and/or interest accrued thereon in connection with the Secured NCDs. A failure or delay to recover the expected value from a sale or disposition of the assets charged as security in connection with the NCDs could expose the NCD Holder(s) to a potential loss.

4. ***Investors may be subject to taxes arising on the sale of the NCDs.***

Sales of NCDs by any NCD Holder may give rise to tax liability, as discussed in "*Statement of Tax Benefits*" on page 60 of this Draft Shelf Prospectus.

5. ***We are not required to maintain a DRR for the NCDs issued pursuant to the Shelf Prospectus. Any failure to maintain deposits or investments may have a bearing on the timely redemption of the NCDs by our Company.***

The Government of India, in the union budget for the Financial Year 2019-20 had announced that non-banking finance companies raising funds through public issues would be exempt from the requirement of creating a DRR. Pursuant to the amendment to the SCD Rules notified on August 16, 2019, and as on the date of filing of this Draft Shelf Prospectus, the Company is not required to create DRR for the purposes of redemption of NCDs.

While we are exempted from maintaining a DRR for the NCDs issued pursuant to the Shelf Prospectus, pursuant to Rule 18 of the SCD Rules, we may be required to deposit or invest, as the case may be, before the 30th day of April of each year, a sum which shall not be less than 15% of the amount of its debentures maturing during the year ending on the 31st day of March of the next year, in specified deposits or investments. If we are not able to create adequate deposits / investments in a timely manner, it may have a bearing on timely redemption of the NCDs by our Company.

6. ***There may be no active market for the NCDs on the retail debt market/capital market segment of the Stock Exchange. As a result the liquidity and market prices of the NCDs may fail to develop and may accordingly be adversely affected.***

There can be no assurance that an active market for the NCDs will develop. If an active market for the NCDs fails to develop or be sustained, the liquidity and market prices of the NCDs may be adversely affected. The market price of the NCDs would depend on various factors inter alia including (i) the interest rate on similar securities available in the market and the general interest rate scenario in the country, (ii) the market price of our Equity Shares, (iii) the market for listed debt securities, (iv) general economic conditions, and, (v) our financial performance, growth prospects and results of operations. The aforementioned factors may adversely affect the liquidity and market price of the NCDs, which may trade at a discount to the price at which you purchase the NCDs and/or be relatively illiquid.

7. ***There may be a delay in making refund to Applicants.***

We cannot assure you that the monies refundable to you, on account of (i) withdrawal of your applications, (ii) our failure to receive minimum subscription in connection with the Base Issue, (iii) withdrawal of the Issue, or (iv) failure to obtain the final approval from the Stock Exchange for listing of the NCDs, will be refunded to you in a timely manner. We however, shall refund such monies, with the interest due and payable thereon as prescribed under applicable statutory and/or regulatory provisions.

8. ***Any downgrading in credit rating of our NCDs may adversely affect the value of NCDs and thus our ability to raise further debts.***

The NCDs proposed to be issued under the Issue have been rated 'CARE AAA; Stable' by CARE vide its letter dated July 24, 2019, and revalidated on August 27, 2019 and October 14, 2019; 'CRISIL AAA/ Stable' by CRISIL vide its letter dated July 29, 2019, and revalidated on August 20, 2019, September 23, 2019 and October 10, 2019; '[ICRA] AAA (Stable)' by ICRA vide its letter dated July 22, 2019 and revalidated on August 29, 2019 and October 11, 2019; and 'IND AAA/Stable' by IRRPL vide its letter dated July 22, 2019 and revalidated on August 29, 2019 and October 11, 2019, for an amount of upto ₹ 10,000 Crore. The rating provided by CARE, ICRA, IRRPL and CRISIL may be suspended, withdrawn or revised at any time by the assigning rating agency and should be evaluated independently of any other rating. These ratings are not a recommendation to buy, sell or hold securities and investors should take their own decisions. For details of outstanding credit ratings of the Company, please refer to section titled "*Our Business*" on page 85 of this Draft Shelf Prospectus.

9. ***Payments to be made on the NCDs will be subordinated to certain tax and other liabilities preferred by law. In the event of bankruptcy, liquidation or winding-up, there may not be sufficient assets remaining to pay amounts due on the NCDs.***

The NCDs will be subordinated to certain liabilities preferred by law such as the claims of the GoI on account of taxes, and certain liabilities incurred in the ordinary course of our business. In particular, in the event of bankruptcy, liquidation or winding-up, our Company's assets will be available to pay obligations on the NCDs only after all of those liabilities that rank senior to these NCDs have been paid as per section 327 of the Companies Act, 2013. In the event of bankruptcy, liquidation or winding-up, there may not be sufficient assets remaining to pay amounts due on the Secured NCDs.

10. ***The fund requirement and deployment mentioned in the Objects of the Issue have not been appraised by any bank or financial institution.***

We intend to use the proceeds of the Issue, after meeting the expenditures of and related to the Issue, for our various financing activities including lending, subject to applicable statutory and/or regulatory requirements, and for general corporate purposes including repayment of our existing loans and for our capital expenditure and working capital requirements. For further details, see the section titled "*Objects of the Issue*" at page 57 of this Draft Shelf Prospectus. The fund requirement and deployment is based on internal management estimates and has not been appraised by any bank or financial institution. The management will have significant flexibility in applying the proceeds received by us from the Issue.

11. ***There is no assurance that the NCDs issued pursuant to this Issue will be listed on the Stock Exchange in a timely manner, or at all.***

In accordance with Indian law and practice, permissions for listing and trading of the NCDs issued pursuant to this Issue will not be granted until after the NCDs have been issued and allotted. Approval for listing and trading will require all relevant documents to be submitted and carrying out of necessary procedures with the Stock Exchange. There could be a failure or delay in listing the NCDs on the Stock Exchanges for reasons unforeseen. If permission to deal in and for an official quotation of the NCDs is not granted by the Stock Exchange, our Company will forthwith repay, all monies received from the Applicants in accordance with prevailing law in this context and pursuant to this Draft Shelf Prospectus.

12. ***Certain facts and statistics are derived from publications not independently verified by our Company, the Lead Managers or their respective advisors.***

The information in the section titled 'Industry Overview' of this Draft Shelf Prospectus has been derived from the following reports: (i) CARE Ratings Limited: Power Sector Year – End FY 19 Report dated March 29, 2019, and (ii) CARE Ratings Limited: Energy Outlook – FY 20 Report dated May 27, 2019, prepared by CARE. While our Company has taken reasonable care to ensure that the facts and statistics presented are accurately reproduced from such sources, they have not been independently verified by our Company, the Lead Managers or their respective advisors and/or our legal advisors and, therefore, they make no representation as to the accuracy of such facts and statistics, which may not be consistent with other information compiled within or outside India. Due to possibly flawed or ineffective calculation and collection methods and other problems, the facts and statistics in this Draft Shelf Prospectus may be inaccurate or may not be comparable to facts and statistics produced for other economies and should not be unduly relied upon. Further, there can be no assurance that they are stated or compiled on the same basis or with the same degree of accuracy as may be the case elsewhere.

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SECTION III - INTRODUCTION
GENERAL INFORMATION

Our Company was originally incorporated as a private limited company under the Companies Act, 1956 on July 25, 1969 at New Delhi as "Rural Electrification Corporation Private Limited". The word "private" was deleted from the name of our Company on June 3, 1970. Our Company was converted into a public limited company from a deemed public company with effect from July 18, 2003. The name of the Company has changed from "Rural Electrification Corporation Limited" to "REC Limited" pursuant to the shareholders resolution dated September 25, 2018, with effect from October 13, 2018. For further details in relation to the corporate history of our Company, see the section titled "*History and Certain Corporate Matters*" on page 124 of this Draft Shelf Prospectus.

Registered Office and Corporate Office
Core 4, SCOPE Complex, 7, Lodi Road, New Delhi 110 003, India
Telephone: (+91-11) 4309 1527
Facsimile: (+91-11) 2436 9849
Website: www.recindia.nic.in

Registration

Details	Registration/Identification number
CIN	L40101DL1969GOI005095
NBFC registration certificate number, under section 45 IA of the RBI Act	14.000011

Contents of the Memorandum of Association of the Company as regards its objects

For information on the Company's main objects, please see the section titled "*History and Certain Corporate Matters – Main Objects*" on page 127. The Memorandum of Association of the Company is a material document for inspection in relation to the Issue. For further details, see the section titled "*Material Contracts and Documents for Inspection*" on page 273.

Liability of the members of the Company

Limited.

Address of the Registrar of Companies

The Registrar of Companies
National Capital Territory of Delhi and Haryana
4th Floor, IFCI Tower, 61, Nehru Place
New Delhi 110 019, India

Compliance Officer of the Company, Chief Financial Officer and Compliance Officer to the Issue

The Company Secretary and compliance officer of the Company is Mr. J. S. Amitabh. The Compliance Officer to the Issue is Mr. Sanjay Kumar, General Manager (Finance). Our Director (Finance) / Chief Financial Officer is Shri Ajeet Kumar Agarwal. Their contact details are as follows:

COMPANY SECRETARY AND COMPLIANCE OFFICER OF THE COMPANY	COMPLIANCE OFFICER TO THE ISSUE	CHIEF FINANCIAL OFFICER/ DIRECTOR FINANCE*
Mr. J.S. Amitabh REC Limited Core-4, SCOPE Complex 7, Lodi Road, New Delhi 110 003 Tel: (+91 11) 2436 7305 Facsimile: (+91 11) 2436 2039 E-mail: jsamitabh@recl.in	**Mr. Sanjay Kumar** REC Limited Core-4, SCOPE Complex 7, Lodi Road, New Delhi 110 003 Tel: (+91 11) 4309 1616 Facsimile: (+91 11) 2436 9846 E-mail: sanjayk@recl.in	**Shri Ajeet Kumar Agarwal** REC Limited Core-4, SCOPE Complex 7, Lodi Road New Delhi-110003 Tel: (+91 11) 2436 1914 Facsimile: (+91 11) 2436 5090 E-mail: ak.agarwal@recl.nic.in

* The Director (Finance) as part of his role carries out the functions of the chief financial officer.

Investors can contact the Compliance Officer to the Issue or the Registrar to the Issue in case of any pre-Issue or post-Issue related problems, such as non-receipt of Allotment Advice, non-credit of Allotted NCDs in beneficiary accounts, and transfers as the case may be.

All grievances relating to the Issue or any relevant Tranche Issue may be addressed to the Registrar to the Issue, giving full details such as name, Application Form number, address of the Applicant, number of NCDs applied for, Series of NCDs applied for, amount paid on application, Depository Participant name and client identification number, and the collection centre of the Members of the Consortium where the Application was submitted.

All grievances relating to the ASBA process may be addressed to the Registrar to the Issue with a copy to either (a) the relevant Designated Branch of the SCSB where the Application Form was submitted by the ASBA Applicant, or (b) the concerned Member of the Consortium and the relevant Designated Branch of the SCSB in the event of an Application submitted by an ASBA Applicant at any of the Syndicate ASBA Centres, giving full details such as name, address of Applicant, Application Form number, series/option applied for, number of NCDs applied for, amount blocked on Application.

All grievances arising out of Applications for the NCDs made through Trading Members may be addressed directly to the BSE.

Lead Managers to the Issue

Edelweiss Financial Services Limited
Edelweiss House, Off. C.S.T Road, Kalina,
Mumbai 400 098,
Maharashtra, India.
Telephone: (+91 22) 4086 3535
Facsimile: (+91 22) 4086 3610
Email: rec.Bonds@edelweissfin.com
Investor Grievance E-mail: customerservice.mb@edelweissfin.com
Website: www.edelweissfin.com
Contact person: Mr. Lokesh Singhi
Compliance Officer: Mr. B. Renganathan
SEBI Registration No.: INM0000010650
CIN: L99999MH1995PLC094641

A. K. Capital Services Limited
30-38, Free Press House,
3rd Floor, Free Press Journal Marg,
215, Nariman Point,
Mumbai, 400 021,
Maharashtra, India.
Tel: (+91 22) 6754 6500 / (+91 22) 6634 9300
Fax: (+91 22) 6610 0594
Email: recncd2019@akgroup.co.in
Investor Grievance Email: investor.grievance@akgroup.co.in
Website: www.akgroup.co.in
Contact Person: Mr. Krish Sanghvi / Mr. Malay Shah
Compliance Officer: Mr. Tejas Davda
SEBI Registration No.: INM000010411
CIN: L74899MH1993PLC274881

Axis Bank Limited
Axis House, 8th Floor, C-2 Wadia International Centre,
P.B. Marg, Worli,
Mumbai, 400 025,
Maharashtra, India.
Telephone: (+91 22) 6604 3293
Facsimile: (+91 22) 2425 3800
Email: recl.ncd2019@axisbank .com
Investor Grievance E-mail: investor.grievance@axisbank.com
Website: www.axisbank.com
Contact person: Mr. Vikas Shinde

Compliance Officer: Mr. Sharad Sawant
SEBI Registration No.: INM000006104
CIN: L65110GJ1993PLC020769

ICICI Bank Limited
ICICI Bank Towers, Bandra Kurla Complex,
Bandra (E), Mumbai 400 051,
Maharashtra, India.
Telephone: (+91 22) 4008 7295
Facsimile: (+91 22) 2653 1063
Email: publicbonds@icicibank.com
Investor Grievance E-mail: vivek.r@icicibank.com
Website: www.icicibank.com
Contact person: Mr. Sreekanta Chatterjee
Compliance Officer: Mr. Vivek Ranjan
SEBI Registration No.: INM000010759
CIN: L65190GJ1994PLC021012

JM Financial Limited
7th Floor, Cnergy,
Appasaheb Marathe Marg, Prabhadevi,
Mumbai 400 025,
Maharashtra, India.
Telephone: (+91 22) 6630 3030
Facsimile: (+91 22) 6630 3330
Email: REC.bondissue2019@jmfl.com
Investor Grievance E-mail: grievance.ibd@jmfl.com
Website: www.jmfl.com
Contact person: Ms. Prachee Dhuri
Compliance Officer: Mr. Sunny Shah
SEBI Registration No.: INM000010361
CIN: L67120MH1986PLC038784

SBI Capital Markets Limited
202, Maker Tower 'E', Cuffe Parade,
Mumbai 400 005,
Maharashtra, India.
Telephone: (+91 22) 2217 8300
Facsimile: (+91 22) 2218 8332
Email: recpublicissue2019@sbicaps.com
Investor Grievance E-mail: investor.relations@sbicaps.com
Website: www.sbicaps.com
Contact person: Ms. Shweta Narang
Compliance Officer: Mr. Bhaskar Chakraborthy
SEBI Registration No.: INM000003531
CIN: U99999MH1986PLC040298

Trust Investment Advisors Private Limited
109/110, Balarama, Bandra Kurla Complex,
Bandra (E), Mumbai 400 051,
Maharashtra, India.
Telephone: (+91 22) 4084 5000
Facsimile: (+91 22) 4084 5066
Email: recbond2019@trustgroup.in
Investor Grievance E-mail: customercare@trustgroup.in
Website: www.trustgroup.in
Contact person: Ms. Hetal Sonpal
Compliance Officer: Mr. Ankur Jain
SEBI Registration No.: INM000011120
CIN: U67190MH2006PTC162464

Consortium Members

As included in the relevant Tranche Prospectus.

Debenture Trustee

Catalyst Trusteeship Limited
GDA House, Plot No. 85, Bhusari Colony (Right),
Kothrud, Pune, Maharashtra, India – 411038 and
Branch Office: 810, 8th Floor, Kailash Building, 26, Kasturba Gandhi Marg, New Delhi - 110001
Telephone: (+91 20) 25280081 / (+91 11) 4302 9101 / (+91 22) 4922 0500
Facsimile: (+91 20) 2582 0275 / (+91 22) 4922 0505
Email: ComplianceCTL-Mumbai@ctlttrustee.com
Investor Grievance Email: grievance@ctltrustee.com
Website: www.catalysttrustee.com
Contact Person: Mr. Umesh Salvi
SEBI Registration No.: IND000000034
CIN: U74999PN1997PLC110262

Registrar to the Issue

Karvy Fintech Private Limited
Karvy Selenium Tower B, Plot No – 31 & 32,
Financial District, Nanakramguda, Serilingampally,
Hyderabad Rangareddy, Telangana– 500 032
Telephone: (+91 40) 6716 2222
Facsimile: (+91 40) 2343 1551
Email: rec.ncd@karvy.com
Investor Grievance Email: einward.ris@karvy.com
Website: www.karvyfintech.com
Contact Person: Mr. M. Murali Krishna
SEBI Registration No.: INR000000221
CIN: U72400TG2017PTC117649

Statutory Auditors

S. No	Name	Address	Auditors of the Company since
1	**M/s S.K. Mittal & Co.,** Chartered Accountants, ICAI Firm Registration: 001135N	Mittal House, E-29, South Extension Part II, New Delhi-110049 Tel: 011-26255213/ 41640694 Email: gaurav@skmittal.co.in; murthy@skmittal.co.in Contact Person: Mr. Gaurav Mittal, Partner	Appointed vide CAG letter dated August 1, 2019. The appointment was accepted on August 2, 2019.
2	**M/s O.P. Bagla & Co. LLP.,** Chartered Accountants, ICAI Firm Registration: 000018N/N500091	8/12, Block 5, Kalkaji Extension, Kalkaji, New Delhi - 110019 Tel: 011-26412939 Email: rakesh@opbco.in; admin@opbco.in Contact Person: Mr. Rakesh Kumar, Partner	Appointed vide CAG letter dated August 1, 2019. The appointment was accepted on August 3, 2019.

Being a government company, the statutory auditors of the Issuer are appointed by the Controller and Auditor General of India ("**CAG**"). The annual accounts of the Issuer are reviewed every year by the CAG and their comments are published in our annual report.

Legal counsel to the Issue

ZBA
412 Raheja Chambers
213 Nariman Point
Mumbai 400 021
Tel.: (+91 22) 6743 5013
Facsimile**:** (+91 22) 2364 1399

Bankers to the Company

Axis Bank Limited 148, Barakhamba Road, New Delhi, 110 001. Telephone: (+91) 9582800071 Contact person: Mr. Sunit Malhotra Email: Newdelhi.branchhead@axisbank.com Website: www.axisbank.com	**Bank of Baroda (Erstwhile Dena Bank)** Scope Complex, 7 Lodhi Road, New Delhi, 110 003. Telephone: (+91) 9152941050 Facsimile: (+91 11) 2436 3767 Contact person: Mr. A.K. Pathak Email: scopec@denabank.co.in Website: www.bankofbaroda.in
Corporation Bank Corporation Bank, Corporate Banking Branch, MGF Automobiles Building, 1 Faiz Road, Jhandelwalan, New Delhi, 110005. Telephone: (+91 11) 2875 4616 Contact person: Mr. Debraj Bag Email: cb0447@corpbank.co.in Website: www.corpbank.in	**YES Bank Limited** 48, Nyaya Marg, Chanakyapuri, New Delhi, 110 021 Telephone: (+91) 9717137033 Facsimile: (+91 11) 4168 0144 Contact person: Mr. Shrivats Mishra Email: Shrivats.mishra@yesbank.in Website: www.yesbank.in
ICICI Bank Limited ICICI Bank Tower, NBCC Palace, Bhism Pitamah Marg, Pragati Vihar, New Delhi, India, 110 003. Telephone: (+91 11) 3027 8566 Facsimile: (+91 11) 2439 0070 Contact person: Mr. Sunil Rathi Email: Sunil.rathi@icicibank.com Website: https://www.icicibank.com	**IDBI Bank Limited** CMS & GBG Delhi, Tewari House, 11-B, 8 Pusa Road, New Delhi, 110 005. Telephone: (+91 11) 2508 7111 Facsimile: (+91 11) 2871 1621 Contact person: Shri Subhash Kumar Email: subhash.kumar@idbi.co.in Website: www.idbibank.in
IndusInd Bank Limited Ground Floor, Dr. Gopal Das Bhavan, Barakhamba Road, Connaught Place, New Delhi, 110 001. Telephone: (+91) 9810755024 Contact person: Mr. Rajiv Malik Email: Rajiv.malik@indusind.com Website: www.indusind.com	**State Bank of India** 5th Floor, Parswanath Capital Tower, Bhai Veer Singh Marg, New Delhi, 110 001. Telephone: (+91 11) 2347 5505 Facsimile: (+91 11) 2374 6069 Contact person: Mr. Kuldeep Singh Email: sbi.17313@sbi.co.in Website: https://sbi.co.in
HDFC Bank Limited FIG-OPS Department, Lodha, I Think Techno Campus, O - 3 Level, Next to Kanjurmarg Railway Station, Kanjurmarg (East), Mumbai, 400 042. Telephone: (+91 22) 3075 2927 / (+91 22) 3075 2928 Facsimile: (+91 11) 2579 9801 Contact person: Mr. Vincent D'Souza / Mr. Siddharth Jadhav / Ms. Prasanna Uchil Email: Vincent.Dsouza@hdfcbank.com / Siddharth.Jadhav@hdfcbank.com / prasanna.uchil@hdfcbank.com Website: www.hdfcbank.com	

Bankers to the Issue

As specified in the relevant Tranche Prospectus.

Credit Rating Agencies

INDIA RATINGS & RESEARCH PRIVATE LIMITED	CRISIL LIMITED
A Fitch Group Company Wockhardt Tower, Level 4, West Wing Bandra Kurla Complex, Bandra (E) Mumbai - 400051 Tel: (+ 91 22) 40001700 Fax: (+91 22) 40001701 Website: www.indiaratings.co.in E-mail: shrikant.dev@indiaratings.co.in Contact Person: Mr. Shrikant Dev SEBI Registration No: IN/CRA/002/1999	CRISIL House, Central Avenue, Hiranandani Business Park, Powai, Mumbai- 400 076 Tel: (+91 22) 3342 3000 Fax: (+91 22) 3342 3050 Website: www.crisil.com Email: crisilratingdesk@crisil.com Contact Person: Mr. Krishnan Sitaraman SEBI Registration Number: IN/CRA/001/1999
ICRA LIMITED	**CARE RATINGS LIMITED (FORMERLY KNOWN AS CREDIT ANALYSIS AND RESEARCH LIMITED)**
1105, Kailash Building, 11th Floor, 26, Kasturba Gandhi Marg, New Delhi – 110001 Tel: (+91 11) 23357940/50 Fax: (+91 11) 23357014 Website: www.icra.in E-mail: shivakumar@icraindia.com Contact Person: Mr. L. Shivakumar SEBI Registration No: IN/CRA/008/2015	13th Floor, E-1, Block, Videocon Tower, Jhandewalan Extension, New Delhi 110055 Tel: (+91 11) 4533 3200 Fax: (+91 11) 4533 3238 Website: www.careratings.com E-mail: shubha.bhanu@careratings.com Contact Person: Ms. Shubha Bhanu SEBI Registration No: IN/CRA/004/1999

Credit Rating and Rationale

The NCDs proposed to be issued under the Issue have been rated ‘CARE AAA; Stable’ by CARE vide its letter dated July 24, 2019, and revalidated on August 27, 2019 and October 14, 2019; ‘CRISIL AAA/ Stable’ by CRISIL vide its letter dated July 29, 2019, and revalidated on August 20, 2019, September 23, 2019 and October 10, 2019; ‘[ICRA] AAA (Stable)’ by ICRA vide its letter dated July 22, 2019 and revalidated on August 29, 2019 and October 11, 2019; and ‘IND AAA/Stable’ by IRRPL vide its letter dated July 22, 2019 and revalidated on August 29, 2019 and October 11, 2019, for an amount of upto ₹ 10,000 Crore. The ratings provided by CARE, ICRA, CRISIL and IRRPL may be suspended, withdrawn or revised at any time by the assigning rating agency and should be evaluated independently of any other rating. These ratings are not a recommendation to buy, sell or hold the NCDs and investors should take their own decisions. For further details, please refer to Annexure A for the rating letters and the rationale for the above ratings.

Credit Rating Agency Disclaimer

Disclaimer clause of ICRA

ICRA ratings should not be treated as recommendation to buy, sell or hold the rated debt instruments. ICRA ratings are subject to a process of surveillance, which may lead to revision in ratings. An ICRA rating is a symbolic indicator of ICRA’s current opinion on the relative capability of the issuer concerned to timely service debts and obligations, with reference to the instrument rated. Please visit our website www.icra.in or contact any ICRA office for the latest information on ICRA ratings outstanding. All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable, including the rated issuer. ICRA however has not conducted any audit of the rated issuer or of the information provided by it. While reasonable care has been taken to ensure that the information herein is true, such information is provided ‘as is’ without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies may have provided services other than rating to the issuer rated. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents.

Disclaimer clause of CRISIL

A CRISIL rating reflects CRISIL’s current opinion on the likelihood of timely payment of the obligations under the rated instrument and does not constitute an audit of the rated entity by CRISIL. CRISIL ratings are based on information provided by the issuer or obtained by CRISIL from sources it considers reliable. CRISIL does not guarantee the completeness or accuracy of the information on which the rating is based. A CRISIL rating is not a recommendation to buy, sell, or hold the rated instrument; it does not comment on the market price or suitably for a particular investor. All

CRISIL rating are under surveillance. CRISIL or its associates may have other commercial transactions with the company / entity. Ratings are revised as and when circumstances so warrant. CRISIL is not responsible for any errors and especially states that it has no financial liability whatsoever to the subscribers / users / transmitters / distributors of this product. CRISIL Ratings rating criteria are available without charge to the public on the CRISIL website, www.crisil.com.

Disclaimer clause of CARE

CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell, or hold any security. CARE has based its ratings/outlooks on information obtained from sources believed by it to be accurate and reliable. CARE does not however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments. In case of partnership/proprietary concerns, the rating/outlook assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating/outlook may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/ proprietors in addition to the financial performance and other relevant factors.

Disclaimer clause of IRRPL

All credit ratings assigned by IRRPL are subject to certain limitations and disclaimers. Please read these limitations and disclaimers by following this link: https://www.indiaratings.co.in/rating-definitions. In addition, rating definitions and the terms of use of such ratings are available on the agency's public website www.indiaratings.co.in. Published ratings, criteria, and methodologies are available from this site at all times. India ratings' code of conduct, confidentiality, conflicts of interest, affiliate firewall, compliance, and other relevant policies and procedures are also available from the code of conduct section of this site.

Public Issue Account Bank

As specified in the relevant Tranche Prospectus.

Refund Bank

As specified in the relevant Tranche Prospectus.

Underwriting

As specified in the relevant Tranche Prospectus.

Arrangers

As specified in the relevant Tranche Prospectus.

Expert Opinion

Except for the consent of (i) the Statutory Auditors dated October 16, 2019, to include their name as required under Section 26(1) of the Companies Act, 2013 and SEBI Debt Regulations in this Draft Shelf Prospectus and as an "expert" as defined under Section 2(38) of the Companies Act, 2013 and Section 26(5) of the Companies Act, 2013 in relation to their examination reports, each dated October 16, 2019, on the Reformatted Consolidated Financial Information under IGAAP, the Consolidated Financial Information under IND-AS, the Standalone Financial Information under IND-AS and the Reformatted Standalone Financial Information under IGAAP; (ii) the Statutory Auditors in their report dated October 16, 2019, on the statement of tax benefits, included in this Draft Shelf Prospectus; (iii) the Predecessor Auditors dated October 16, 2019, under Section 2(38) of the Companies Act, 2013 and Section 26(5) of the Companies Act, 2013 in relation to the Limited Review Financial Results; our Company has not obtained any expert opinions in respect of the Issue.

Impersonation

As a matter of abundant caution, attention of the Investors is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act, 2013 which is reproduced below:

"Any person who (a) makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or (b) makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or (c) otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name, shall be liable for action under Section 447 of the Companies Act, 2013".

Section 447 of the Companies Act, 2013 is reproduced below:

*"***Punishment for Fraud.**

Without prejudice to any liability including repayment of any debt under this Act or any other law for the time being in force, any person who is found to be guilty of fraud involving an amount of at least ten lakh rupees or one per cent. of the turnover of the company, whichever is lower shall be punishable with imprisonment for a term which shall not be less than six months but which may extend to ten years and shall also be liable to fine which shall not be less than the amount involved in the fraud, but which may extend to three times the amount involved in the fraud:
Provided that where the fraud in question involves public interest, the term of imprisonment shall not be less than three years.

Provided further that where the fraud involves an amount less than ten lakh rupees or one per cent. of the turnover of the company, whichever is lower, and does not involve public interest, any person guilty of such fraud shall be punishable with imprisonment for a term which may extend to five years or with fine which may extend to fifty lakh rupees or with both.

Explanation — For the purposes of this section —

(i) "fraud" in relation to affairs of a company or any body corporate, includes any act, omission, concealment of any fact or abuse of position committed by any person or any other person with the connivance in any manner, with intent to deceive, to gain undue advantage from, or to injure the interests of, the company or its shareholders or its creditors or any other person, whether or not there is any wrongful gain or wrongful loss;
(ii) "wrongful gain" means the gain by unlawful means of property to which the person gaining is not legally entitled;
(iii) "wrongful loss" means the loss by unlawful means of property to which the person losing is legally entitled."

Designated Intermediaries

Self-Certified Syndicate Banks

The list of banks that have been notified by SEBI to act as the SCSBs for the ASBA process is provided on the website of SEBI at http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes as updated from time to time. For a list of branches of the SCSBs named by the respective SCSBs to receive the ASBA Forms from the Designated Intermediaries, refer to the above-mentioned link.

Syndicate SCSB Branches

In relation to bids submitted under the ASBA process to a Member of the Consortium, the list of branches of the SCSBs at the Specified Locations named by the respective SCSBs to receive deposits of the ASBA Forms from the Members of the Consortium is available on the website of SEBI http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes and updated from time to time. For more information on such branches collecting Bid cum Application Forms from the Consortium at Specified Locations, see the website of SEBI at http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes.

Registered Brokers / RTAs / CDPs

Applicants can submit ASBA Forms in the Offer using the stock broker network of the Stock Exchange, i.e., through the Registered Brokers at the Broker Centres. The list of the Registered Brokers, RTAs and CDPs, eligible to accept Applications in the Issue, including details such as postal address, telephone number and email address, are provided on the websites of the BSE at http://www.bseindia.com/Markets/PublicIssues/brokercentres_new.aspx?expandable=3 for Registered Brokers and https://www.bseindia.com/Static/PublicIssues/RtaDp.aspx for RTAs and CDPs, as updated from time to time.

In relation to Applications submitted to the Registered Brokers at the Broker Centres, the list of branches of the SCSBs at the Broker Centres named by the respective SCSBs to receive deposits of the ASBA Forms from the Registered Brokers is available on the website of the SEBI at www.sebi.gov.in and updated from time to time.

For further details, please see the section titled "*Issue Procedure*" on page 244.

Details of Predecessor Auditors

S. No.	Financial Year	Name	Address	Date of Appointment/ Cessation	Auditor of the Company since (in case of Cessation)	Remark (if any)
1.	2018-19	M/s A.R. & Co., Chartered Accountants ICAI Firm Registration: 002744C	A 403, Gayatri Apartments, Airlines Group Housing Society, Plot No.27, Sector 10, Dwarka, New Delhi- 110075	Ceased to be the statutory auditor on August 1, 2019.	Appointed on July 1, 2015	The CAG communicated the change of auditors vide letter dated August 1, 2019.
2.	2018-19	M/s G.S. Mathur & Co., Chartered Accountants, ICAI Firm Registration: 008744N	A-160, Defence Colony, New Delhi-110024	Ceased to be the statutory auditor on August 1, 2019.	Appointed on July 29, 2017	The CAG communicated the change of auditors vide letter dated August 1, 2019.

Issue Programme

ISSUE PROGRAMME*	
ISSUE OPENS ON	**ISSUE CLOSES ON**
As specified in the relevant Tranche Prospectus	As specified in the relevant Tranche Prospectus

* *The Issue shall remain open for subscription on Working Days from 10:00 a.m. till 5:00 p.m. (Indian Standard Time) during the period indicated in the relevant Tranche Prospectus, with an option for early closure or extension by such period as may be decided by the Board of Directors or a duly constituted committee thereof. In the event of such early closure or extension of the Issue, our Company shall ensure that public notice of such early closure or extension is published on or before the day of such early date of closure or the initial Issue Closing Date, through an advertisement in all the newspapers in which pre-issue advertisement and advertisement for opening or closure of the Issue have been given. On the Issue Closing Date, the Application Forms will be accepted only between 10:00 a.m. and 3:00 p.m. (Indian Standard Time) and uploaded until 5:00 p.m. or such extended time as may be permitted by the Stock Exchange. For further details please refer to the chapter titled "Issue Related Information" on page 228.*
Due to limitation of time available for uploading the Applications on the Issue Closing Date, Applicants are advised to submit their Application Forms one day prior to the Issue Closing Date and, no later than 3.00 p.m. (Indian Standard Time) on the Issue Closing Date. Applicants are cautioned that in the event a large number of Applications are received on the Issue Closing Date, there may be some Applications which are not uploaded due to lack of sufficient time to upload. Such Applications that cannot be uploaded will not be considered for allocation under the Issue. Application Forms will only be accepted on Working Days during the Issue Period. Neither our Company, nor the Lead Managers, Consortium Members or Trading Members of the Stock Exchange are liable for any failure in uploading the Applications due to failure in any software/ hardware systems or otherwise. Please note that the Basis of Allotment under the Issue will be on a date priority basis except on the day of oversubscription, if any, where the Allotment will be proportionate.

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CAPITAL STRUCTURE

Details of equity share capital

The following table set out details of our authorised, issued, subscribed and paid up share capital as on September 30, 2019.

(₹ in Crores, except share data)

		Aggregate value at nominal value
A)	**AUTHORISED SHARE CAPITAL**	
	500,00,00,000 Equity Shares of face value of ₹10/- each	5,000.00
B)	**ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL**	
	197,49,18,000 Equity Shares of face value of ₹10/- each fully paid up	1,974.92
C)	**SECURITIES PREMIUM ACCOUNT**	2,236.54

Notes:

The Issue will not result in any change in the issued, subscribed and paid-up equity share capital or securities premium account of the Company.

Details of change in authorized share capital, as on September 30, 2019

There has been no change in the authorized share capital of our Company during the 5 years preceding the last quarter and as on the date of this Draft Shelf Prospectus except as follows:

During the Financial Year 2016-17, the authorized share capital of the Company was increased from ₹1,200 Crore to ₹5,000 Crore, as approved by the shareholders of the Company in its 47th annual general meeting held on September 21, 2016.

Equity Share capital history of our Company, as on September 30, 2019

Set forth below is change in Equity Share capital history of our Company for the 5 years preceding the last quarter and as on the date of this Draft Shelf Prospectus:

Date of Issue/ allotment	No. of Equity Shares issued by the Company	Face Value (Rs.)	Issue price (Rs.)	Nature for allotment	Consideration in Cash/ other than cash	Cumulative number of Equity Shares	Cumulative Share Premium	Equity Share Capital issued by the Company (Rs.)	Cumulative Equity Share Capital (Rs.)
September 30, 2016	98,74,59,000	10	NIL	Bonus shares	--	197,49,18,000	--	9,87,45,90,000	19,74,91,80,000

The Issuer had issued bonus shares in the ratio 1:1 to the shareholders of the Issuer on September 30, 2016. Apart from this, the Issuer has not made any issue of Equity Shares during the preceding 1 year from the date of this Draft Shelf Prospectus.

Shareholding pattern of our Company, as on September 30, 2019

The following is the shareholding pattern of our Company, as on September 30, 2019**:**

Table I - Summary Statement holding of specified securities

Cate-gory	Category of Share-holder	No of Share-holders	No of fully paid up equity shares held	No of Partly paid-up equity shares held	No of Shares Under-lying Depository Receipts	Total No of Shares Held (VII) = (IV)+(V)+(VI)	Shareholding as a % of total no of shares (As a % of (A+B+C2))	Number of Voting Rights held in each class of securities				No of Shares Underlying Out- standing convertible securities (Including Warrants)	Share-holding as a % assuming full conversion of convertible Securities (as a percentage of diluted share capital)	Number of Locked in Shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialized form
								No of Voting Rights			Total as a % of (A+B+C)			No.	As a % of total Shares held	No.	As a % of total Shares held	
								Class X	Class Y	Total								
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)				(X)	(XI)	(XII)		(XIII)		(XIV)
(A)	Promoter & Promoter Group	1	1,03,94,95,247	0	0	1,03,94,95,247	52.63	1,03,94,95,247	0	1,03,94,95,247	52.63	0	52.63	0	0.00	0	0.00	1,03,94,95,247
(B)	Public	2,89,870	93,54,22,753	0	0	93,54,22,753	47.37	93,54,22,753	0	93,54,22,753	47.37	0	47.37	0	0.00	NA	NA	93,53,83,993
(C)	Non Promoter-Non Public																	
(C1)	Shares underlying DRs	0	0	0	0	0	NA	0	0	0	0.00	0	NA	0	0.00	NA	NA	0
(C2)	Shares held by Employee Trusts	0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	NA	NA	0
	Total:	**2,89,871**	**1,97,49,18,000**	**0**	**0**	**1,97,49,18,000**	**100.00**	**1,97,49,18,000**	**0**	**1,97,49,18,000**	**100.00**	**0**	**100.00**	**0**	**0.00**	**0**	**0.00**	**1,97,48,79,240**

Table II - Statement showing shareholding pattern of the Promoter and Promoter Group

Category	Category & Name of the Shareholder	PAN	No of Share holders	No of fully paid up equity shares held	No of Partly paid-up equity shares held	No of Shares Under lying Depos itory Receipts	Total No of Shares Held (IV+V+VI)	Share holding as a % of total no of shares (calcula-ted as per SCRR, 1957 (VIII) As a % of (A+B+C2	Number of Voting Rights held in each class of securities				No of Shares Underlying Outstanding convertible securities (Including Warrants)	Share-holding as a % assuming full conversion of convertible Securities (as a percentage of diluted share capital) (VII)+(X) As a % of (A+B+C2)	Number of Locked in Shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialized form
									No of Voting Rights			Total as a % of (A+B+C)			No.	As a % of total Shares held	No.	As a % of total Shares held	
									Class X	Class Y	Total								
	(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)				(X)	(XI)	(XII)		(XIII)		(XIV)
(1)	Indian																		
(a)	Individuals/ Hindu undivided Family		0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	0	0.00	0
(b)	Central Government/ State Government (s)		0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	0	0.00	0
(c)	Financial Institutions/Banks		0		0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	0	0.00	0
(d)	Any Other		1	1,03,94,95,247	0	0	1,03,94,95,247	52.63	1,03,94,95,247	0	1,03,94,95,247	52.63	0	52.63	0	0.00	0	0.00	1,03,94,95,247
	Power Finance Corporation Ltd.	AAACP1570H	1	1,03,94,95,247	0	0	1,03,94,95,247	52.63	1,03,94,95,247	0	1,03,94,95,247	52.63	0	52.63	0	0.00	0	0.00	1,03,94,95,247
	Sub-Total (A)(1)		**1**	**1,03,94,95,247**	**0**	**0**	**1,03,94,95,247**	**52.63**	**1,03,94,95,247**	**0**	**1,03,94,95,247**	**52.63**	**0**	**52.63**	**0**	**0.00**	**0**	**0.00**	**1,03,94,95,247**
(2)	Foreign		0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	0	0.00	0
(a)	Individuals (Non-Resident Individuals/Foreign Individuals		0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	0	0.00	0
(b)	Government		0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	0	0.00	0
(c)	Institutions		0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	0	0.00	0
(d)	Foreign Portfolio Investor		0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	0	0.00	0
(e)	Any Other		0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	0	0.00	0
	Sub-Total (A)(2)		**0**	**0**	**0**	**0**	**0**	**0.00**	**0**	**0**	**0**	**0.00**	**0**	**0.00**	**0**	**0.00**	**0**	**0.00**	**0**
	Total Shareholding of Promoter and Promoter Group (A)=(A)(1)+(A)(2)		**1**	**1,03,94,95,247**	**0**	**0**	**1,03,94,95,247**	**52.63**	**1,03,94,95,247**	**0**	**1,03,94,95,247**	**52.63**	**0**	**52.63**	**0**	**0.00**	**0**	**0.00**	**1,03,94,95,247**

Table III - Statement showing shareholding pattern of the Public shareholder

Category	Category & Name of the Shareholder	PAN	No of Share holders	No of fully paid up Equity Shares held	No of Partly paid-up Equity Shares held	No of Shares Under-lying Deposi-tory Receipts	Total No of Shares Held (IV+V+VI)	Share- holding as a % of total no of shares (A+B+C2)	Number of Voting Rights held in each class of securities – No of Voting Rights – Class X	Class Y	Total	Total as a % of (A+B+C)	No of Shares Underlying Outstanding convertible securities (Including Warrants)	Share-holding as a % assuming full conver-sion of conver-tible Securities (as a percentage of diluted share capital)	Number of Locked in Shares – No.	As a % of total Shares held	Number of Shares pledged or otherwise encumbered – No.	As a % of total Shares held	Number of Equity Shares held in dematerialized form
	(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)				(X)	(XI)	(XII)		(XIII)		(XIV)
(1)	Institutions		0	0	0	0	0	0	0	0	0	0	0	0	0	0.00	NA	NA	0
(a)	Mutual Funds		14	14,11,95,580	0	0	14,11,95,580	7.15	14,11,95,580	0	14,11,95,580	7.15	0	7.15	0	0.00	NA	NA	14,11,95,580
	HDFC Trustee Company Limited A/C HDFC Equity Fund	AAATH1809A	1	11,83,24,001	0	0	11,83,24,001	5.99	11,83,24,001	0	11,83,24,001	5.99	0	5.99	0	0.00	NA	NA	11,83,24,001
(b)	Venture Capital Funds		0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	NA	NA	0
(c)	Alternate Investment Funds		0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	NA	NA	0
(d)	Foreign Venture Capital Investors		0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	NA	NA	0
(e)	Foreign Portfolio Investors		652	57,14,01,385	0	0	57,14,01,385	28.93	57,14,01,385	0	57,14,01,385	28.93	0	28.93	0	0.00	NA	NA	57,14,01,385
	Eastspring Investments - Developed And Emerging Asia Equity Fund	AAAAE9765H	1	2,29,73,733	0	0	2,29,73,733	1.16	2,29,73,733	0	2,29,73,733	1.16	0	1.16	0	0.00	NA	NA	2,29,73,733
	Abu Dhabi Investment Authority - Argon	AAACA4380N	1	1,98,05,349	0	0	1,98,05,349	1.00	1,98,05,349	0	1,98,05,349	1.00	0	1.00	0	0.00	NA	NA	1,98,05,349
	India Capital Fund Limited	AAACM3867E	1	1,99,08,888	0	0	1,99,08,888	1.01	1,99,08,888	0	1,99,08,888	1.01	0	1.01	0	0.00	NA	NA	1,99,08,888
	The Prudential Assurance Company Limited	AACCP0514H	1	2,86,54,620	0	0	2,86,54,620	1.45	2,86,54,620	0	2,86,54,620	1.45	0	1.45	0	0.00	NA	NA	2,86,54,620
(f)	Financial Institutions/Banks		10	60,34,237	0	0	60,34,237	0.31	60,34,237	0	60,34,237	0.31	0	0.31	0	0.00	NA	NA	60,34,237
(g)	Insurance Companies		4	5,87,07,336	0	0	5,87,07,336	2.97	5,87,07,336	0	5,87,07,336	2.97	0	2.97	0	0.00	NA	NA	5,87,07,336
(h)	Life Insurance Corporation of India	AAACL0582H	1	5,49,13,706	0	0	5,49,13,706	2.78	5,49,13,706	0	5,49,13,706	2.78	0	2.78	0	0.00	NA	NA	5,49,13,706
(i)	Provident Funds/Pension Funds		0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	NA	NA	0
(j)	Any Other		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Sub Total (B)(1)		**680**	**77,73,38,538**	**0**	**0**	**77,73,38,538**	**39.36**	**77,73,38,538**	**0**	**77,73,38,538**	**39.36**	**0**	**39.36**	**0**	**0.00**	**NA**	**NA**	**77,73,38,538**
(2)	Central Government/State Government(s)/President of India		0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	NA	NA	0
	Sub Total (B)(2)		**0**	**0**	**0**	**0**	**0**	**0.00**	**0**	**0**	**0**	**0.00**	**0**	**0.00**	**0**	**0.00**	**NA**	**NA**	**0**
(3)	Non-Institutions																		
(a)	Individual																		
i.	Individual shareholders holding nominal share capital up to Rs.2 Lakhs		2,83,305	9,45,75,253	0	0	9,45,75,253	4.79	9,45,75,253	0	9,45,75,253	4.79	0	4.79		0.00	NA	NA	9,45,36,493
ii.	Individual shareholders holding nominal share capital in excess of Rs. 2 Lakhs		317	2,01,17,713	0	0	2,01,17,713	1.02	2,01,17,713	0	2,01,17,713	1.02	0	1.02		0.00	NA	NA	2,01,17,713

(b)	NBFCs Registered with RBI		5	38,845	0	0	38,845	0.00	38,845	0	38,845	0.00	0	0.00	0	0.00	NA	NA	38,845
(c)	Employee Trusts		0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	NA	NA	0
(d)	Overseas Depositories (Holding DRs)(Balancing figure)		0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	NA	NA	0
(e)	Any Other																		
	Trusts		39	48,97,614	0	0	48,97,614	0.25	48,97,614	0	48,97,614	0.25	0	0.25	0	0.00	NA	NA	48,97,614
	Non Resident Indians		2,687	31,41,145	0	0	31,41,145	0.16	31,41,145	0	31,41,145	0.16	0	0.16	0	0.00	NA	NA	31,41,145
	Clearing Members		161	31,02,195	0	0	31,02,195	0.16	31,02,195	0	31,02,195	0.16	0	0.16	0	0.00	NA	NA	31,02,195
	Qualified Institutional Buyer		8	1,12,57,439	0	0	1,12,57,439	0.57	1,12,57,439	0	1,12,57,439	0.57	0	0.57	0	0.00	NA	NA	112,57,439
	Non Resident Indian Non Repatriable		1,547	13,25,278	0	0	13,25,278	0.07	13,25,278	0	13,25,278	0.07	0	0.07	0	0.00	NA	NA	13,25,278
	Bodies Corporate		1,120	1,95,31,694	0	0	1,95,31,694	0.99	1,95,31,694	0	1,95,31,694	0.99	0	0.99	0	0.00	NA	NA	1,95,31,694
	Investor Education and Protection Fund		1	97,039	0	0	97,039	0.00	97,039	0	97,039	0.00	0	0.00	0	0	0.00	NA	97,039
	Sub Total (B)(3)		**2,89,190**	**15,80,84,215**	**0**	**0**	**15,80,84,215**	**8.00**	**15,80,84,215**	**0**	**15,80,84,215**	**8.00**	**0**	**8.00**	**0**	**0.00**			**15,80,45,455**
	Total Public Shareholding (B) = (B)(1)+(B)(2)+(B)(3)		**2,89,870**	**93,54,22,753**	**0**	**0**	**93,54,22,753**	**47.37**	**93,54,22,753**	**0**	**93,54,22,753**	**47.37**	**0**	**47.37**	**0**	**0.00**			**93,53,83,993**

Table IV - Statement showing shareholding pattern of the Non Promoter- Non Public shareholder

Category	Category & Name of the Shareholder	PAN	No of Shareholders	No of fully paid up Equity Shares held	No of Partly paid-up Equity Shares held	No of Shares Under-lying Depository Receipts	Total No of Shares Held (IV+V+VI)	Share-holding as a % of total no of shares (A+B+C2)	Number of Voting Rights held in each class of securities				No of Shares Underlying Outstanding convertible securities (Including Warrants)	Share-holding as a % assuming full conversion of convertible Securities (as a percentage of diluted share capital)	Number of Locked in Shares		Number of Shares pledged or otherwise encumbered		Number of Equity Shares held in dematerialized form
									No of Voting Rights			Total as a % of (A+B+C)			No.	As a % of total Shares held	No.	As a % of total Shares held	
									Class X	Class Y	Total								
	(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)				(X)	(XI)	(XII)		(XIII)		(XIV)
(1)	Custodian/DR Holder		0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	NA	NA	0
(2)	Employee Benefit Trust (under SEBI(Share based Employee Benefit) Regulations 2014)		0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	NA	NA	0
	Total Non-Promoter-Non Public Shareholding (C) = (C)(1)+(C)(2)		**0**	**0**	**0**	**0**	**0**	**0.00**	**0**	**0**	**0**	**0.00**	**0**	**0.00**	**0**	**0.00**			**0**

Shareholding of Promoter in our Company

The following is the shareholding of our Promoters in our Company, as on September 30, 2019:

Sr. No.	Name of shareholder	No. of Equity Shares held	No. of Equity Shares held in dematerialised form	Total shareholding as a percentage of the total number of Equity Shares	Number of Equity Shares pledged	Percentage of Equity Shares pledged with respect to shares owned
1.	Power Finance Corporation Limited	1,03,94,95,247	1,03,94,95,247	52.63%	0	0.00

The President of India, acting through the Ministry of Power, Government of India does not hold any shares in our Company as on September 30, 2019. No Equity Shares of the Issuer as on September 30, 2019 are pledged or otherwise encumbered by the Promoters.

Top 10 holders of Equity Shares as on September 30, 2019

The following are the details of the top ten holders of Equity Shares of our Company, as on September 30, 2019:

Sr. No.	Name of shareholder	No. of Equity Shares held	No. of Equity Shares held in dematerialised form	Total shareholding as a percentage of the total number of Equity Shares
1.	Power Finance Corporation Limited	1,03,94,95,247	1,03,94,95,247	52.63
2.	HDFC Trustee Company Limited. A/C HDFC Balanced Advantage Fund	4,55,40,000	4,55,40,000	2.30
3.	Life Insurance Corporation Of India	4,53,59,430	4,53,59,430	2.29
4.	HDFC Trustee Company Limited - HDFC Equity Fund	3,94,32,764	3,94,32,764	1.99
5.	The Prudential Assurance Company Limited	2,86,54,620	2,86,54,620	1.45
6.	Eastspring Investments - Developed And Emerging Asia Equity Fund	2,29,73,733	2,29,73,733	1.16
7.	India Capital Fund Limited	1,99,08,888	1,99,08,888	1.00
8.	HDFC Trustee Company Limited A/C HDFC Top 100 Fund	1,55,72,537	1,55,72,537	0.78
9.	HDFC Trustee Company Limited - A/C HDFC Mid – Cap Opportunities Fund	1,52,63,500	1,52,63,500	0.77
10	Eastspring Investments-Asia Pacific Equity Fund	1,38,02,792	1,38,02,792	0.69
	Total	1,28,60,03,511	1,28,60,03,511	65.11

The aggregate number of securities of the Company and its Subsidiaries purchased or sold by the promoter group, the directors of our Promoters, our Directors and their relatives within 6 months immediately preceding the date of filing of the Draft Shelf Prospectus

The promoter group, the directors of our Promoters, our Directors and their relatives have not purchased or sold any securities of the Company and its Subsidiaries within 6 months immediately preceding the date of filing of the Draft Shelf Prospectus.

None of the Equity Shares are pledged or otherwise encumbered by the Promoters.

Debt-Equity Ratio

The debt to equity ratio of our Company as on March 31, 2019 (prior to this Issue) is based on a total principal outstanding debt of ₹2,39,286.45 Crore, and shareholders' funds amounting to ₹34,302.94 Crore which was 6.98 times as on March 31, 2019. The debt to equity ratio post the Issue (assuming subscription of ₹10,000 Crore) would be 7.27 times, based on a total principal outstanding debt of ₹2,49,286.45 Crore and shareholders' fund as March 31, 2019 of ₹34,302.94 Crore. The actual debt equity ratio post the Issue would depend upon the actual position of debt and equity on the Deemed Date of Allotment.

(Rs. in Crores)

Particulars	Pre-Issue*	Post-Issue#
Total Debt (A) – Outstanding Borrowings	**2,39,286.45**	**2,49,286.45**
Equity		
Share Capital	1,974.92	1,974.92
Reserves & Surplus	32,328.02	32,328.02
Total Equity (B)	**34,302.94**	**34,302.94**
Debt / Equity (A/B)	**6.98**	**7.27**

** Pre issue figures are as on March 31, 2019*
 # No effect has been given for changes in equity and debt instruments subsequent to March 31, 2019 except that post-issue figures have been calculated assuming that the Issue is fully subscribed upto the Shelf Limit of Rs. 10,000 Crore.

For details of the outstanding debt of our Company, please see the section titled "*Financial Indebtedness*" on page 150.

Details of any Acquisition or Amalgamation in the last one year

Our Company has not made any acquisition or amalgamation in the last one year prior to filing of the Draft Shelf Prospectus.

Details of any Reorganization or Reconstruction in the last one year

Our Company has not undergone any reorganisation or reconstruction in the last one year prior to filing of the Draft Shelf Prospectus.

Top Ten Holders of Debt Instruments

Set forth below are our details of our top ten holders of debentures on a cumulative basis outstanding as on September 30, 2019.

(Rs. in Crores)

Sr. No.	Name	Total face value amount of debentures held
1.	Life Insurance Corporation Of India P & GS Fund	20,600.30
2.	CBT EPF-11-D-DM	17,890.80
3.	State Bank Of India	7,549
4.	Aditya Birla Sun Life Trustee Private Limited A/C Aditya Birla Sun Life Fixed Term Plan - Series OH	7,436.80
5.	NPS Trust- A/C UTI Retirement Solutions Pension Fund Scheme - Central Government	7,112.60
6.	HDFC Trustee Company Limited A/C HDFC Liquid Fund	5,137.10
7.	ICICI Prudential Retirement Fund-Pure Debt Plan	5,109.589
8.	SBI Dual Advantage Fund - Series XXVI	3,497.70
9.	HDFC Life Insurance Company Limited	2,635
10.	IDFC Banking & PSU Debt Fund	2,622.80

Details of change in the Promoter holding in our Company during the last financial year beyond 26% (as prescribed by RBI)

In terms of the Acquisition by PFC agreement, the entire shareholding of President of India in REC Limited, i.e. 1,03,93,99,343 equity shares representing 52.63% of the total paid-up share capital of REC Limited, was transferred by the Government of India to PFC on March 28, 2019 and accordingly, PFC is a Promoter and is treated as part of the "Promoter Group".

Shareholding of Directors

Except as set forth below, none of our Directors hold any Equity Shares of the Company

1.	Shri Ajeet Kumar Agarwal	-	484 Equity Shares
2.	Shri Sanjeev Kumar Gupta	-	NIL
3.	Shri Mritunjay Kumar Narayan	-	NIL
4.	Shri Praveen Kumar Singh	-	40 Equity Shares
5.	Shri Aravamudan Krishna Kumar	-	NIL
6.	Prof. T.T. Ram Mohan	-	NIL
7.	Smt Asha Swarup	-	NIL
8.	Dr. B.K. Karad	-	NIL

Shareholding of directors in our associate companies, subsidiaries and joint venture

None of our Directors hold any equity shares in the Company's subsidiaries or associate companies or joint ventures, except as a nominee of the Company.

Equity shares issued for consideration other than cash

Our Company has not issued any Equity Shares for consideration other than cash.

Employee Stock Option Scheme

Our Company does not have any employee stock option scheme.

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OBJECTS OF THE ISSUE

Issue Proceeds

Our Company has filed this Draft Shelf Prospectus for a public issue of NCDs aggregating up to the Shelf Limit. The NCDs will be issued in one or more tranches up to the Shelf Limit, on the terms and conditions as set out in the relevant Tranche Prospectus for any Tranche Issue, which should be read together with the Shelf Prospectus.

Our Company proposes to utilise the funds raised through this Issue, after deducting the Issue related expenses to the extent payable by our Company ("**Net Proceeds**") and subject to applicable laws/regulations, towards funding the following objects (collectively, referred to as "**Objects**"):

1. For the purpose of onward lending, financing / refinancing the existing indebtedness of our Company, and/or debt servicing (payment of interest and/or repayment / prepayment of interest and principal of existing borrowings of our Company); and;

2. General corporate purposes.

The main objects clause of the Memorandum of Association of our Company permits our Company to undertake its existing activities as well as the activities for which the funds are being raised through this Issue.

The details of the proceeds of the Issue are summarized below:

Particulars	Estimated amount (in ₹ Crore)
Gross proceeds to be raised through each Tranche Issue	As mentioned in the relevant Tranche Prospectus
Less: Tranche Issue related expenses*	As mentioned in the relevant Tranche Prospectus
Net Proceeds of the Tranche Issue after deducting the Tranche Issue related expenses	As mentioned in the relevant Tranche Prospectus

**The above Issue related expenses are indicative and are subject to change depending on the actual level of subscription to the Issue, the number of Allottees, market conditions and other relevant factors.*

Requirements of funds and utilisation of Net Proceeds

The following table details the objects of the Issue and the amount proposed to be financed from the Net Proceeds:

S. No.	Objects of the Issue	Percentage of amount proposed to be financed from Net Proceeds
1.	For the purpose of onward lending, financing / refinancing the existing indebtedness of our Company, and/or debt servicing (payment of interest and/or repayment/ prepayment of interest and principal of existing borrowings of our Company)	At least 75%
2.	General corporate purposes*	Maximum of up to 25%
Total		**100%**

**The Net Proceeds will be first utilized towards the Objects mentioned above. The balance is proposed to be utilized for general corporate purposes, subject to such utilization not exceeding 25% of the amount raised in the Issue, in compliance with the SEBI Debt Regulations.*

Issue Related Expenses

The expenses of this Issue include, among others, fees for the Lead Managers and selling commission to the Lead Managers/Consortium Members, printing and distribution expenses, legal fees, advertisement expenses, fees payable to RTA, Debenture Trustee, SCSBs' commission / fees, listing fees and any other expense directly related to Issue. The estimated Issue expenses for each Tranche Issue shall be specified in the respective Tranche Prospectus. The expenses are indicative and are subject to change depending on the actual level of subscription to the Issue and the number of Allottees, market conditions and other relevant factors.

Purpose for which there is a Requirement of Funds

As stated in this section.

Funding plan

NA

Summary of the Project Appraisal Report

NA

Schedule of Implementation of the Project

NA

Interim Use of Proceeds

The management of our Company, in accordance with the policies formulated by it from time to time, will have flexibility in deploying the proceeds received from the Issue. Pending utilization of the proceeds out of the Issue for the purposes described above, our Company intends to temporarily invest funds in high-quality interest-bearing liquid instruments including money market mutual funds, deposits with banks or temporarily deploy the funds in investment grade interest bearing securities as may be approved by the Board of Directors. Such investment would be in accordance with applicable law and the investment policies approved by the Board of Directors or any committee thereof from time to time.

Monitoring of Utilization of Funds

There is no requirement for appointment of a monitoring agency in terms of the SEBI Debt Regulations. The Board of Directors or any other person authorized by Board of Directors shall monitor the utilisation of the proceeds of the Issue. Our Company will disclose in our Company's financial statements for the relevant financial year commencing from the financial year ended March 31, 2020, the utilisation of the proceeds of the Issue under a separate head/note along with details, if any, in relation to all such proceeds of the Issue that have not been utilised thereby also indicating investments, if any, of such unutilised proceeds of the Issue. Further, in accordance with the SEBI Listing Regulations, our Company will furnish to the BSE on a half yearly basis, a statement indicating material deviations, if any, in the use of Issue proceeds and shall also publish the same in newspapers simultaneously with the half-yearly financial results. We shall utilize the proceeds of the Issue only upon execution of the documents for creation of security and the Debenture Trust Deed and receipt of listing and trading approval from the Stock Exchange as stated in this Draft Shelf Prospectus in the section titled "*Terms of the Issue*" on page 231.

Other Confirmations

In accordance with the SEBI Debt Regulations, our Company will not utilise the proceeds of the Issue for providing loans to or acquisition of shares of any person who is a part of the same group as our Company or who is under the same management as our Company.

The Issue proceeds shall not be utilised towards full or part consideration for the purchase or any other direct or indirect acquisition, *inter alia* by way of a lease, of any immovable property.

No part of the proceeds from this Issue will be paid by us as consideration to our Promoters, our Directors, Key Managerial Personnel, or companies promoted by our Promoters except payments to be made by way of fees and commission to our group companies that participate in the Issue as SEBI registered intermediaries.

No part of the proceeds from this Issue will be utilized for buying, trading or otherwise dealing in equity shares of any listed company. Further the Company undertakes that Issue proceeds from NCDs allotted to banks shall not be used for any purpose, which may be in contravention of the RBI guidelines on bank financing to NBFCs including those relating to classification as capital market exposure or any other sectors that are prohibited under the RBI regulations.

Our Company confirms that it will not use the proceeds of the Issue for the purchase of any business or in the purchase of any interest in any business whereby our Company shall become entitled to the capital or profit or losses or both in such business exceeding 50% thereof, the acquisition of any immovable property or acquisition of securities of any other body corporate.

The fund requirement as above is based on our current business plan and is subject to change in light of variations in external circumstances or costs, or in our financial condition, business or strategy. Our management, in response to the competitive and dynamic nature of the industry, will have the discretion to revise its business plan from time to time and consequently our funding requirements and deployment of funds may also change.

We shall utilize the Issue proceeds only upon execution of Debenture Trust Deed, creation of relevant security for the NCDs, receipt of minimum subscription, i.e. 75% of base issue relating to each Tranche Issue and upon receipt of the listing and trading approval from the Stock Exchange as stated in this Draft Shelf Prospectus in the section titled "*Terms of the Issue*" beginning on page 231.

Utilisation of the proceeds of the Issue

(a) All monies received pursuant to the Issue of NCDs to public shall be transferred to a separate bank account maintained with the Public Issue Account Bank as referred to in sub-section (3) of section 40 of the Companies Act, 2013, and our Company will comply with the conditions as stated therein, and these monies will be transferred to Company's Bank Account after receipt of listing and trading approvals.

(b) The allotment letter shall be issued or application money shall be refunded in accordance with the applicable law failing which interest shall be due to be paid to the applicants at the rate of 15% per annum for the delayed period.

(c) Details of all monies unutilised out of the monies to be raised through this Issue, shall be disclosed and continued to be disclosed under an appropriate separate head/note in our financial statements till the time any part of the proceeds of the Issue remains unutilized indicating the securities or other forms of financial assets in which such unutilized monies have been invested.

(d) Details of all monies utilised out of the monies to be raised through this Issue, shall be disclosed and continued to be disclosed under an appropriate separate head/note in our financial statements indicating the purpose for which such monies have been utilized.

(e) We shall utilize the Issue proceeds only after (i) receipt of minimum subscription, i.e. 75% of the Base Issue pertaining to each Tranche Issue; (ii) completion of Allotment and refund process in compliance with Section 40 of the Companies Act, 2013; (iii) creation of security; and (iv) obtaining listing and trading approval as stated in this Draft Shelf Prospectus in the section titled "*Issue Structure*" beginning on page 228 of this Draft Shelf Prospectus.

Variation in Terms of Contract or Objects in this Draft Shelf Prospectus

Our Company shall not, in terms of Section 27 of the Companies Act, 2013, at any time, vary the terms of the objects for which the Draft Shelf Prospectus is issued, except as may be prescribed under the applicable laws, and except subject to the approval of or subject to an authority given by the shareholders in general meeting by way of special resolution and after abiding by all the formalities prescribed in Section 27 of the Companies Act, 2013.

Benefit or Interest accruing to Promoters or Directors out of the objects of the Issue

There is no benefit or interest accruing to the Promoters or Directors from the Objects of the Issue.

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STATEMENT OF TAX BENEFITS

October 16, 2019

To,

REC Limited
Core – 4,
SCOPE Complex,
7, Lodhi Road,
New Delhi – 110003

Dear Ma'am/Sir

Sub: Proposed public issue of secured, rated, listed, redeemable, non-convertible debentures ("NCDs") of face value of ₹1,000 (Rupees One Thousand) each aggregating up to ₹10,000 crores (Rupees Ten Thousand Crores only) by REC Limited ("Company") in one of more tranches from time to time ("Issue")

This is to certify that the disclosures in the **Annexure A** titled "*Statement of Tax Benefits*", is complete, true and correct and same shall be produced as it is in the Draft Shelf Prospectus, Shelf Prospectus and Tranche Prospectus ("Offer Document") in "Statement of Tax Benefits" chapter of the respective Offer Document.

Our views expressed in this statement are based on the facts and assumptions as indicated in the statement. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes. Reliance on this statement is on the express understanding that we do not assume responsibility towards the investors who may or may not invest in the proposed issue relying on this Statement.

This Statement has been prepared solely in connection with the Issue under the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008, as amended.

The statement is neither a reproduction nor an extract of the relevant provisions of the Income Tax Act, 1961 and is an attempt to corelate the relevant provisions in a simplified manner.

We also authorize you to deliver a copy of this letter pursuant to the provisions of the Companies Act, 2013 to Securities and Exchange Board of India, the Registrar of Companies, the stock exchanges or any other regulatory authority as required by law. We further consent to the above details being included for the records to be maintained by the Lead Managers in connection with the Issue and in accordance with applicable laws.

This letter may be relied upon by Lead Managers and the Legal Counsel to the Issue in respect of the Issue.

Sincerely,

For and on behalf of

S. K. Mittal & Co.
Chartered Accountants

Authorized Signatory:
Name: S. Murthy
Designation: Partner
Date: October 16, 2019
Firm Membership Number: 001135N
Membership Number: 072290
Place: New Delhi
UDIN: 19072290AAAADN8830

O. P. Bagla & Co. LLP
Chartered Accountants

Authorized Signatory:
Name: Rakesh Kumar
Designation: Partner
Date: October 16, 2019
Firm Membership Number:
000018N/N500091
Membership Number: 087537
Place: New Delhi
UDIN: 19087537AAAAAJ8380

CC:
1) Lead Managers to the issue.

ANNEXURE A

STATEMENT OF TAX BENEFITS

The information provided below sets out the possible direct tax benefits available to the debenture holders of the company in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the subscription, ownership and disposal of non-convertible debentures ("**debentures**"), under the current tax laws presently in force in India. Several of these benefits are dependent on the debenture holders fulfilling the conditions prescribed under the relevant tax laws. Hence, the ability of the debenture holders to derive the tax benefits is dependent upon fulfilling such conditions, which, based on commercial imperatives a debenture holder faces, may or may not choose to fulfill. We do not express any opinion or provide any assurance as to whether the Company or its debenture holders will continue to obtain these benefits in future. The following overview is not exhaustive or comprehensive and is not intended to be a substitute for professional advice.

Debenture holders are advised to consult their own tax consultant with respect to the tax implications of an investment in the debentures particularly in view of the fact that certain recently enacted legislation may not have a direct legal precedent or may have a different interpretation on the benefits, which an investor can avail.

Our views expressed in this statement are based on the facts and assumptions as indicated in the statement. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes. Reliance on this statement is on the express understanding that we do not assume responsibility towards the investors who may or may not invest in the proposed issue relying on this statement.

The statement is neither a reproduction nor an extract of the relevant provisions of the Income Tax Act, 1961 and is an attempt to corelate the relevant provisions in a simplified manner.

This statement has been prepared solely in connection with the Issue under the Regulations as amended.

STATEMENT OF POSSIBLE DIRECT TAX BENEFITS AVAILABLE TO THE DEBENTURE HOLDERS

A. Under the Income-Tax Act, 1961 ("I.T. Act")

I. Tax benefits available to the Resident Debenture Holders

1. Interest on debentures received by resident debenture holders would be subject to tax at the normal rates of tax in accordance with and subject to the provisions of the I.T. Act.
   As per section 2(29A) read with section 2(42A) of the I.T. Act, a listed debenture is treated as a long term capital asset if the same is held for more than 12 months immediately preceding the date of its transfer.

2. As per section 112 of the I.T. Act, Capital gains arising on the transfer of long term capital assets being listed debentures are subject to tax at the rate of 10% [plus applicable surcharge and Cess] of capital gains calculated without indexation of the cost of acquisition(i.e. without giving effect to Second Proviso to Sec 48). The capital gains shall be computed by deducting expenditure incurred in connection with such transfer and cost of acquisition of the debentures from the sale consideration. In certain cases, Capital gains is exempted under section 54EE and 54F (refer para no.III)

3. In case of an individual or HUF, being a resident, where the total income as reduced by such long-term capital gains is below the maximum amount which is not chargeable to income-tax, then, such long term capital gains shall be reduced by the amount by which the total income as so reduced falls short of the maximum amount which is not chargeable to income-tax and the tax on the balance of such long-term capital gains shall be computed at the rate mentioned above.

4. As per section 2(42A) of the I.T. Act, a listed debenture is treated as a short term capital asset if the same is held for not more than 12 months immediately preceding the date of its transfer.

   Short-term capital gains on the transfer of listed debentures, where debentures are held for a period of not more than 12 months would be taxed at the normal rates of tax in accordance with and subject to the provisions of the I.T. Act.

The provisions relating to maximum amount not chargeable to tax described at para 2 above would also apply to such short term capital gains.

5. In case debentures are held as stock in trade, the income on transfer of debentures would be taxed as business income or loss in accordance with and subject to the provisions of the I.T. Act.

6. No income tax is deductible at source in respect of any security issued by a Company in a dematerialized Form and is listed on recognized stock exchange in India in accordance with the Securities Contracts (Regulation) Act 1956 and the rules made thereunder. However, Income tax is deductible at source on interest on debentures, payable to resident debenture holders, where such securities are held in physical form, at the time of credit / payment as per the provisions of section 193 of the I.T. Act.

7. Interest on application money and interest on refund application money would be subject to tax at the normal rates of tax in accordance with and subject to the provisions of the I.T. Act and TDS would be deducted at the time of credit/payment as per the provisions of Section 194A of the I.T. Act.

II. Tax benefits available to Mutual Funds

As per section 10(23D) of the Act, any income of Mutual Funds registered under the Securities and Exchange Board of India Act, 1992 or Regulations made thereunder, Mutual Funds set up by public sector banks or public financial institutions and Mutual Funds authorized by the Reserve Bank of India will be exempt from income tax, subject to such conditions as the Central Government may, by notification in the Official Gazette, specify in this behalf.

III. Exemption under Section 54EE and 54F of the I.T. Act

1. As per provisions of Section 54EE of the I.T. Act, long term capital gains arising to debenture holders on transfer of their debentures in the company shall not be chargeable to tax to the extent such capital gains are invested in certain notified units within six months after the date of transfer. If only part of the capital gain is so invested, the exemption shall be proportionately reduced. However, if the said notified units are transferred within three years from their date of acquisition, the amount of capital gain exemption claimed earlier would become chargeable tax as long term capital gains in the year in which units are transferred. Further, in case where loan or advance on the security of such notified units is availed, such notified units shall be deemed to have been transferred on the date on which such loan or advance is taken. However, the amount of exemption with respect to the investment made in the aforesaid notified units during the financial year in which such debentures are transferred and the subsequent financial year, should not exceed Rs. 50 lacs.

2. As per provisions of section 54F of the I.T. Act, any long-term capital gains on transfer of a long term capital asset (not being residential house) arising to a debenture holders who is an individual or Hindu Undivided Family, is exempt from tax if the entire net sales consideration is utilized, within a period of one year before, or two years after the date of transfer, in purchase of a new residential house, or for construction of residential house within three years from the date of transfer. If part of such net sales consideration is invested within the prescribed period in a residential house, then such gains would be chargeable to tax on a proportionate basis.

   This exemption is available, subject to the condition that the debenture holder does not own more than one residential house at the time of such transfer. If the residential house in which the investment has been made is transferred within a period of three years from the date of its purchase or construction, the amount of capital gains tax exemption claimed earlier would became chargeable to tax as long term capital gains in the year in which such residential house is transferred. Similarly, if the debenture holder purchases within a period of two years or constructs within a period of three years after the date of transfer of capital asset, another residential house (other than the new residential house referred above), then the original exemption will be taxed as capital gains in the year in which the additional residential house is acquired.

   If the debentureholder is unable to re-invest capital gains in the above specified investment before furnishing the return of income and specified time limit for the investment has not expired, he may deposit such unutilised capital gain in the capital gains account before furnishing return of income but not beyond the due date for furnishing return of income under the prescribed Capital Gains Account Scheme, 1988, in order to still claim the exemption from capital gains tax.

IV. **Requirement to furnish PAN under the I.T. Act**

1. Section 139A(5A) of the I.T. Act requires every person receiving any sum or income or amount from which tax has been deducted under Chapter XVII-B of the I.T. Act to furnish his PAN to the person responsible for deducting such tax.

2. Section 206AA of the I.T. Act requires every person entitled to receive any sum or income or amount, on which tax is deductible under Chapter XVIIB ("deductee") to furnish his PAN to the deductor, failing which tax shall be deducted at the higher of the following rates:

    i. at the rate specified in the relevant provision of the I. T. Act; or
    ii. at the rate or rates in force; or
    iii. at the rate of twenty per cent.

3. As per Rule 37BC, the higher rate under section 206AA shall not apply to a non-resident, not being a company, or to a foreign company, in respect, of payment of interest, if the non-resident deductee furnishes the prescribed details inter alia TRC and Tax Identification Number (TIN).

4. A declaration under Section 197A(1) or 197A(1A) or 197A(1C) shall not be valid unless the person furnishes his PAN in such declaration and the deductor is required to deduct tax as per para (I) above in such a case.

5. Where a wrong PAN is provided, it will be regarded as non – furnishing of PAN and para (I) above will apply apart from penal consequences.

V. Taxability of Gifts received for nil or inadequate consideration

As per section 56(2)(x) of the I.T. Act, where any person receives debentures from any person on or after 1st April, 2017:

a. without consideration, aggregate fair market value of which exceeds fifty thousand rupees, then the whole of the aggregate fair market value of such debentures or;

b. for a consideration which is less than the aggregate fair market value of the debenture by an amount exceeding fifty thousand rupees, then the aggregate fair market value of such debentures as exceeds such consideration

shall be taxable as the income of the recipient at the normal rates of tax. The above is subject to few exceptions as stated in section 56(2)(x) of the I. T. Act.

NOTES:

- The statement of tax benefits enumerated above is as per the Income-tax Act, 1961, as amended by Finance Act, 2019.
- All tax rates, surcharge and cess mentioned above are stated on the basis of prevailing rates as on date and are subject to change from time to time.

Several of the above tax benefits are dependent on the debenture holders fulfilling the conditions prescribed under the relevant tax laws and subject to General Anti Avoidance Rules covered under Chapter X-A of the Act.

SECTION IV - ABOUT OUR COMPANY

INDUSTRY OVERVIEW

The information in this section has not been independently verified by us, the Lead Managers or any of our or their respective affiliates or advisers. The information may not be consistent with other information compiled by third parties within or outside India. Industry sources and publications generally state that the information contained therein has been obtained from sources it believes to be reliable, but their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured. Industry and government publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Industry and government sources and publications may also base their information on estimates, forecasts and assumptions which may prove to be incorrect. Accordingly, investment decisions should not be based on such information. Figures used in this section are presented as in the original sources and have not been adjusted, restated or rounded-off for presentation in this Draft Shelf Prospectus.

The Indian Economy

India has an estimated population of 1.35 billion people as of April 2019. The Indian economy is one of the largest economies in the world, with a GDP at current price of an estimated US$2.97 trillion for the fiscal year 2018- 2019. *(Source: International Monetary Fund's World Economic Outlook as of April 2019 - https://www.imf.org/external/datamapper/datasets/WEO)*

By way of comparison, the below table illustrates the GDP growth in 2019 for certain other countries:

Country	Estimated GDP Growth in 2019 (%)
China	6.3
India	**7.3**
Singapore	2.3
Brazil	2.1
United States	2.3
United Kingdom	1.2
Japan	1.0

(Source: International Monetary Fund's World Economic Outlook as of April 2019 - https://www.imf.org/external/datamapper/NGDP_RPCH@WEO/OEMDC/ADVEC/WEOWORLD/IND)

Global economic activity has been losing pace after a somewhat improved performance in 2019 Quarter 1, reflecting further slowdown in trade and manufacturing activity. Among advanced economies, economic activity in the US strengthened in 2019 Quarter 1, supported by higher government spending, increase in private investment and a lower trade deficit. However, factory activity and retail sales moderated in April. Economic activity in the Euro area has remained weak due to muted industrial activity and weak business confidence. Leading indicators point to a further slowdown in the Euro area in 2019 Quarter 2. In the UK, GDP growth for 2019 Quarter 1 picked up on high retail sales and government expenditure. However, the outlook is clouded by uncertainty relating to Brexit. The Japanese economy accelerated in 2019 Quarter 1 on net exports gains and increased public investment. In April, industrial production improved, while retail sales fell.

Economic activity has slowed in many emerging market economies. In 2019 Quarter 1, the Chinese economy grew at the same pace as in the previous quarter, though slightly above consensus expectations. However, incoming data on industrial production and retail sales suggest that the growth momentum may weaken in 2019 Quarter 2. The Russian economy, which had shown some signs of recovery in 2018 Quarter 4, weakened in 2019 Quarter 1 on muted domestic activity and trade. Economic activity in South Africa contracted in 2019 Quarter 1 pulled down mainly by a sharp decline in manufacturing activity. Brazil's economy contracted in 2019 Quarter 1 for the first time since 2016 and there are fears that it could return to recession.

(Source: RBI Second Bi-monthly Monetary Policy Statement, 2019-20 Resolution of the Monetary Policy Committee - https://rbidocs.rbi.org.in/rdocs/PressRelease/PDFs/PR286704FD11AF83754108A0C28B868BC928FE.PDF)

Rupee depreciated by 7.8 per cent vis à-vis US dollar, 7.7 per cent against Yen, and 6.8 per cent against Euro and Pound Sterling in 2018-19. Rupee depreciated in the first half of the year due to concerns related to widening of CAD owing to rising crude oil prices coupled with tighter financial conditions in US caused by increase in Federal Funds rate by the US Federal Reserve. However, Rupee performed better than some of the other major emerging market currencies, such as, Argentine Peso, Turkish Lira, Brazilian Real, and Russian Ruble, which depreciated more than 10 per cent vis-à-vis US dollar.

India continues to remain the fastest growing major economy in the world in 2018- 19, despite a slight moderation in its GDP growth from 7.2 per cent in 2017-18 to 6.8 per cent in 2018-19. This moderation in growth momentum is mainly on account of lower growth in Agriculture & allied, Trade, hotel, transport, storage, communication and services related to broadcasting and public administration & defence sectors.

(Source: India Economic Survey - Volume II (2018-19), Chapter 1, Ministry of Finance - https://www.indiabudget.gov.in/economicsurvey/doc/vol2chapter/echap01_vol2.pdf)

According to the Second Bi-Monthly Monetary Policy Statement in 2019-20 of the Monetary Policy Committee ("**MPC**"), the outlook for the Indian Economy is as follows:

(a) MPC stated that given the political stability, high capacity utilisation, the uptick in business expectations in Quarter 2 of 2019-20, buoyant stock market conditions and higher financial flows to the commercial sector, investment activity will augur well;

(b) MPC also stated that taking into consideration the impact of recent policy rate cuts and expectations of a normal monsoon in 2019, the path of consumer price index inflation is revised to 3.0-3.1 per cent for Quarter 1 and 2 of 2019-20 and to 3.4-3.7 per cent for Quarter 3 and 4 of 2019-20;

(c) on the basis of an assessment of the current and evolving macroeconomic situation, MPC reduced the policy repo rate under the liquidity adjustment facility by 25 basis points to 5.75 per cent from 6.0 per cent with immediate effect; and

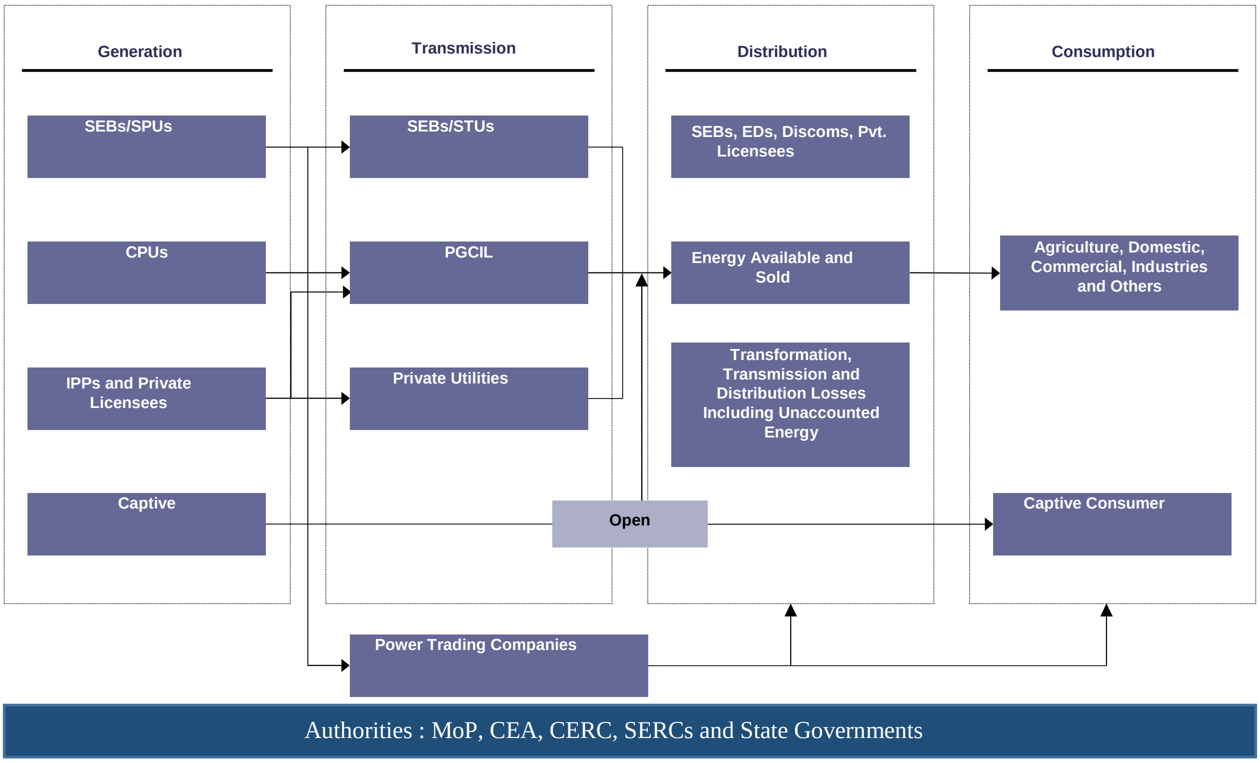
(d) while the reverse repo rate under the liquidity adjustment facility was adjusted to 5.50 per cent, the marginal standing facility rate and the bank rate was also adjusted to 6.0 per cent. by the MPC based on the ongoing macroeconomic conditions.

(Source: RBI Second Bi-monthly Monetary Policy Statement, 2019-20 Resolution of the Monetary Policy Committee - https://rbidocs.rbi.org.in/rdocs/PressRelease/PDFs/PR286704FD11AF83754108A0C28B868BC928FE.PDF)

THE INDIAN POWER SECTOR

Structure of the Indian Power Sector

The following diagram depicts the structure of the Indian power industry for the generation, transmission, distribution and consumption:



Legend:

MoP	Ministry of Power
CEA	Central Electricity Appellate
CERC	Central Electricity Regulatory Commission
SERC	State Electricity Regulatory Commission
IPPs	Independent Power Producer
CPUs	Central Power Utilities
SEBs	State Electricity Boards
STUs	State Transmission Utilities
SPUs	State Power Utilities
PGCIL	Power Grid Corporation of India Limited
EDs	Electricity Departments
Discoms	Distribution Companies

Overview of the Indian power sector

Electricity Generated in India during FY-2019

Total electricity generated in the country clocked 1375 BU (billion unit) during FY 19, reporting growth of 5.1% vs 5.3% in previous year. Renewable energy sources contributed 126 BU, and recorded a 25% year-on-year growth over production in corresponding period of FY18. PLF (Plant Load Factor) of thermal power plants (both coal and gas) monitored by CEA across India improved from 59.9% in FY18 to 61.1% in FY19.

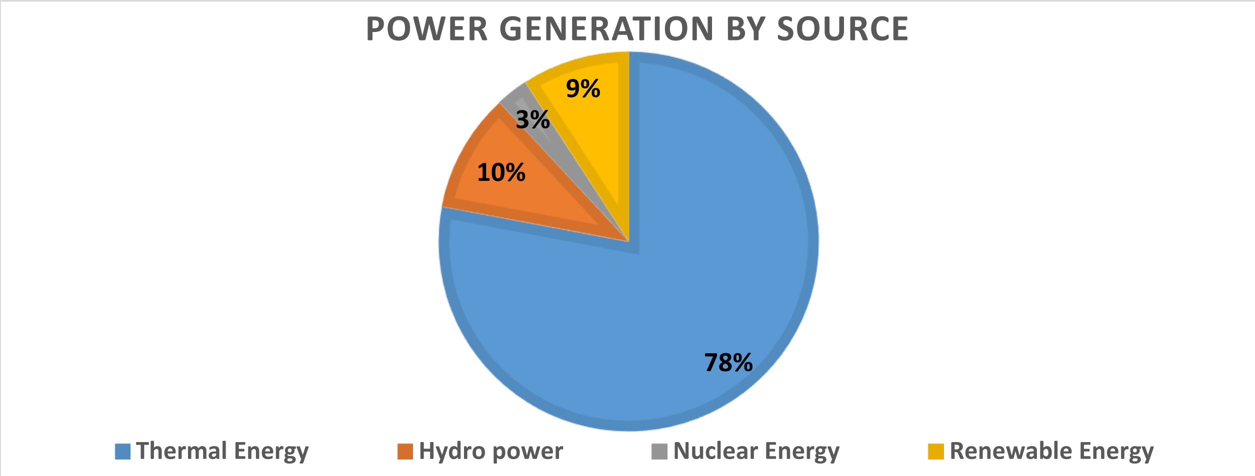
(Source: Executive Summary of Power Sector March 2019, Central Electricity Authority - http://www.cea.nic.in/reports/monthly/executivesummary/2019/exe_summary-03.pdf and Executive Summary of Power Sector April 2019, Central Electricity Authority - http://www.cea.nic.in/reports/monthly/executivesummary/2019/exe_summary-04.pdf)

India with a per-capita energy consumption of about one-third of the global average will have to increase its per capita energy consumption at least 2.5 times to increase its real per capita GDP by $5000 per capita, in 2010 prices, to enter the upper-middle income group. India has set ambitious targets for renewable energy and has been undertaking one of the world's largest renewable energy expansion programmes in the world. Now, globally India stands 4th in wind power, 5th in solar power and

5th in renewable power installed capacity. The share of renewables in total electricity generation has increased from 6 per cent in 2014-15 to 10 per cent in 2018-19 but thermal power still plays a dominant role at 60 per cent share.

(Source: India Economic Survey - Volume I (2018-19), Chapter 9, Ministry of Finance - https://www.indiabudget.gov.in/economicsurvey/doc/vol1chapter/echap09_vol1.pdf)

Graph 1 Electricity Generated during FY 2019 from different sources of power

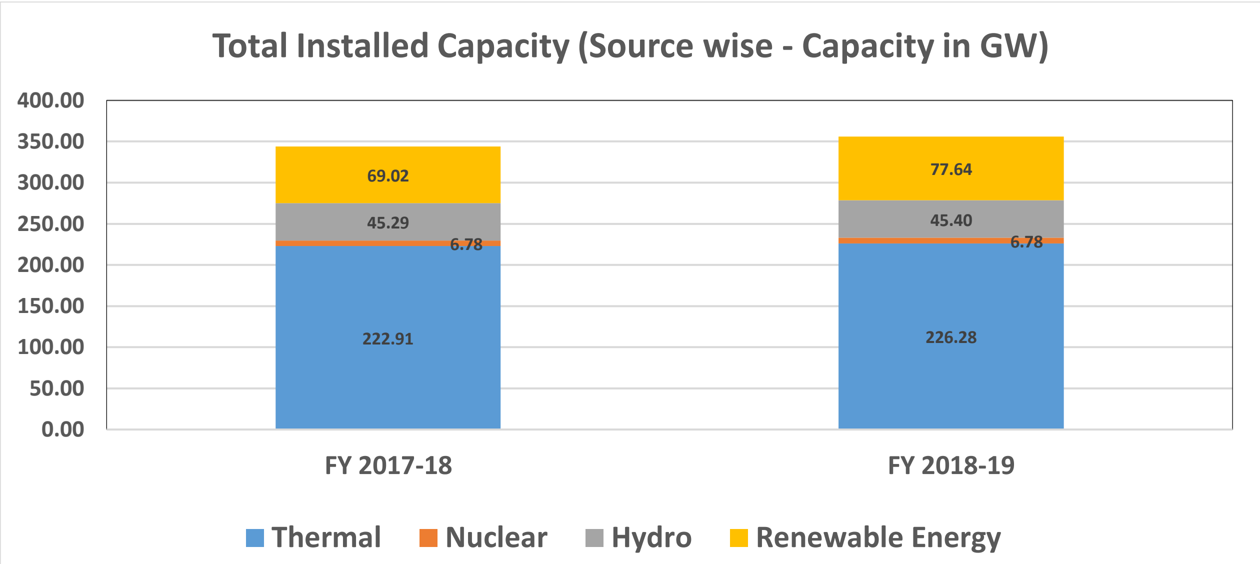


Installed Capacity of Power Stations in India

Installed capacity stood at 356.10 GW as of March, 2019, recording a net capacity addition of 12.10 GW during the year. Renewable Energy Sources accounted for 71% of capacity addition and remaining were from thermal power projects. Wind energy capacity addition at 1.58 GW, has slowed down considerably post FY17 when it recorded 6 GW of capacity addition.

(Source: Executive Summary of Power Sector Mar-2019, Central Electricity Authority)

Graph 2 All India Installed Capacity (in GW) of Power Stations as on 31 March 2019



Installed Capacity, Addition and Utilisation (April-January 2019 Actuals)

April-Feb 19 witnessed addition of 2.1 GW of thermal power capacity, but due to retirement of an equivalent capacity, the net capacity addition was just over 100 MW. Total thermal power capacity stood at 223 GW as of February 2019. Overall capacity utilization of coal-based plants stood at 61.1%. As of January 31st, 2019 68.7 GW of additional thermal power capacity is under construction. Gas based power plants continued to witness below-par capacity utilization and witnessed PLF remaining stable at 22.2%, marking a marginal improvement over 22% in FY18. During the 11-month period, 100MW of hydro-based plants were commissioned. Hydro power projects over 25 MW have been categorised as renewable power by the Union Government.

A total of 7.8 GW of renewable energy capacity was added during the 11 month period of FY19 as per latest data from MNRE. Solar power witnessed the highest capacity addition (5.4GW), followed by wind power (1.3 GW) and small hydro (~32 MW). Wind power capacity addition was at multi year low. Bio power capacity too recorded 1.2 GW of capacity addition during the year. SECI has issued fresh tenders totaling 6 GW in March 2019, in order to improve the overall pace of implementation of solar projects over the next 36 months. An average 2 GW of solar capacity has to be completed every month over the next 3 years in order to achieve a 100 GW solar power capacity.

India is 100% electrified and as per government data, all willing households have been connected to grid-based electricity. AT & T losses (March 2019) at ~19.8% vs a targeted 15% as envisaged under the UDAY scheme for March 2019 is a concern. Few major "SAUBHAGYA" beneficiary states, including J&K, UP, MP, Bihar and Rajasthan continue to have AT&C losses over 25% and their DISCOMS would have to expedite corrective measures.

(Source: CARE Ratings Limited - Power Sector Year-End FY19 Report)

Electricity demand and generation (April-January 2019 Actuals)

Total energy generated from conventional sources in the country stood at 1051 billion units (BU) during April-January 2019, growth of 4.3% over corresponding period in FY18. Renewable power generation recorded 25% increase in generation during the first 10 months of FY19. Thermal energy which includes coal-gas-diesel based power plants accounted for 78% of the power generated in the country. Nuclear-based, Hydro-power; and Renewable energy accounted for 3%, 10% and 9% respectively of the power generated during the year.

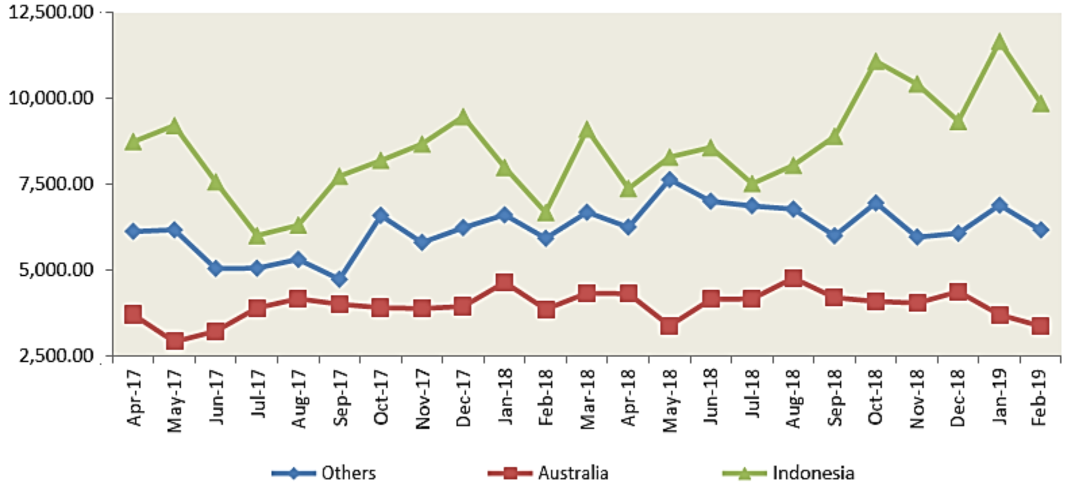
(Source: CARE Ratings Limited - Power Sector Year-End FY19 Report)

Fuel supply and consumption

Gas supply to power plants remains in the range of 29-31% of the total gas allocated to the sector. Unavailability of enough volume of gas due to lower domestic production and high cost of imported gas has led to shortfall in supply to gas-based power plants. Major share of gas is supplied to fertilizers and city gas distribution entities (CGD).

Total coal supplied by Coal India (CIL) & Singareni Collieries Company Limited (SCCL) to power sector stood at 491.2 MT between April-Feb 2019, recording a 9.4% growth in supplies over last year's supplies during the corresponding period. CIL accounted for 90% of the domestic coal production. Ratio of coal supplied to coal allocated by CIL and SCCL to CEA monitored power plants stood at 88.2% and indicates 11.8% shortfall in supply vs allocated quantity. Total coal import grew by 13.2 % at 218.8 MT during the 11-month period over the corresponding period during the previous year. Out of this, around 22-23% of the imported coal is coking coal and the remaining is thermal and other coal. Coal from Australia and Indonesia contributed two-third of India's total coal imports. South African coal import fell during the year and was substituted by coal from the US. The two countries together account for 20% of India's coal import. Coal imports from Mozambique and Canada clocked above average growth during the year. Use of imported coal by CEA monitored plants rose by 6.3% to 55.3 MT during Apr-Feb 19 over the corresponding period during the previous year.

Graph 3 Monthly Coal imports in FY18 & FY19



Source: CMIE Others include South Africa, USA, Mozambique, Russia, China, Singapore, UAE

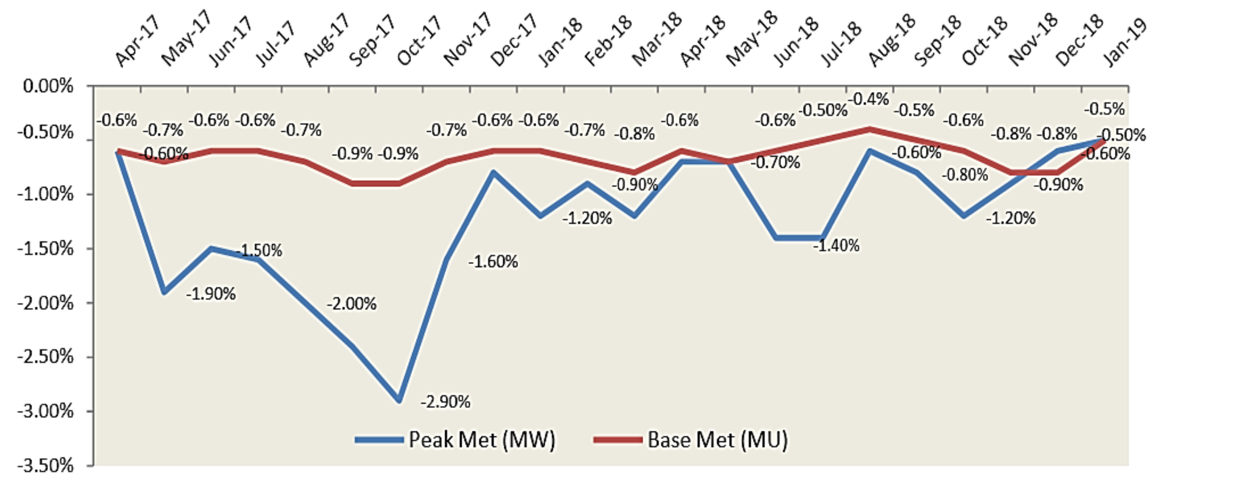
Factors contributing to increased dependency on imported coal have been lower auction of coal through the e- auction and spot auction route by state-run miners. Total volume of coal sold through e-auction has fallen by 30.1% to 56.17 MT during April-Feb 2019 vs corresponding period in the previous year. The auctioned coal fulfills demand from captive power plants and non-power sectors. Demand for imported coal from manufacturing sectors has been robust on the back of improved capacity utilization in industries like steel, cement etc. Imported coal with lower fly ash and higher energy per tonne makes it cost effective against domestic coal which contains 35-40% of fly ash and moisture and a considerably lower calorific value. Lower fly-ash also saves additional disposal cost for its users. Captive power plants in textiles, metals, auto, cement and chemical industry remain key importers of thermal coal. Total captive thermal (coal-based) capacity of 29 GW would continue to import coal for their power requirements for the above-mentioned reasons.

(Source: CARE Ratings Limited - Power Sector Year-End FY19 Report)

Power deficit remains range-bound

The peak and base demand deficit during April-January 2019 period continued to remain range bound with a maximum gap of around 1.4% in July.

Graph 4 Peak and Base Deficit



Source: CEA

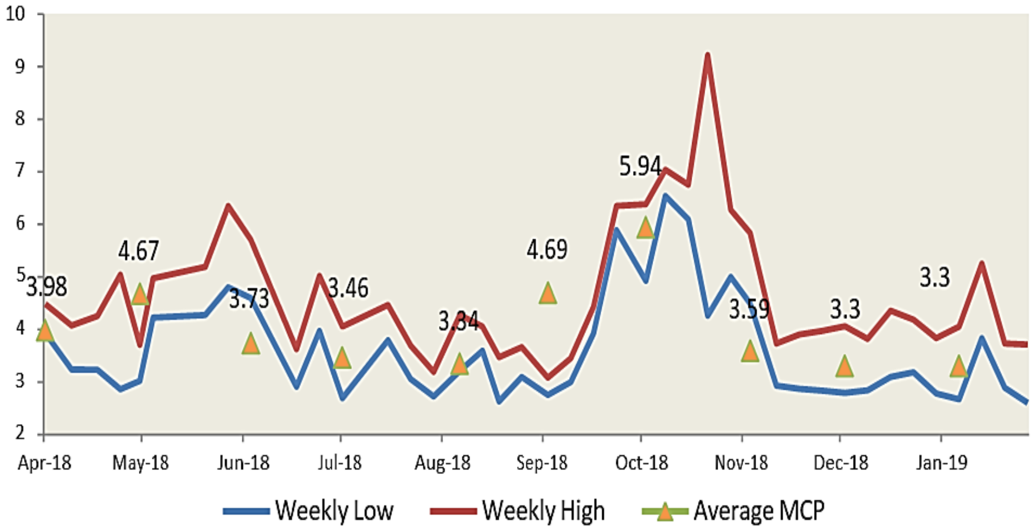
The demand-supply shortfall has been consistently contracting post October 2017. Post integration of regional grids, the demand-supply constraint in the country has remained considerably low at 0.5-1.2%. With major improvement in electrification, the demand may spike during peak summer seasons and having enough transmission capacity would be vital to cater to that demand and containing power deficit. Investments in grid strengthening will have to be increased considerably as more renewable energy capacity is added.

(Source: CARE Ratings Limited - Power Sector Year-End FY19 Report)

Spot-market tariff trends

Share of short-term power market has increased to 12.3% from 10% reported a year ago. Exchanges account for 4.4% of the total power purchase transactions and 36% of the short term power market transactions in India. Share of exchange traded power has remained steady during the year. 87.7% of the total power purchase transactions in India are through PPAs (long term from 3 to 25 years).

Graph 5 Exchange traded power tariff trend



Source: IEX (Spot Market Prices- Market Data) in Rs. Per unit (kWh) MCP- Market Clearing Price

States namely Andhra Pradesh, Bihar, Rajasthan, MP, Gujarat, Maharashtra and Odisha were largest buyers of power from exchanges. "Saubhagya" or Power for all scheme could be attributed much of this apart from increased industrial activity in some of these states.

As per IEX, the overall electricity peak and energy demand grew by 8% and 6.2% respectively in 9MFY19 over 9MFY18. This growth in demand has led to higher growth (~20%) in volume of electricity traded on exchanges during the same period. Tariffs remained volatile between Apr-Feb 2019 on the power exchanges with September & October period witnessing record spike in short term tariffs. Shortfall in supply of coal was attributed as the key driver of tariffs apart from unforeseen demand from some Southern states and industries. This temporary increase in power tariffs on exchanges also negatively impacts the financials of state discoms who continue to supply power at subsidized prices to few user segments. Major industrial buyers included textile, metal, auto, chemical, cement etc.

(Source: CARE Ratings Limited - Power Sector Year-End FY19 Report)

States with power deficit

States with high power deficit include Jammu & Kashmir, Chhattisgarh, Uttar Pradesh and Puducherry. J&K and UP witnessed rapid electrification of households under "Saubhagya" Scheme. AT&C losses remained steady at 19.8% vs. 20% in 2017-18. High AT&C losses highlight slippage in implementation of operational objectives of UDAY scheme which targeted achieving 15% AT&C losses by March 2019. Smart metering of lines stood at 5.34 lakh, less than 2.2% of the total targeted 24.1 million meters. Smart metering was expected to improve collection efficiency by minimising human intervention as well as help consumers optimize use of electricity during peak demand hours.

(Source: CARE Ratings Limited - Power Sector Year-End FY19 Report)

Table 1 AT&T Losses Post "Saubhagya"

State		AT & C Loss	
	Electrified Households (May '18)	May 2018	March 2019
Jammu and Kashmir	80%	57.4%	52.3%
Chhattisgarh	91%	22.3%	30%
Jharkhand	48%	36.3%	34.6%
Bihar	75%	36.8%	36.3%

Uttar Pradesh	57%	31.2%	31.2%
Madhya Pradesh	86%	31.7%	26.2%
Rajasthan	79%	24.5%	24.1%

Source: CEA, UDAY Website

Energy Outlook Financial Year 2020

Coal

Production

Domestic coal production grew by 7.3% to 739.4 million tonne (MMT) during FY19 vs 2.6% growth in FY18. Coal imports stood at 240.2 MMT grew at a much sharper pace of 12.9% in FY19 vs 8.9% recorded in FY18. Higher imports of coal was triggered by shortage in supply of domestic coal to captive and non-power coal consumers like cement, metals and other power intensive industries.

Table 2 Coal Production and Imports

(in million tonnes)	2017-18	Growth (YOY)	2018-19	Growth (YOY)
Total Coal Production	688.8	2.6%	739.4	7.3%
CIL & SCCL	629.4	2.3%	671.3	6.7%
- Overall Offtake	644.9	6.8%	675.8	4.8%
- Dispatch to Power	507.7	6.4%	543.4	7.0%
Coal Import	213	8.9%	240.2	12.9%

Source: Ministry of Coal, CMIE

The overall coal offtake from the state-run miners continued to be higher than the annual production, second year in a row. Offtake in FY18 was 2.5% more than production and in FY19 it is marginally higher (0.7%). State miners namely Coal India Limited and Singareni Collieries Limited continued to account for ~91% of the coal produced in the country. Rest of the coal is produced by captive coal mines of power plants. Dispatch to power sector has grown at 7% in FY19 vs 6.4% in FY18. The supply of coal to thermal power plants in the country has improved in FY19 vs FY18 but supply-chain constraints persist.

E-Auctions

E-auctions continued to fall which in turn was substituted by imported coal by power intensive industries like steel, cement, chemicals etc.

Table 3 E-Auctions

(in million tonnes)	2017-18	Growth (YOY)	2018-19	Growth (YOY)
Spot- E auction	55.2	2.8%	34.3	**-37.7%**
E-Auction for Power	28.9	**- 38.7%**	27.1	**-6.2%**
E-Auction for Non-Power	11.1	76.2%	11.4	2.7%

Source: Ministry of Coal

Spot E-auctions recorded the highest drop of 38.7% during FY19 and e-auction for the power sector too dropped by 6.2%. E-auction for non-power consumers increased marginally to 2.7%.

Import of coal continued to grow at a healthy pace during the year. Power and manufacturing industries like cement and metals were major importers of thermal coal. Cement production clocked a multi-year high of 13.3% volume growth in FY19.

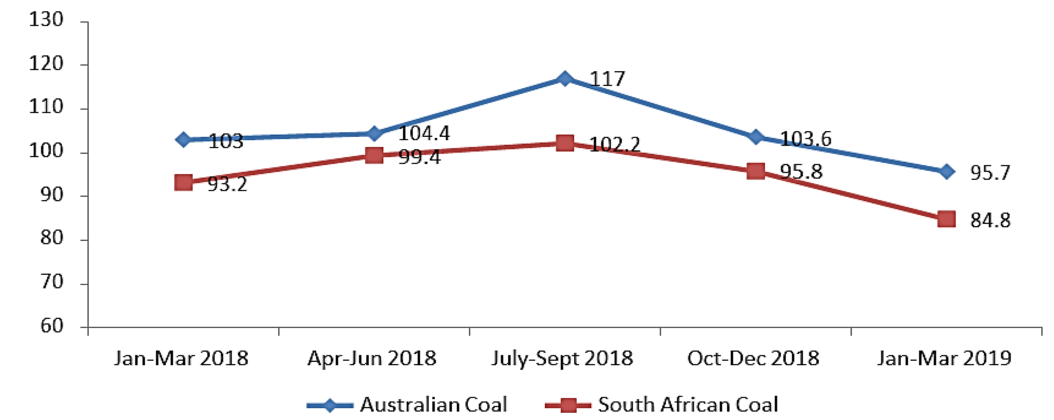
Steam Coal which is used by both captive and non-captive thermal power plants grew by 14.4% during April-Feb 2019 vs 6.2% in the corresponding period of the previous year.

Coking coal which is key raw material for manufacturing steel is imported due to limited availability of good quality coking coal in India. Coking coal imports grew by 12.3% during April-Feb 2019 vs 10.8% in the corresponding period of the previous year.

Coal prices

Global coal prices have declined during H2FY19 after having peaking in the first half of the financial year. A host of factors including global decline in coal-power projects and increase in production of coal in China- which is the largest coal consumer globally has led to steady decline in coal prices across key coal producing markets.

Graph 6 Global Coal Prices (in US$/tonne)



Source: World Bank

The fall in global coal prices augurs well for the power sector as well as other power intensive industries like cement.

(Source: CARE Ratings Limited – Energy Outlook – FY20 Report)

Outlook for Coal

Coal production is expected to remain steady with total production expected to grow by 6-7% during FY20. Coal production may improve on account of miners focusing on surface mining of coal instead of underground mining which would also help them in containing costs and improve productivity.

Coal imports (includes both steam and coking coal) are expected to grow by 8-10% during the year as demand from power sector as well as power intensive industries like cement and metals is expected to sustain during FY20.

(Source: CARE Ratings Limited – Energy Outlook – FY20 Report)

Power

Production

Total power production grew by 5.1% to 1375 billion units in FY19 vs 5.3% growth in FY18. Power produced by renewable sources grew by 25% during FY19, vs 21% growth in FY18.

Table 4 Power Production (By source and Total)

(in billion units)	FY18		FY19	
	Production (BU)	**Growth YOY**	**Production (BU)**	**Growth YOY**
Thermal Power	1037	4.3%	1072	3.4%
Others	169	1.9%	177	4.7%

Renewable	102	21%	126	25%
Total	1308	5.3	1375	5.1

Source: CEA

The key improvement in fundamentals for the sector has been achievement of 100% electrification of households across India, in FY19. Target of electrifying over 24.8 million households under "SAUBHAGYA Scheme" was announced in September 2017. The scheme was successfully completed in early-January 2019 by providing metered electricity connections to wiling households across rural and urban areas. This has addressed the supply-side constraint for generation and distribution companies.

Plant Load Factor ("PLF")

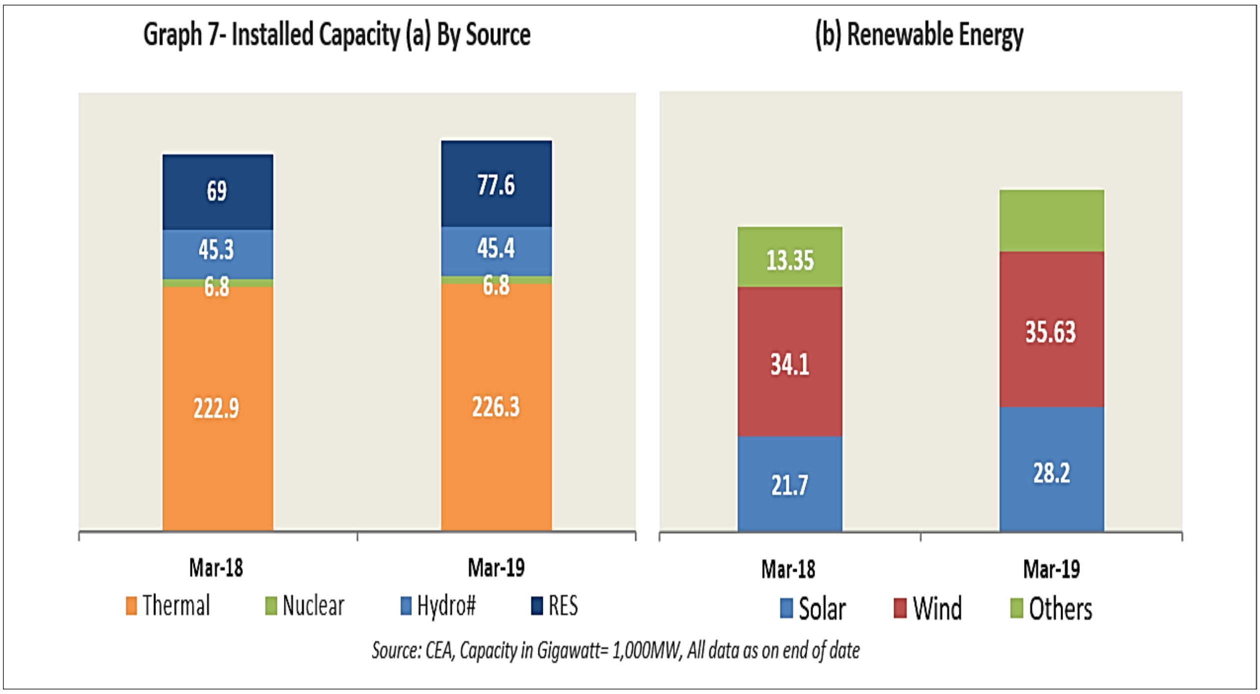
For thermal power (both coal and gas) plants across India, PLF improved from 59.9% in FY18 to 61.1% in FY19. Growth of power produced by thermal plants to the slowed down to 3.4% in FY19 vs 4.3% in FY18. This was slower than the overall power production growth of 5.1% during FY19. PLF of coal-fired plants was 66% and remained stable during FY18 & FY19. PLF of Gas based plants remained stable at 22.9% for FY18 & FY19.

Coal shortage and constrained gas-supply to respective thermal power segments limited the potential of improvement in PLF.

Capacity Addition

Total capacity addition during the FY 2019 was 12.1 GW.

Thermal energy (coal-fired plants) accounted for a net addition of 3.4 GW of capacity in FY19 (vs 4.6GW in FY18). Installed solar power capacity increased by 6.5GW and wind power capacity increased by ~1.5 GW in FY19. The overall renewable energy capacity addition slowed down in FY19 at 8.5 GW vs 11.8 in FY18. Other sources namely hydro-power and small-hydro projects accounted for ~ 225 MW of capacity additions. Biomass and waste to energy too witnessed an addition of ~400MW capacity during FY19.



(Source: CARE Ratings Limited – Energy Outlook – FY20 Report)

Outlook for Power Sector in FY20

It is expected that total power production in India to grow by 5-6% during FY20 and the benefits of improved demand from newly connected households may kick-in during FY20. It is also expected that auctions for medium term PPAs may increase during FY20 in addition to the 5GW capacity already auctioned in FY19. The measure expected to offer respite to some of stressed thermal power capacity.

(Source: CARE Ratings Limited – Energy Outlook – FY20 Report)

Natural Gas

Domestic Natural Gas production, consumption and imports during 2018-19: Domestic natural gas output has increased marginally by 1% during FY19. Increase in production can be mainly attributed to the increase in production from fields operated by ONGC. During the year, ONGC has contributed around 75% of the total domestic output whereas Oil India and Pvt/JV fields have contributed around 8% and 16% respectively. A major part of the domestic natural gas production is from the offshore fields (78%). The remaining 22% of the production is from the onshore fields (with Assam/Arunachal Pradesh being the leading states followed by Gujarat).

Increase in LNG prices has led to an increase in imports by only 2.6% as compared with an increase in imports by 6.7% the previous fiscal. India has imported LNG mainly from Qatar (49%), Nigeria (12%), Angola (7%), USA (6%), Oman (6%) and Australia (6%).

Import dependency based on consumption during FY19 has been around 45.7% as compared with being 45.3% during the previous year. Consumption of natural gas has remained stable at 1.7% as higher imported gas prices limited demand from the power sector and other industries. Stagnancy in fertilizer production also restricted an incremental increase Natural gas is used as a fuel (energy) and as a feedstock (non-energy) by the respective end user industries. Demand for natural gas in the domestic market is largely dependent on the fertilizer (28%), power (23%), CGD entities (16%), refinery (12%) and petrochemicals (8%) industries.

Table 5 Domestic Production, Consumption and Imports of Natural Gas (BCM)

Production*		Change (%)	Consumption**	Change (%)	Imports (LNG)	Change (%)
2017-18	31.7	2.9%	58.1	4.5%	26.3	6.7%
2018-19	32.1	1.0%	59.1	1.7%	27.0	2.6%

Source: PPAC

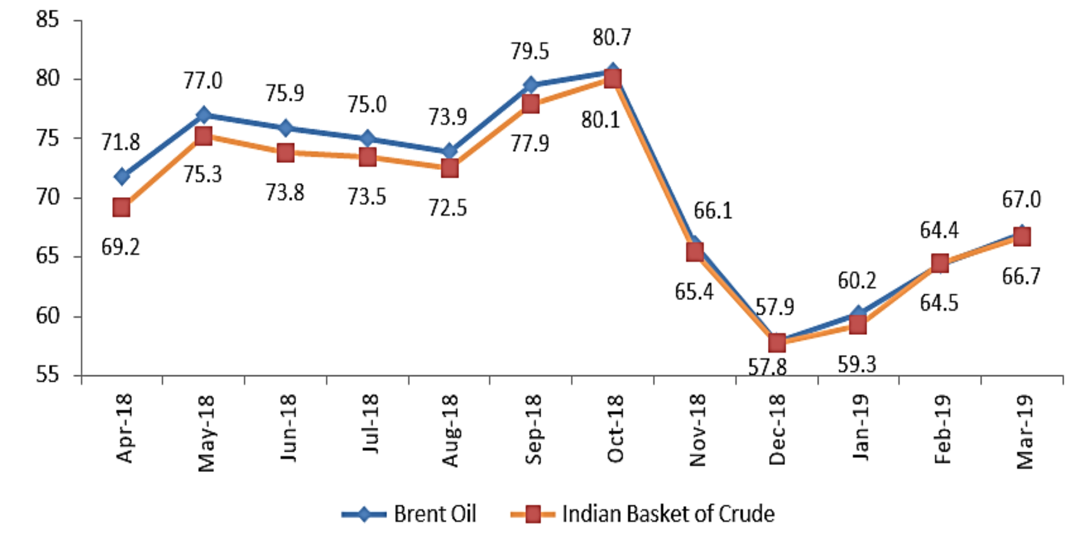
*The production numbers are net production figures which is gross production less flare and loss by gas producing companies

**Includes internal consumption

(Source: CARE Ratings Limited – Energy Outlook – FY20 Report)

Natural Gas Price Trend during 2018-19

Graph 8 Crude Oil Price during 2018-19 (USD/bbl)



As per the New Domestic Gas Policy, the government revises the domestic natural gas price every six months i.e. April-September and October-March. During H1-FY19 price for gas produced from local fields was USD 3.06/mmBtu and during H2-FY19 it was increased to USD 3.36/mmBtu.

Currently (H1-FY20) the price for gas produced from local fields is USD 3.69/mmBtu a 9.8% increase from USD 3.36/mmBtu. Henry Hub prices rose sharply during November as natural gas inventories were at their lowest levels for October since 2010. The anticipation of a colder than expected winter contributed to the increase in natural gas price by 24.7% during November 2018 on an m-o-m basis in the US markets.

(Source: CARE Ratings Limited – Energy Outlook – FY20 Report)

Outlook for Natural Gas

Domestic natural gas production (gross) has picked up by 2.4% and 0.7% during FY18 and FY19 after a continuous decline in its production since FY11. In the new fiscal year, it is expected that the gross production of domestic natural gas is to pick up by 3.1% and reach the level of 33.9 BCM during FY20. Gross Production during FY19 was 32.9 BCM.

Increase in natural gas prices by 9.8% to USD 3.69/mmBtu has made it viable for companies to undertake field development activities. Favourable reforms such as the policy framework to promote and incentivize enhanced recovery methods, liberalizing exploration and production of oil and gas blocks, simplifying the approval processes and removal of sharing of revenue with the government (In the less prospective Category II and Category III basins unless there is windfall gain) will help prompt exploration in gas fields. Natural Gas satisfies most of the fuel requirements in a modern day industrial society, being efficient, non-polluting and relatively economical. The periodic uncertainties and volatility in both the price and supply of oil have also helped natural gas emerge as a major fuel in the energy basket across countries. India plans to increase its gas usage in the energy mix to 15% from the current 6.2%. The world average of gas use in the total energy consumption is 24%.

It is expected that the demand of Natural Gas is to grow by 7.1% and reach the level of 63.3 BCM by the end of FY20. Domestic natural gas consumption during FY19 was 59.1 BCM. The demand of natural gas in India is likely to depict a strong growth with major demand expected from the CGD and fertilizers sectors. The commissioning of the Ramagundam unit of FCIL by FY20 will necessitate the usage of natural gas (for the production of urea and ammonia). The CGD sector is growing at a fast pace and with the development of the CGD network (CNG refueling stations and PNG pipelines) across the country, the usage of natural gas is expected to grow at a faster pace. During FY19, addition in the CNG refueling stations grew by 21.4% and PNG connections grew by 18.2%. Development of the green corridor by setting up of CNG stations on National Highways/State Highways will also increase the consumption of natural gas.

Imports of natural gas in the form of LNG are to continue to grow to the extent of plugging in the structural gap between gas demand and domestic production. It is expected that LNG imports to be around 29.4 BCM by the end of FY20 registering an 8.8% growth rate from its FY19 level. Most of the pipelines and R-LNG terminals are to start operations in FY20 thus facilitating the circulation and abetting in the improvement of the natural gas infrastructure which should diminish the disparity between the supply of gas to its end users in all parts of the country. Commissioning of the Ennore and Mundra terminal will result in an incremental capacity of 10 MMTPA, thus augmenting the country's LNG handling capacity. Pipeline infrastructure expansion in East, North-East and Southern regions is in synchronization with expanding and developing of the national gas grid.

(Source: CARE Ratings Limited – Energy Outlook – FY20 Report)

POLICY INITIATIVES AND ECONOMIC REFORMS IN INDIA

Since 1991, India has witnessed reforms across the policy spectrum in the areas of fiscal and industrial policy, trade and finance. Some of the key reform measures are:

(a) *Industrial Policy Reforms*: Removal of capacity licensing and opening up of various sectors to FDI;

(b) *Trade Policy Reforms*: Lowering of import tariffs and restrictions on imports, across industries; and

(c) *Monetary Policy and Financial Sector Reforms*: Lowering interest rates, relaxation of restrictions on fund movement and the introduction of private participation in insurance sectors.

In addition, FDI has been recognized as an important driver of economic growth in the country. The GoI has taken a number of steps to encourage and facilitate FDI and it is allowed in many key sectors of the economy, such as manufacturing, services, infrastructure and financial services.

For many sectors, 100 per cent. FDI is allowed on an automatic basis, without prior approval from the Foreign Investment Promotion Board (**FIPB**). Cumulative amount of FDI Equity inflows in India from April 2000 to March 2019 (excluding, amount remitted through RBI's-NRI Schemes) is INR 2,378,353 Crore (U.S $420,021 Million). Financial year wise equity inflows are elaborated as follows:

Table 6 Financial Year-Wise FDI Equity Inflows

Sr. Nos.	***Financial Year (April – March)***	***Amount of FDI Inflows***		***Percentage growth over previous year (in terms of US $)***
FINANCIAL YEARS 2000-01 TO 2018-19		***In Rs Crores***	***In US$ Million***	
1.	**2000-01**	10,733	**2,463**	**-**
2.	**2001-02**	18,654	**4,065**	**(+) 65 %**
3.	**2002-03**	12,871	**2,705**	**(-) 33 %**
4.	**2003-04**	10,064	**2,188**	**(-) 19 %**
5.	**2004-05**	14,653	**3,219**	**(+) 47 %**
6.	**2005-06**	24,584	**5,540**	**(+) 72 %**
7.	**2006-07**	56,390	**12,492**	**(+)125 %**
8.	**2007-08**	98,642	**24,575**	**(+) 97 %**
9.	**2008-09**	142,829	**31,396**	**(+) 28 %**
10.	**2009-10**	123,120	**25,834**	**(-) 18 %**
11.	**2010-11**	97,320	**21,383**	**(-) 17 %**
12.	**2011-12 ^**	165,146	**35,121**	**(+) 64 %**
13.	**2012-13**	121,907	**22,423**	**(-) 36 %**
14.	**2013-14**	147,518	**24,299**	**(+) 8%**
15.	**2014-15 #**	181,682	**29,737**	**(+) 22%**
16.	**2015-16 #**	262,322	**40,001**	**(+) 35%**
17.	**2016-17#**	291,696	**43,478**	**(+) 9%**
18.	**2017-18#**	288,889	**44,857**	**(+) 3%**
19.	**2018-19#**	309,867	**44,366**	**(-) 1%**
CUMULATIVE TOTAL (from April, 2000 to March, 2019)		2,378,887	**420,142**	

Note: *(i) including amount remitted through RBI's-NRI Schemes (2000-2002).*
(ii) FEDAI (Foreign Exchange Dealers Association of India) conversion rate from rupees to US dollar applied, on the basis of monthly average rate provided by RBI, Mumbai.
 # Figures for the years 2014-15 to 2018-19 are provisional subject to reconciliation with RBI.
^ Inflows for the month of March, 2012 are as reported by RBI, consequent to 4the adjustment made in the figures of March, 2011, August, 2011 and October, 2011.

Out of the total FDI inflows as mentioned, an amount of INR 77,889 crores (US$14,316 million) has been invested in the power sector. Power sector is one of the top ten sectors attracting highest FDI Equity inflows.
(*Source: Department for Promotion of Industry and Internal Trade Website - https://dipp.gov.in/sites/default/files/FDI_Factsheet_27May2019.pdf*)

Further, in recent years, in light of persistent power shortages and given the estimated rate of increase in demand for electricity in India, the Government has taken significant action to restructure the power sector, increase capacity, improve transmission, sub-transmission and distribution, and attract investment to the sector. Some of the various enactments, policies, projects, missions, programs and reforms adopted by the Government and other initiatives in the power sector in India are summarized below:

The Electricity Act, 2003 ("Electricity Act")

The Electricity Act is a Central legislation relating to generation, transmission, distribution, trading and use of electricity that seeks to replace the multiple legislations that govern the power sector. The Electricity Act aims to enable measures to be taken for the development of the electricity industry, promote competition, protect interest of consumers and supply of electricity to all areas, rationalize electricity tariff, ensure transparent policies regarding subsidies, promote efficient and environmentally benign policies, constitute the Central Electricity Agency and establish the Appellate Tribunal. The most significant reform initiative under the Electricity Act was the move towards a multi-buyer, multi-seller system as opposed to the existing structure which permitted only a single buyer to purchase power from power generators. In addition, the Electricity Act grants the electricity regulatory commissions freedom in determining tariffs. Under the Electricity Act, no licence is required for generation of electricity if the generating station complies with the technical standards relating to connectivity with the grid. The Electricity Act was amended in 2007 to exempt captive power generation plants from licensing requirements for supply to any licensee or consumer and further amended in 2010 to provide that any developer of a special economic zone (SEZ) notified shall be deemed to be a licensee under the Electricity Act. For further details please see the section titled *"Regulations and Policies"* on page 106 of the Draft Shelf Prospectus.

National Electricity Policy, 2005

The National Electricity Policy, 2005 was notified on 10 February 2005. This policy aims at accelerated development of the power sector, focusing on the supply of electricity to all areas and protecting the interests of consumers and other stakeholders, keeping in view the availability of energy resources and technology available to exploit these resources, economics of generations using different resources and energy security issues.

(Source: Ministry of Power Website - https://powermin.nic.in/en/content/national-electricity-policy)

National Tariff Policy, 2016

In 2016, the Government, under the Electricity Act, notified the revised National Tariff Policy ("**Tariff Policy**") that replaced the tariff policy of 2006. The goals of the Tariff Policy are to ensure availability of electricity to consumers at reasonable and competitive rates, ensure the financial viability of the power sector, attract investment to the power sector, promote regulatory transparency, consistency and predictability across jurisdictions, minimize perceptions of regulatory risks, promote competition, ensure operational efficiency, improve the quality of the power supply, promote generation of electricity from renewable sources, promote hydroelectric power generation including pumped storage projects (PSP) to provide adequate peaking reserves, reliable grid operation and integration of variable renewable energy sources, evolve a dynamic and robust electricity infrastructure for better consumer services, facilitate supply of adequate and uninterrupted power to all categories of consumers and ensure creation of adequate capacity including reserves in generation, transmission and distribution in advance, for reliability of supply of electricity to consumers. The Tariff Policy mandates that the relevant Electricity Regulatory Commission must reserve a minimum percentage for the purchase of solar energy equivalent to 8 per cent. of total consumption of energy by March 2022. In order to further encourage renewable sources of energy, the Tariff Policy mandates that no inter-State transmission charges and losses shall be levied until such period as may be notified on transmission of the electricity generated from solar power plants through the inter-State transmission system for sale. For transmission, the Tariff Policy aims to ensure optimal development of the transmission network with adequate margin for reliability, by efficient utilization of generation and transmission assets and attracting investment providing adequate returns. The benefits of improved efficiency and new technology are passed on to consumers through reduced tariffs. It emphasizes the need for the appropriate regulator to ensure the recovery of all prudent costs when approving the financial restructuring of a transmission company.

The Tariff Policy requires all future power requirements be procured competitively by distribution licensees except for the expansion of pre-existing projects or State Government owned or controlled companies. Regulators must resort to tariffs set by reference to standards of Central Electricity Regulatory Commission, provided generating capacity expansion by private developers for this purpose is restricted to a one time addition of not more than 100 per cent. of the existing capacity. Under the Tariff Policy, tariffs for all new generation and transmission projects are decided on a competitive bidding basis.

(Source: CERC Website - http://www.cercind.gov.in/2018/whatsnew/Tariff_Policy-Resolution_Dated_28012016.pdf)

Rural Electrification Initiatives - Deendayal Upadhyaya Gram Jyoti Yojana

The Government of India notified the Deendayal Upadhyaya Gram Jyoti Yojana (DDUGJY) scheme vide office memorandum dated December 3, 2014. The DDUGJY is a comprehensive system improvement scheme, covering all aspects of rural power distribution. The DDUGJY aims at providing improved quality and reliable power supply and facilitates towards achievement of '24x7 Power For All' in rural areas of the country through the following project components:

(i) Separation of agriculture and non-agriculture feeders facilitating continuous quality power supply to non-agricultural consumers and adequate power supply to agricultural consumers;
(ii) Strengthening and augmentation of sub-transmission & distribution infrastructure;
(iii) Micro-grid and off-grid distribution network;
(iv) Metering of distribution transformers, feeders and consumers; and
(v) The erstwhile rural electrification component works.

The DDUGJY has an approved outlay of Rs. 43,033 Crore including budgetary support of Rs. 33,453 Crore from the Government of India. Projects for Rs 42,603 Crore have been sanctioned and states have commenced implementation of projects.

REC is the nodal agency for operationalization of the scheme.

(Source: Ministry of Power Website - https://powermin.nic.in/sites/default/files/uploads/Deendayal_Upadhyaya_Gram_Jyoti_Yojana.pdf)

All villages in the country stand electrified under DDUGJY as on April 28 2018.

For further details see the section titled *"Business"* on page 85 of this Draft Shelf Prospectus.

Rural Electrification Initiatives – Pradhan Mantri Sahaj Bijli Har Ghar Yojana - Saubhagya

Government of India is committed to provide '24x7 Power For All' in the country in a time bound manner. After achieving electrification of all inhabited census villages in the Country, Government of India shifted focus to electrify all households in both rural & urban areas. The Hon'ble Prime Minister launched Pradhan Mantri Sahaj Bijli Har Ghar Yojana - Saubhagya on September 25, 2017 to achieve 'Universal Household Electrification' in the country.

The Saubhagya scheme's outlay is Rs 16,320 Crore including Gross Budgetary Support of Rs 12,320 Crore. Projects for an amount of Rs 14,017 crore have been sanctioned under Saubhagya scheme. This scheme was targeted for achievement by March 31, 2019.

The scheme aims at (a) Providing last mile connectivity and electricity connections to all un-electrified households in rural areas; (b) Providing solar photovoltaic based standalone systems for un-electrified households located in remote and inaccessible villages/habitations, where conventional grid system is not feasible or cost effective; and (c) providing last mile connectivity and electricity connections to all remaining economically poor un-electrified households in urban areas.

REC is entrusted with the responsibility of nodal agency for overseeing the operationalization of the Saubhagya scheme as well.

(Source: Press Information Bureau, Ministry of Power http://pib.nic.in/newsite/PrintRelease.aspx?relid=171101),

For further details see the section titled *"Business"* on page 85 of this Draft Shelf Prospectus.

Ultra Mega Power Projects ("UMPP")

For meeting the growing needs of the economy, generation capacity in India must rise significantly and sustainably over the coming decades. There is therefore a need to develop large capacity projects at the national level to meet the requirements of different states. Development of UMPPs is one of the steps that the MoP is taking to meet this objective. Each project is a minimum of 4,000 MW super thermal power project. The projects are expected to substantially reduce power shortages in India. The UMPPs will be awarded to developers on a build-own-operate basis and are expected to be built at 16 different locations.

(Source: Ministry of Power Website, UMPP - https://powermin.gov.in/sites/default/files/webform/notices/UMPP_Projects.pdf)

Independent Transmission Projects ("ITP")

The MoP has initiated a tariff based competitive bidding process for ITPs, which is a process similar to that followed for UMPPs, for the development of transmission systems through private sector participation. The ITPs aim to evacuate power from generating stations and transmit the power from pooling stations to other grid stations, resulting in system strengthening across India.

(Source: REC Circular titled 'Policy for financing of ISTS Transmission Projects in Private sector awarded through TBCB route' dated 4 December 2018 and bearing reference no. REC/PSPM/T&D/Policy/18-19)

Hydro Power Policy 2008

The Hydro Power Policy 2008 was notified by 31 March 2008. The salient features of the policy are as follows:

(a) for 10 years from the commercial operation date, developer to provide 100 units of electricity per month to each project affected family - in cash or kind or a combination of both;

(b) project developer assists in implementing rural electrification in the vicinity of the project area and contributes the 10% share of the State Govt. under the RGGVY scheme;

(c) additional 1% free power from the project for a Local Area Development Fund, regular revenue stream for welfare schemes, creation of additional infrastructure and common facilities; and

(d) State Governments are also expected to contribute a matching 1% from their share of 12% free power.

(Source: Press Information Bureau, Government of India - http://pib.nic.in/newsite/PrintRelease.aspx?relid=108670)

National Solar Mission

The Ministry of New and Renewable Energy has approved a new policy on the development of solar energy in India by the Jawaharlal Nehru National Solar Mission. The mission recommends the implementation of an installed capacity of 100,000 MW by the end of the 13th Five Year Plan. It proposes to establish a single window investor-friendly mechanism, which reduces risk and at the same time, provides an attractive, predictable and sufficiently adequate tariff for the purchase of solar power from the grid. The key driver for promoting solar power would be through a renewable purchase obligation mandated for power utilities, with a specific solar component.

(Source: Ministry of New and Renewable Energy Website - https://mnre.gov.in/resolution)

Restructured Accelerated Power Development and Reform Program ("R-APDRP")

The GoI introduced the Accelerated Power Development Program ("**APDRP**") in Fiscal 2001 as part of the reform of the Indian power sector. During the 10th Five Year Plan, the GoI subsequently upgraded the APDP programme to the APDRP in Fiscal 2003. In July 2008, APDRP was restructured and the MoP launched the R- APDRP.

The R-APDRP is a GoI initiative launched for implementation during the 11th Five Year Plan. The focus of the programme is the actual demonstrable performance in terms of sustained loss reduction, establishment of reliable and automated systems for collection of accurate and reliable baseline data, and adoption of IT in the areas of energy accounting and the implementation of regular distribution strengthening projects. The programme envisaged objective performance evaluation of utilities in terms of aggregate technical & commercial losses.

Under R-APDRP, projects are being undertaken in two parts. Part – A includes the projects for the establishment of baseline data and IT applications for energy accounting as well as IT based customer care centres and Part – B includes the regular strengthening projects.

(Source: R-APDRP, Ministry of Power - http://www.ipds.gov.in/Forms/Know_More.aspx)

Integrated Power Development Scheme ("IPDS")

The President of India sanctioned the launch and implementation of the IPDS with the following components:

(i) strengthening of sub-transmission and distribution networks in urban areas;

(ii) metering of distribution transformers, feeders and consumers in urban areas; and

(iii) IT enablement of the distribution sector and strengthening of the distribution network, according to the CCEA approval dated June 21, 2013 for the completion of the targets laid down under R-APDRP for the 12th and 13th Plans by carrying forward the approved outlay for R-APDRP to IPDS.

The components at (i) and (ii) above will have an estimated outlay of Rs.326,120 Million including a budgetary support of Rs.253,540 Million from the GoI during the entire implementation period.

The scheme of R-APDRP as approved by CCEA for continuation in the 12th and 13th Plans will get subsumed in this scheme as a separate component relating to IT enablement of the distribution sector and strengthening of the distribution network component (iii) above for which CCEA has already approved the scheme cost of Rs.440,110 Million, including a budgetary support of Rs.227,270 Million.

(Source: Ministry of Power Website, IPDS - https://powermin.nic.in/sites/default/files/uploads/Integrated_Power_Development_Scheme.pdf.

STRUCTURE OF INDIA'S FINANCIAL SERVICES INDUSTRY

The RBI is the central regulatory and supervisory authority for the Indian financial system. The Board for Financial Supervision, constituted in November 1994, is the principal body responsible for the enforcement of the RBI's statutory regulatory and supervisory functions. SEBI and the IRDA regulate the capital markets and the insurance sectors, respectively.

A variety of financial institutions and intermediaries, in both the public and private sector, participate in India's financial services industry. These include, *inter alia*:

- commercial banks;
- NBFCs;
- specialized financial institutions, such as the National Bank for Agriculture and Rural Development, the Export-Import Bank of India, the Small Industries Development Bank of India and the Tourism Finance Corporation of India;
- securities brokers;
- investment banks;
- insurance companies;
- mutual funds;
- venture capital funds; and
- alternative investment funds.

Debt Market in India

The Indian debt market has two segments; namely, the government securities market and the corporate debt market.

Government securities market

A Government Security ("**G-Secs**") is a tradeable instrument issued by the Central Government or the State Governments. It acknowledges the Government's debt obligation. Such securities are short term (usually called treasury bills, with original maturities of less than one year) or long term (usually called Government bonds or dated securities with original maturity of one year or more). In India, the Central Government issues both, treasury bills and bonds or dated securities while the State Governments issue only bonds or dated securities, which are called the State Development Loans (SDLs). G-Secs carry practically no risk of default and, hence, are called risk-free gilt-edged instruments. G-Secs are issued through auctions conducted by RBI.

Change in Auction Timing of G-Secs – To improve the efficiency of the auction process of G-Secs, Government of India dated securities, treasury bills (T-bills), cash management bills, and state development loans, the timings for primary auction under competitive bidding have been revised from 10.30am-12.30pm to 10.30am-12 noon from April 13, 2012. This will permit more time for secondary market transactions for the securities auctioned on that day.

Extension of DvP-III facility to Gilt Account Holders – To extend the benefits of net settlement of securities and funds in the G-Sec market to gilt account holders (GAHs), the DvP III facility was extended in July 2011, to all transactions undertaken by GAHs, except those undertaken between GAHs of the same custodian.

Revised Guidelines for Authorization of PDs – To make the primary dealer (**PD**) authorization policy more transparent and ensure that new PDs have sound capital and adequate experience/expertise in the G-Sec market, the PD authorization guidelines were revised in August 2011. The applicant entity is required to be registered as an NBFC and should have exposure in the securities business, in particular to the G-Sec market, for at least one year prior to the submission of an application for undertaking PD business.

Working Group on Enhancing Liquidity in the G-Sec and Interest Rate Derivatives Markets – Considering the important role of the G-Sec market and the prominence of G-Sec in the investment portfolio of financial institutions, particularly banks, the RBI has been constantly reviewing the developments to further broaden and deepen this market. Despite the developments in the G-Sec market in the past two decades, it was deemed necessary to promote liquidity in the secondary market for G-Secs, especially across the yield curve. As part of this endeavour, the RBI set up a working group (Chairman: Mr. R. Gandhi) in December 2011, comprising various stakeholders, to examine and suggest ways to enhance secondary market liquidity in the G-Sec market and interest rate derivatives markets. The group submitted its report on August 10, 2012.

Direct Access to Negotiated Dealing System – Order Matching (NDS-OM) – In November 2011, direct access to NDS-OM was extended to licenced urban co-operative banks and systemically important non-deposit taking non-banking financial companies (**NBFC-ND-SIs**) that fall under the purview of Section 45-I(c)(ii) of the RBI of India Act, 1934, subject to compliance with the stipulated financial norms and procurement of an NOC from the respective regulatory departments.

Introduction of a Web-based System for Access to NDS-Auction and NDS-OM – To facilitate direct participation by the retail and mid-segment investors in G-Sec auctions, the RBI has allowed web-based access to the negotiated dealing system (**NDS**)-auction developed by the Clearing Corporation of India Limited. The system allows GAHs to directly place their bids in the G-Sec auction through a primary member's portal, as against the earlier practice wherein the primary member used to combine bids of all constituents and bid in the market on their behalf. A similar web-based access to the NDS-OM system for secondary market transactions has been permitted since June 2012.

Extension of Short Sale Period from Five Days to Three Months – Short selling plays an important role in price discovery, promoting liquidity and better risk management. With the re-introduction of IRFs on exchanges, there was a need to revisit the guidelines on short selling to ensure parity between the cash and futures market vis-à-vis short selling. Accordingly, the period of short sale was extended from five days to three months from February 1, 2012. This is expected to stimulate the IRF market by helping participants to hedge or arbitrage more effectively, and to develop the term repo market.]

(*Source: RBI Website - https://rbidocs.rbi.org.in/rdocs/AnnualReport/PDFs/0ANREPORT201718077745EC9A874DB38C991F580ED14242.PDF and https://rbidocs.rbi.org.in/rdocs/Publications/PDFs/PRI85CEC73A987F41AC89068EE7607A8BEC.PDF*)

Corporate Debt Market

Pursuant to the guidelines of the High Level Expert Committee on Corporate Bonds and Securitisation (December 2005) and the subsequent announcement made in the Union Budget 2006-07, SEBI authorized BSE (January 2007), NSE (March 2007) and the Fixed Income Money Market and Derivatives Association of India (**FIMMDA**) (August 2007) to set up and maintain corporate bond reporting platforms for information related to trading in corporate bonds.

BSE and NSE put in place corporate bonds trading platforms in July 2007 to enable efficient price discovery in the market. This was followed by the operationalisation of a DvP-I (trade-by-trade)-based clearing and settlement system for over-the-counter trades in corporate bonds by the clearing houses of the exchanges. In view of these market developments, the RBI announced in its second quarter review of the annual policy statement for 2009-10 in October 2009, that the repo in corporate bonds could now be introduced.

The RBI subsequently introduced the Repo in Corporate Debt Securities (Reserve Bank of India) Directions, 2010, on January 8, 2010, which were repealed by the RBI Repurchase Transactions (Repo) (Reserve Bank) Directions, 2018 issued on July 24, 2018. The RBI Repurchase Transactions (Repo) (Reserve Bank) Directions, 2018, as amended, presently govern repo transactions in corporate bonds.

(Source: RBI Website - https://rbidocs.rbi.org.in/rdocs/notification/PDFs/NT24ED1BCF7F8D8243BCB9C7A5E3E6A1DEBB.PDF)

The private placement of corporate bonds went up to INR 6,10,317 Crores (through 2,358 issues) in FY19 from INR 5,99,147 Crores (through 2,706 issues) in FY18.

(Source: SEBI Website - https://www.sebi.gov.in/statistics/corporate-bonds/privateplacementdata.html)

NBFC – Infrastructure Finance Companies

In February 2010, the RBI introduced IFCs as a new category of infrastructure funding entities. Non-deposit taking NBFCs which satisfy the following conditions are eligible to apply to the RBI to seek IFC status:

- a minimum of 75 per cent of its assets deployed in infrastructure loans;
- net owned funds of at least INR 300 Crores;

- minimum credit rating "A" or equivalent rating by CRISIL, India Ratings and Research Pvt Ltd, CARE, ICRA, Brickwork Rating India Pvt. Ltd. (Brickwork) or equivalent rating by any other credit rating agency accredited by the RBI; and

- capital to risk (weighted) assets ratio of 15 per cent. (with a minimum Tier 1 capital of 10 per cent.).

(Source: RBI Website - https://rbi.org.in/Scripts/FAQView.aspx?Id=89)

IFCs enjoy relaxation in their single party and group exposure norms and in turn lend more to infrastructure sector. For more information, see the section titled *''Regulations and Policies''* on page 106 of this Draft Shelf Prospectus.

PROVIDERS OF FINANCE TO THE POWER SECTOR IN INDIA

The primary providers of power sector financing in India are power sector specific government companies, financing institutions, public sector banks and other public sector institutions, international development institutions and private banks. Besides our Company, the other public sector companies and agencies engaged in financing the power sector are as follows.

Power Finance Corporation Limited

Power Finance Corporation ("**PFC**") was incorporated on 16 July 1986**,** with the main objective of financing power projects, transmission and distribution works and the renovation and modernisation of power plants. PFC is a PSU registered with RBI as an infrastructure finance company and its main objective is to provide affordable products and services with efficient and internationally integrated sourcing and servicing, to stimulate reforms in the Indian power sector and to promote efficient investments in the power and allied sectors in India and abroad.

(Source: PFC Website - http://www.pfcindia.com/Home/VS/5.)

Indian Renewable Energy Development Agency

The Indian Renewable Energy Development Agency (**IREDA**) is a wholly owned government company, which is registered as a systemically important non-deposit taking NBFC with RBI. IREDA was established in 1987, under the administrative control of the Ministry of New and Renewable Energy of the Government, with the objective of promoting, developing and extending financial assistance for setting up projects relating to new and renewable sources of energy and energy efficiency/conservation.

(Source: IREDA Website - https://ireda.in/forms/contentpage.aspx?lid=820 and RBI Website - https://rbi.org.in/Scripts/BS_NBFCList.aspx)

State Level Financial Institutions

State financial corporations operate at the state level and form an integral part of the institutional financing system. State financial corporations have been set up to finance and promote small- and medium-sized enterprises. At the state level, there are also state industrial development corporations, which provide finance primarily to medium-sized and large-sized enterprises, and state industrial infrastructure and investment corporations, which develop industrial infrastructure in the Indian States. Examples include the Delhi Financial Corporation, the Delhi State Industrial Development Corporation Limited, the Economic Development Corporation of Goa, Daman and Diu Limited, the Goa Industrial Development Corporation, the Western Maharashtra Development Corporation Limited, the Madhya Pradesh State Industrial Development Corporation Limited and the Orissa Industrial Infrastructure Development Corporation.

(Source: Website for the Council of State Industrial Development and Investment Corporations of India - http://cosidici.com/)

Public Sector Banks and other Public Sector Institutions

Public sector banks are believed to make up the largest category of banks in the Indian banking system. The primary public sector banks operating in the power sector include the IDBI Bank, State Bank of India, Punjab National Bank and the Bank of Baroda. Other public sector entities also provide financing to the power sector. These include organizations such as the Life Insurance Corporation of India, India Infrastructure Finance Company Limited, IFCI Limited and Small Industries Development Bank of India.

Private Financial Institutions

Financial institutions were established to provide medium-term and long-term financial assistance to various industries for setting up new projects and for the expansion and modernisation of existing facilities. These institutions provide fund-based and non-fund-based assistance to the industry in the form of loans, underwriting, direct subscription to shares, debentures and guarantees, and therefore they compete in the Indian power finance sector.

The primary long-term lending institutions with respect to power and infrastructure sector include, inter alia, Infrastructure Development Finance Company Limited.

(Source: Infrastructure Development Finance Company Limited Website - http://www.idfc.com/our-firm/overview.htm)

International Development Financial Institutions

International development financial institutions are supportive of power sector reform and of more general economic reforms aimed at mobilising investment and increasing energy efficiency. The primary international development financial institutions involved in power sector lending in India include several international banking institutions such as the Japan Bank for International Cooperation, KfW, the World Bank, New Development Bank, Asian Development Bank and the International Finance Corporation.

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OUR BUSINESS

In this section, unless the context otherwise requires, a reference to "the Company" is a reference to REC Limited and unless the context otherwise requires, a reference to "we", "us" and "our" refers to REC Limited and its subsidiaries, as applicable in the relevant fiscal period, on a consolidated basis. Unless stated otherwise, the financial data in this section is as per our standalone financial information.

Overview

We are a public financial institution in the Indian power infrastructure sector and are engaged in the financing and promotion of transmission, distribution and generation including renewable energy projects throughout India. We were incorporated in 1969 for the purpose of developing the power infrastructure in rural areas. We have contributed to the development of rural India and India's agriculture through our funding of transmission and distribution projects in rural areas. Our mandate has evolved in accordance with the development priorities of GoI and since Fiscal 2003, we are permitted to finance all segments of the power sector, including generation, transmission and distribution, throughout the country. Our mandate was further extended to include financing other activities with linkages to power projects, such as coal and other mining activities, fuel supply arrangements for the power sector and other power-related infrastructure. In June 2011, we have set up a separate division for funding renewable projects in order to further achieve the goal of conserving fossil fuels and reducing our carbon foot prints. REC is one of only 16 Indian public sector undertakings to be granted "*Navratna*" status by the Department of Public Enterprise by virtue of our operational efficiency and financial strength. The GoI has rated our performance as "*Excellent*" continuously since Fiscal 1994 to Fiscal 2016, and was rated "Very Good" in Fiscal 2017 and Fiscal 2018. We have also been ranked among the top ten profit making public sector undertakings in India by the Ministry of Heavy Industries and Public Enterprises for Fiscal 2015, Fiscal 2016, Fiscal 2017 and Fiscal 2018. The domestic debt instruments of REC continued to enjoy "AAA" rating – the highest rating assigned by CRISIL, CARE, India Ratings & Research & ICRA. The Company enjoys international credit rating from International Agencies i.e. Moody's and FITCH of "Baa3" and "BBB-", respectively.

At the beginning of the financial year 2018-19, the President of India held 58.32% equity stake in the Company comprising of 1,15,16,78,783 equity shares of Rs.10/- each. During the year, the President of India acting through the Ministry of Power, Government of India divested/sold 64,73,244 Equity Shares (0.33% equity stake) in June 2018 through an off-market sale of shares under Bharat 22 Exchange Traded Fund, followed by another divestment/sale of 10,14,70,139 Equity Shares (5.14% equity stake) in December 2018 under the 3rd 'Further Fund Offer' (FFO) of CPSE ETF Mutual Fund Scheme; and another divestment/sale of 43,36,057 equity shares (0.22% equity stake) in February 2019 to ICICI Prudential Asset Management Company Limited, i.e., the Asset Management Company of Bharat 22 ETF Scheme. As a result, the President of India's equity stake in REC was reduced to 52.63% as on February 21, 2019.

Further, in line with the "in-principle" approval dated December 6, 2018 of the Cabinet Committee on Economic Affairs on for acquisition of shares held by GOI in the Company to Power Finance Corporation Limited and subsequently, in terms of the share purchase agreement dated March 20, 2019 entered into between the President of India, acting through the Ministry of Power, Government of India and PFC, a Government company, the President of India divested/sold its entire equity stake of 52.63% in REC comprising of 1,03,93,99,343 equity shares of face value of Rs.10/- each to PFC on March 28, 2019.

In accordance with the filing done by PFC on March 28, 2019 with the BSE and NSE under Regulation 10(6) of the SEBI Listing Regulations PFC has acquired complete 52.63% shares held by GOI in the Company and PFC is a promoter and is treated as part of the "Promoter Group". The Issuer remains a Government company pursuant to Section 2 (45) of the Companies Act, 2013.

We have a branch network of 18 regional offices and 5 state offices and 1 sub office spread across India. We also have 1 training centre named 'REC Institute of Power Management & Training (RECIPMT)' located in Hyderabad. The registered office at New Delhi looks at the matters relating to planning and policy formulation, resource mobilization and financial operations. Project, field or regional offices attend functions relating to preliminary processing of new schemes, monitoring of on-going schemes, scrutiny of loan claims, recovery of dues and maintain liaison with SEBs and State Governments for effective implementation of rural electrification programme and projects funded by REC.

The details of certain financial information of our Company is provided below:

Amount (₹ in Crore)

Particulars	FY 16 -17	FY 17-18	FY 18-19
Disbursement	58,039	61,712	72,165
Sanction	83,871	1,07,534	1,15,957
Funds raised during the period	48,412	63,280	88,776

Key Ratios (according to IND-AS)

Particulars	FY 17-18	FY 18-19
Yield on interest bearing loan assets (%)	10.51	10.40
Cost of Funds (%)	7.30	7.16
Interest Spread (%)	3.21	3.24
Net Interest Margin (%)	4.10	3.85
Return on net worth (%)	14.06	17.31
Interest coverage ratio (times)	1.44	1.52
Earnings per share (annualized) (Face value Rs. 10 per share)	22.38	29.18
Book value per share (Face value Rs. 10 per share)	163.57	173.69

Yield *= Ratio of interest income to average interest earning loan assets*
Cost of funds *= Ratio of finance costs to average borrowings, without foreign exchange fluctuation gain/loss amortized.*
Interest spread *= Yield minus cost of funds.*
Net interest margin *= Ratio of net interest income, without foreign exchange fluctuation gain/loss amortized to average interest earning loan assets.*
Interest coverage ratio *= Ratio of profit before interest and tax to interest.*
Return on average net worth *= Ratio of PAT to average net worth.*

Integration within the power sector and the Acquisition by PFC

On 28 March 2019, PFC completed the acquisition of the entire GoI holding of 52.63% in our Company pursuant to the decision of the Cabinet Committee on Economic Affairs of India in consideration of Rs. 14,500 Crore.

The Company continues to play a strategic role in the GoI's initiatives and plays a pre-eminent role in the power sector, in terms of financing state power utilities and being an agency to implement key power sector initiatives of the central government. The Company remains strategically important to the power sector and its role in implementing key central government policy initiatives in the power sector remains unchanged. Apart from DDUGJY and Saubhagya schemes, the Company continues to be the nodal agency for National Electricity Fund programme and also the coordinating agency for UDAY – Ujwal Discom Assurance Yojana and 24X7 Power For All initiatives.

Subsequent to the Acquisition by PFC, the Company's credit ratings for long-term domestic borrowings and short-term borrowings from CRISIL (a subsidiary of S&P), ICRA (an affiliate of Moody's) and CARE, along with the long term foreign currency issuer rating assigned to the Company by Fitch and Moody's, is as follows:

Rating Agency - Domestic	Long Term Rating	Short Term Rating	Outlook
CRISIL	CRISIL AAA	CRISIL A1+	Stable
ICRA	ICRA AAA	ICRA A1+	Stable
IRRPL	IND AAA	IND A1+	Stable
CARE	CARE AAA	CARE A1+	Stable
Rating Agency - International	**Long Term Rating**		**Outlook**
Fitch	BBB-		Stable
Moody's	Baa3		Stable

Our Strengths

We believe that the following are our primary strengths:

Strong financial position and profitable business.

We have operated our financing business profitably, including a profit after tax on a standalone basis of Rs. 6,245.76 Crore, Rs. 4,647 Crore, Rs. 5,763.72 Crore for Fiscal 2017 (calculated pursuant to IGAAP), 2018 (calculated pursuant to IGAAP), and 2019 (calculated pursuant to IND-AS) respectively. We have paid dividends each year since Fiscal 1998. As of March 31, 2019, our Company had a net worth of Rs. 34,302.94 Crore based on our standalone financial statements. Our Company's annualised return on average net worth for March 31, 2019 was 17.31% based on our standalone financial statements (calculated pursuant to IND-AS).

Our projects portfolio for loans sanctioned is also diversified by sector and customer base. For the year ended on March 31, 2019, 36% of our total loan sanctions is related to generation projects, 10% related to renewable energy projects, 50% related to transmission and distribution projects and 4% related to sanctions relating to Short Term Loans (STLs). As of March 31, 2019, Gross Credit Impaired Loan Assets (NPAs) and Net Credit Impaired Assets constituted 7.24% and 3.79% of our gross loan assets, respectively. As of March 31, 2019, our exposure in the form of outstanding loan assets to our top ten borrowers is 38.88% of our total outstanding loan assets, and the largest borrower holding is 6.85% of our total outstanding loans.

We fund our business with market borrowings of various maturities, including bonds and term loans. Our relationship with the Government currently provides us with access to lower cost funding and has additionally enabled us to source foreign currency loans from bi-lateral and multi-lateral agencies, such as the JICA and KfW. Domestically, we hold the highest credit rating for long-term borrowing from CARE, CRISIL, ICRA and IRRPL and, on an international basis, our long-term borrowing ratings from Fitch and Moody's, are BBB- and Baa3, respectively. Our Company's weighted average annualized interest rate for the funds mobilized during Fiscal 2018-19 based on our standalone financial statements was 7.96% per annum. As our sources enable us to raise funds at competitive costs, we believe we are able to price our financial products competitively. Our net interest margins have remained stable with our net interest margin for Fiscal 2018-19 being 3.85% per annum.

We are uniquely positioned to access and appraise borrowers in the Indian power sector.

We have been involved in the Indian power sector since 1969 and were the first financial institution to exclusively focus on financing the Indian power sector. Since our inception in 1969, we have developed extensive power sector knowledge, relationships with power sector borrowers and the ability to appraise and extend financial assistance to a wide variety of projects.

Our knowledge of the Indian power sector drives our client relationships and the marketing of our financial products. Our clients seek our involvement in their power projects to obtain the benefit of the technical knowledge we can provide for the design and implementation of their power projects. Our experience and knowledge of over 50 years enables us to provide solutions to various problems faced by power sector borrowers by providing technical guidance from project design through completion. To help ensure that our loan products remain an integral part of our clients' financing plans, we also assist our clients in developing detailed future plans addressing their anticipated technical and financial needs. We service our clients through a network of 18 regional offices, 5 state offices, and 1 sub-office spread across India. Our regional offices play a critical role in the development of our relationship with our clients, operation and promotion of our business and our loan appraisal, loan sanctioning and post-sanction monitoring processes. Our proximity to our clients enables us to service our clients on a local level, to keep abreast of local issues and to monitor closely the projects we finance.

We occupy a key strategic position in the Government's plans for growth of the power sector.

We are one of a limited number of government-owned companies that focus exclusively on financing the development of the power sector in India. We have consistently benefited from the Government's power infrastructure plans since 1969 and the Government has ensured that our mandate has evolved in accordance with its development priorities. We believe that we will continue to occupy a key strategic position in the Government's on–going plans to develop the Indian power sector.

Historically, we were primarily focused on the electrification of rural India, consistent with the Government's objective to electrify all rural villages under a variety of schemes that were ultimately merged into RGGVY in Fiscal 2006. The RGGVY scheme has been subsumed into the DDUGJY scheme launched in December 2014. REC continues to finance rural electrification and transmission and distribution projects. The Government has a number of stated priorities in the areas of rural electrification and transmission and distribution, including feeder separation and reduction of aggregate technical and commercial losses; and we believe we will be strategically central to these priorities.

Additionally, over the past decade, the Government has become increasingly focused on the power supply shortage in India and the need for increased investment in power generation. In Fiscal 2003, the Government enacted the Electricity Act, which, among other things, aims at creating a sufficient power supply in India to meet demand through private sector investment in the power generation sector. The Government broadened our mandate to permit us to finance all segments of the power sector throughout India, which has enabled us to occupy a key strategic position in the growth of the power generation sector.

Because of our strategic importance to the Government, we receive direct and indirect benefits, including tax concessions for some of our bonds that enable us to maintain low cost of funds. We also benefit from direct tax benefits as provided by the Government.

For further details in relation to our Company's participation in Government schemes, see the section titled "*Our Business*" in this Draft Shelf Prospectus.

We have an experienced management team with sector expertise.

We are managed by experienced and highly qualified professionals. Our key managerial personnel have an established track record in managing public financial institutions in India and bear a considerable knowledge of the power sector in India. For example, most of our key managerial personnel have over 30 years of relevant experience in India and have been employed with prominent companies in the power sector. For further details in relation to our Company's management, see the section titled "*Management*" in this Draft Shelf Prospectus.

Our Strategy

The key elements of our business strategy are as follows:

Continue to fund the increased investment in the Indian power sector

India has long suffered from a shortage of power supply, as well as low per capita power consumption, which will be exacerbated by, and ultimately constrain, the growth of the Indian economy unless met by substantially increased investment. Consequently, the Government has prioritised investment into the power sector in a number of ways, including through the implementation of the Electricity Act in June 2003, in order to address systemic deficiencies in the Indian power sector and attract capital for large-scale power projects; the notification of the National Electricity Policy in February 2005, in order to accelerate the development of the power sector; the implementation of RGGVY in April 2005 in order to increase the pace of rural electrification and to provide access to electricity to all rural households; the launch of the comprehensive scheme DDUGJY scheme (subsuming RRGVY) in December 2014 in order to facilitate system strengthening, quality and reliable power supply and reduction in AT&C losses; the launch of the Integrated Power Development Scheme ("**IPDS**") in December 2014 for urban areas primarily aimed at strengthening the sub-transmission and distribution network; and the metering of feeders, distribution transformers, and/or consumers and IT in order to provide sustained loss reduction to India's transmission and distribution infrastructure. (The earlier on-going scheme of R-APDRP has been subsumed in IPDS); launch of Pradhan Mantri Sahaj Bijli Har Ghar Yojana (translated as the Prime Minister's programme for Universal Household Electrification through easy electricity access) or '*Saubhagya*' in October 2017. The continued prioritisation of the power sector will need to be met by increased funding to the sector. As a consequence of the Government's focus on increased funding for the power sector, our loan disbursements have grown from have grown from Rs. 61,712 Crore in Fiscal 2018 to Rs. 72,165 Crore in Fiscal 2019. We intend to continue to provide the funding necessary for the Government to meet its policy goals for the power sector and believe that our business will continue to be a prime beneficiary from the increased growth of, and investment into, the Indian power sector.

Maintain the diversity of our asset portfolio and seek higher yielding loan assets

Our Memorandum of Association permits us to finance all types of power projects, including transmission, distribution and generation and renewable energy projects throughout the country, irrespective of size or location. As of March 31, 2019, our loan assets comprised 51% transmission and distribution-related loans. We have utilised our broad mandate to capture the higher rates of return available in the generation sector and diversify our loan asset portfolio. As of March 31, 2019, 48% of our loan asset portfolio was comprised of generation-related loans (including renewable energy). Going forward, we believe that the breadth of our objects clause of our Memorandum of Association will continue to afford us flexibility to manage our business and our asset portfolio in a manner that enables us to diversify the risk associated with any one area of the power sector, as well as to focus on higher yielding loan assets in response to market conditions.

Increase our fee-based income

We intend to continue to seek high margin income streams that do not require balance sheet fund commitment. For example, in order to capitalise commercially on our specialised knowledge, we have incorporated REC Transmission Projects Company Limited and REC Power Distribution Company Limited for the purpose of providing consultancy services with respect to transmission and distribution systems, respectively.

KEY FINANCIAL PARAMETERS

(Rs. in Crores)

Particulars	As on/for the year ended 31.03.19 (Audited) IND-AS	As on/for the year ended 31.03.18 (Audited) INDAS
For Financial Entities		
Net worth	34,302.94	32303.15
Total Debt at Amortised Cost	244321.09	204438.91
Other Financial Liabilities	18751.75	4299.40
Derivative Financial Instruments (Liabilities)	159.40	317.75
Other Non-Financial Liabilities	182.12	309.98
Property, Plant & Equipment & Intangibles (including CWIP)	361.02	257.03
Investment Property	0.01	0.01
Cash and Cash Equivalents and Other Bank Balances	1596.25	1782.07
Derivative Financial Instruments (Assets)	1802.58	690.38
Investments	2397.62	2824.80
Loans	270450.92	228878.25
Other financial assets	18342.48	4224.89

Particulars	As on/for the year ended 31.03.19 (Audited) IND-AS	As on/for the year ended 31.03.18 (Audited) INDAS
Other non-financial assets	132.30	86.63
Current and Deferred Tax Assets (s)	2634.12	2925.13
Interest Income	24971.02	22089.55
Dividend and Fee Commission Income	338.70	365.07
Other Income	31.44	12.73
Finance Costs	15641.54	13337.11
Fees and Commission Expense	34.38	24.58
Net translation/ transaction exchange loss	521.19	19.37
Impairment on financial instruments	240.33	2297.12
Other Expenses Including Employee benefits Exp, CSR, Depreciation	454.70	331.65
Net loss on fair value changes	348.52	573.37
Tax Expenses	2336.78	1464.26
Profit for the Period	5763.72	4419.89
Other Comprehensive Income/Loss net of Tax	-60.54	4.24
Total Comprehensive Income	5703.18	4424.13
Gross Stage 3 Assets (%)	7.24%	7.15%
Net Stage 3 Assets (%)	3.79%	3.61%
Tier I Capital Adequacy Ratio (%)	14.44%	14.40%
Tier II Capital Adequacy Ratio (%)	3.33%	2.60%

(Rs. in Crores)

Particulars	As on/for the year ended 31.03.18 (Reformatted) IGAAP	As on/for the year ended 31.03.17 (Reformatted) IGAAP
For Financial Entities		
Net worth	35,490.51	33,325.59
Total Debt	1,98,791.51	167517.39
of which – Non Current Maturities of Long Term Borrowing	1,60,949.43	149489.33
- Short Term Borrowing	5,526.54	0
- Current Maturities of Long Term Borrowing	32,315.54	18028.06
Non Current Liabilities Other than Non Current Maturities of Long Term Borrowing	5430.47	1901.06
Current Liabilities Except Current Maturities of Long Term Borrowing and Short Term borrowings	6771.97	6492.20
Net Fixed Assets	247.88	181.26
Non-Current Assets except Net Fixed Assets	213682.49	180278.85
Cash and Cash Equivalents , Bank Balances	1773.53	4490.02
Current Investments	119.75	149.16
Current Assets except Cash & Bank Balances, Investments	30660.81	24136.95
Off Balance Sheet Assets	N.A.	N.A.
Interest Income on Loan assets	21748.95	22935.61
Other Operating Income	609.32	651.69
Other Income	82.04	183.28
Finance Costs (including interest expense)	13829.52	13,450.35
Provisions and Contingencies	1415.55	1109.47
Other Expenses including Employee Benefits, CSR and Depreciation	343.62	351.71
Net interest income	7919.43	9485.26
PAT	4647.00	6,245.76
Gross NPA (%)	7.15%	2.41%
Net NPA (%)	5.68%	1.62%
Tier I Capital Adequacy Ratio (%)	16.84%	18.43%
Tier II Capital Adequacy Ratio (%)	2.55%	2.75%
Capital Adequacy ratio (%)	19.39%	21.18%
Total Loan Assets (net)	235933.05	200293.33
Net interest margin	3.89%	4.65%
Yield on Loan Assets	10.55%	11.64%
Cost of funds	7.53%	8.13%

Particulars	As on/for the year ended 31.03.18 (Reformatted) IGAAP	As on/for the year ended 31.03.17 (Reformatted) IGAAP
Return on Net worth (average)	13.51%	20.17%
Debt equity ratio (times)	5.60	5.03
Total Assets	246484.46	209236.24
Return on assets (average)	2.04%	3.01%

DEBT-EQUITY RATIO (Outstanding Borrowings / Net Worth)

Particulars	Prior to the Issue (31.03.2019)	Post-Issue
Standalone basis	6.98	7.27

For further details, please see "*Capital Structure - Debt-Equity ratio*" on page 55.

CORPORATE STRUCTURE

The following is the corporate structure of our Company, as on September 30, 2019**:**

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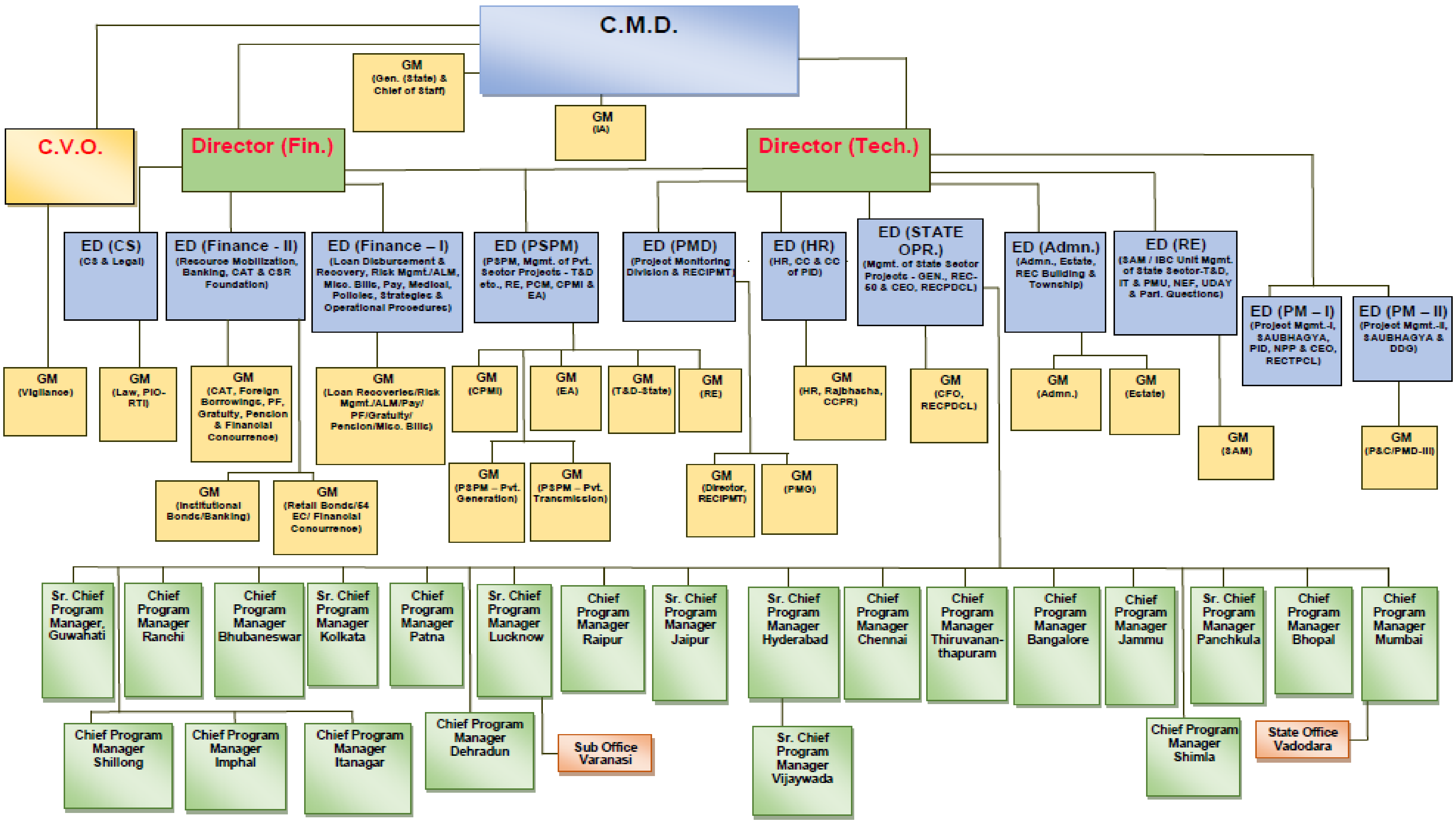
CORPORATE STRUCTURE



Abbreviations

CSPI - Corporate Strategy, Planning and Innovation
Fin - Finance
IT - Information Technology
DDUGJY - Deen Dayal Upadhyaya Gramin Jyoti Yojna
CEO - Chief Executive Officer
Gen - Generation
CS - Company Secretary
CC&PR - Corporate Communication & Public Relations
RTI - Right to Information
P&C - Parliament & Coordination
MOP - Ministry of Power
IAS - Indian Administrative Service
CM - Corporate Management
IBD - International Business Development
PSPM - Private Sector Project Management
RM - Resource Mobilisation
PMU - Project Management Unit
PIO - Public Information Officer
AA - Appellate Authority
IA - Internal Audit
HR - Human Resources
RE - Renewable Energy
CSR - Corporate Social Responsibility
EA - Entity Appraisal
SAM - Stressed Asset Management
RECIPTM - REC Institute of Power Management and Training
FM - Financial Management
PCM - Procurement & Contract Management
RECPDCL - REC Power Distribution Company Ltd.
RECTPCL - REC Transmission Projects Company Ltd.
Q&FM - Technical Services, Quality and Field Monitoring
CA - Corporate Accounts
ECB - External Commercial Borrowings
PID - Public Information Division
ST. OPTR. - State Operations
CMD - Chairman and Managing Director
ED - Executive Director
GM - General Manager
AGM - Additional General Manager

THE PROJECTS WE FUND

The table below shows our loan sanctions by type of project and the percentage such amount represented of our total loan sanctions for all projects during the periods indicated.

(All figures are in (Rs.) Crore, except in percentages)

Sector	Fiscal					
	2017		2018		2019	
	Amount	%	Amount	%	Amount	%
Transmission and distribution*	40,953	48.83	36,326	33.78	50,610	43.65
Generation**	30,299	36.12	60,258	56.04	53,307	45.97
Other***	12,619	15.05	10,950	10.18	12,040	10.38
Total	83,871	100.00	107,534	100.00	115,957	100.00

* *Transmission and distribution consists of transmission and distribution, TFLs.*
** *Generation consist of generation and, renewable projects.*
*** *Includes STLs & MTLs, debt refinancing and bridge loans.*

The table below shows our loan disbursements by type of project and the percentage such amount represented of our total loan disbursements for all projects during the periods indicated.

(All figures are in (Rs.) Crore, except in percentages)

Sector	Fiscal					
	2017		2018		2019	
	Amount	%	Amount	%	Amount	%
Transmission and distribution*	26,834	46.23	27,363	44.34	37,086	51.39
Generation**	23,315	40.17	23,489	38.06	26,209	36.32
Other***	7,890	13.60	10,860	17.60	8,870	12.29
Total	58,039	100.00	61,712	100.00	72,165	100.00

* *Transmission and distribution consists of transmission and distribution, international cooperation and development, DDG and RGGVY.*
** *Generation consist of generation and, renewable projects.*
*** *Includes STLs, TFL and MTLs.*

The table below shows our loan amount (principal outstanding) by the type of project and the percentage such amount represented of our total loan amounts (principal outstanding) for all projects as of the respective dates indicated.

(All figures are in (Rs.) Crore, except in percentages)

Sector	Fiscal					
	2017		2018		2019	
	Amount	%	Amount	%	Amount	%
Transmission and distribution*	95,453	47.27	117,853	49.22	144,215	51.28
Generation**	102,888	50.95	115,948	48.42	134,807	47.94
Other***	3,588	1.78	5,648	2.36	2,188	0.78
Total	201,929	100.00	239,449	100.00	281,210	100.00

* *Transmission and distribution consists of transmission and distribution, international cooperation and development, TFL & MTL, DDG and RGGVY.*

** *Generation consist of generation and, renewable projects.*

*** *Includes STLs.*

Transmission and Distribution Projects

Within transmission, the principal projects we finance are for the evacuation of power from new power generation stations and the augmentation or strengthening of existing transmission systems including construction of new substations and associated lines. In distribution, the principal projects we finance are infrastructure required for system improvement, creation of new distribution systems including sub-stations and lines in order to reduce AT&C losses and to cater increased load growth and also for purchase of distribution equipment.

Transmission projects: Transmission projects relate to the transmission of electricity at higher voltages (132 KV and above) over relatively long distances, generally from generation facilities to sub-stations or between sub-stations. We finance projects related to transmission systems, sub-transmission systems, power evacuation lines and transmission links.

Distribution projects: Distribution projects relate to the distribution of electricity at relatively lower voltages (66 KV and below) over shorter distances, generally from sub-stations to end-users or between sub-stations. The distribution projects involve creating additional infrastructure through the erection of new sub-stations and lines and the improvement of existing distribution systems by upgrading existing sub-stations and lines to increase capacity and reduce losses. Distribution projects also include the modernisation of distribution systems to reduce losses and to improve performance efficiency of power utilities. In distribution, the principal projects for which we provide funding are system improvement projects, which include:

(a) projects to strengthen existing infrastructure through new sub-stations and lines and the replacement of damaged and out-dated equipment;

(b) conversion of low voltage distribution systems to high voltage distribution systems in order to reduce AT&C losses; and

(c) creation of new distribution systems to provide power to end-users and to introduce new technologies; setting up bulk loan schemes for the procurement and installation of equipment such as metres, transformers and capacitors. We also provide counterpart funding for R-APDRP projects under this category, and finance distribution infrastructure required for extending the facility to all class of consumers such as agricultural, domestic, commercial and industrial customers.

Generation Projects

REC provides loan for setting up new power generating stations based on conventional sources of energy, i.e. thermal, hydro and gas, along with associated areas like development of coal mines and renovation and modernization (R&M) of existing power generating stations based on conventional sources of energy. REC may take exposure of up to 100% of the debt component in private small projects having capacity up to 100 MW. For other private sector projects, the exposure is limited to 50% of the project cost. However, the overall exposure will be limited to prudential norms approved by the Board of REC from time to time. The financing structure of a project is be determined on the basis of appraisal and the market scenario. The finance is extended in debt equity ratio of 80:20, 75:25, 70:30, 65:35.

Thermal energy power generation projects

We currently finance thermal energy power generation projects in the public sector, joint sector and private sector. Thermal energy power generation projects include coal-based power plants, gas-based combined cycle power plants and captive co-generation power plants.

Hydro energy power generation projects

We provide financing to hydro energy power generation in the public sector, joint sector and private sector. Hydro energy power generation projects include projects of varying sizes, from large hydro to small hydro and mini hydro power plants.

Renewable power generation projects

REC also provides loan for setting up of power generation plants based on renewable energy sources. We finance all type of power generation projects based on renewable energy sources i.e solar, wind, biomass, small hydro etc. We sanction loans as a sole lender or as a co-lender in consortium with or without the status of lead financer.

Renovation, modernisation and life-extension

We provide financing for the renovation, modernisation and life-extension of old power generation and transmission assets. Such renovation and modernisation allow these assets to operate more efficiently, safely, economically and in a more environment-friendly manner.

OUR PRODUCTS

Long-term Loans

We offer our long-term loans to central-sector power utilities, state-sector power utilities, joint-sector power utilities, state power departments, private sector power utilities and rural electricity cooperatives. Our long-term loans generally are sanctioned with respect to a specific power-related project at project inception or as bulk loans for procurement of equipment. Our long-term loans to the public sector for transmission and distribution projects typically require the borrower to obtain a state government guarantee of the loan and/or hypothecate a portion of its existing assets or hypothecate all of its project assets to secure the loan. The percentage of guarantee and hypothecation of assets differs on a case-to-case basis.

Short-term Loans

We offer short-term loans to our state sector borrowers to meet their immediate working capital requirements, including for the purchase of fuel for power plants, system and network maintenance, including transformer repairs, the purchase of power, the purchase of materials and minor equipment.

Others

- **Debt Refinancing**

  We may offer a debt refinancing scheme for borrowers who have borrowed funds from other lending institutions at a higher rate of interest. The refinancing facility is available generally for commissioned projects. We offer our debt refinancing products on the same or lower interest rate terms as our long-term loans; however, the maturity of our debt refinancing products may generally not later than the maturity of the refinanced indebtedness.

- **Bridge Loans**

  We may provide short-term bridge loan financing for borrowers that have been sanctioned financial assistance from or through us, primarily in the form of grants or long-term loans, and have received a sanction letter for the funding but are awaiting disbursements pending formalities or clearances.

- **Short-term Loans to Equipment Manufacturers**

  We may offer short-term loans to manufacturers of equipment or materials. To be eligible to receive these loans the equipment manufacturers must have been awarded a firm order for executing contracts in power projects in India by power utilities. We do not currently have any such loans outstanding.

- **Medium-term Loans**

  We offer medium-term loans ("**MTL**") to the Central/State Government Power Utilities and State Governments that are not in default to REC for the following purposes:

  - purchase of fuel for power plant
  - system and network maintenance including transformer repairs

- purchase of power
- any other requirement due to inadequate tariff revision, repayment of loan obligation, delay in receipt of support from GoI.

MTL are not provided to the following category of customers:

- who are in default to REC, or,
- utilities categorised as Grade “C”.

These loans have a loan period of more than 1 year upto a maximum of 3 years. As on March 31, 2019, MTL outstanding amounted to Rs**.** 10,476 Crores.

Loans for Power Purchase through the IEX

In December 2009, our Board of Directors approved a new scheme pursuant to which we intend to finance power purchases made through the IEX, which is one of two energy exchanges operating in India. It is currently intended that these power purchase loans may be offered to our existing public sector borrowers for the purpose of non-speculative purchases of power through the exchange with a maturity of 90 days from disbursement. Power purchase loans will be secured by escrow arrangements or bank guarantees, at the discretion of the borrower.

Our Lending Policies and Guidelines

Our Company has well-developed policies and/or guidelines in order to streamline the funding process. Regular review based on prevailing market practices, formulation of new policies and guidelines are also being carried out from time to time to strengthen the funding process. Some of the major lending guidelines and/or policies formulated by our Company are:

(a) Entity Appraisal Guidelines;
(b) Conventional Generation Project Appraisal Guidelines;
(c) Renewable Energy Project Appraisal Guidelines;
(d) Guidelines for Transmission And Distribution Schemes;
(e) Guidelines for Renewable Energy Projects;
(f) Guidelines for Generation renovation & Modernisation Projects;
(g) Guidelines for System Improvement (**SI**);
(h) Policy for STL;
(i) Policy for MTL;
(j) Project Monitoring Guidelines for Generation And SI Projects;
(k) Guidelines for financing coal mining projects;
(l) Guidelines on the Framework For Projects Under Implementation and Monitoring of Stressed Assets based on RBI Notifications;
(m) Guidelines on Project Financing Framework for Flexible Structuring based on the RBI Notifications;
(n) Guidelines on Refinancing of Project Loans Based on the RBI Notifications;
(o) Policy for Funding Against Regulatory Assets (Excluding Return On Equity Component) of Power Utilities;
(p) Policy for Post Commercial Operation Date Timely Payment Interest Rate Rebate;
(q) Policy for Investment Of Surplus Funds; and
(r) Policy for Long Term Investments.

Project Financing Process

While specific terms and conditions may vary for different types of loans provided to different sectors of borrowers, project financing will generally follow the following processes:

Loan Application: The prospective borrower provides a set of information and the funding requirements in the pre-specified formats. There are different kinds of formats for different kind of projects or loans.

The appraisal guidelines for all the projects have been divided into two parts - entity appraisal and project appraisal.

Entity Appraisal: Entity appraisal is basically a credit appraisal of the identified promoters for assessing their creditworthiness, equity infusion ability and their ability to manage and implement the project.

Project Appraisal:

Project appraisal consists of technical and financial appraisal of the projects indicating technical feasibility and financial viability and debt servicing capability of the project, along with the project execution abilities of the management. During the project appraisal process, our Company identifies the risks and quantifies them in order to decide the grading of projects so as to determine the exposure as well as the lending rates. The key instruments used at this stage are:

(a) due diligence on various project parameters such as the technology used, the status of various approvals and clearances, the fuel supply arrangement, the water supply arrangement, the power supply arrangements, transportation arrangement and the power evacuation system;
(b) the project grading matrix;
(c) the financial model; and
(d) the site visit report.

Our Company's project appraisal guidelines follows a two stage appraisal process (preliminary and detailed). The preliminary appraisal examines whether a project is eligible for detailed project appraisal. The appraiser is required to ensure that all the pre-appraisal conditions such as detailed project report, land details and availability, long term power purchase agreement for 70% project capacity and respective FSA are met before commencing the appraisal process. REC does not fund any under construction conventional generation project where engineering procurement and construction companies are sister concern/associate of borrower or promoter. The detailed appraisal phase envisages assessment of risks. Inputs along with various risks shall be vetted by third party as well. A third party i.e. project management agency (PMA) is appointed by REC's generation division, which submits its report after assessing all the risks associated with projects and provide its recommendations. REC's generation division also competes appraisal of the project in line with REC's project appraisal guidelines.

Loan Sanction: Once the decision on funding is approved by the competent authority, the quantum of funding, the stipulation of pre-commitment conditions, pre-disbursement and post-disbursement conditions are determined and communicated to the borrower through the issue of a sanction letter. Along with the terms and conditions, our Company prepares a list of key parameters that could trigger re-appraisal and re-grading of the account. This list is being developed based on the results of the sensitivity analysis.

Loan Documentation: After the sanction of a loan, the process of loan documentation and execution of different agreements such as, among others, the trust and retention agreement, the security trustee agreement and other financing and security documents are done.

Funding: After the documentation and funding requirement are received from the borrowers at different stages of the project and after reviewing the pre-disbursement conditions, the funds are disbursed to the borrower for the development and/or construction of power projects.

Monitoring and Review: Since the conditions prevailing at the time of the appraisal cannot be expected to remain the same throughout the life of the project, there is a need for the periodic review of the status and progress. The key parameters for monitoring are developments with respect to licences, key contracts and events having an impact on the project, deviations with respect to compliance to terms and conditions and collateral securities and variance with respect to key risk parameters.

REC's project monitoring guidelines involve appointment of a Project Management Agency (PMA), stationed at project site, to closely monitor various project execution activities including pricing of invoices and fund utilization. The PMA assists the lenders for the real time monitoring of expenditures with the actual physical progress at the site.

Re-grading of the Project: Re-grading of the project can be initiated, if there is significant variance on key parameters relating to:

(a) the pre-commissioning stage such as a status change in statutory licences, major developments in acquisition of land, developments of key contracts, changes to project implementation schedule and time and cost overrun in the project; and

(b) the operation and maintenance stage such as the commissioning of units, actual operating parameters and developments with respect to financial parameters.

Re-appraisal of the Project: Re-appraisal of the project may be initiated either by our Company or at the request of the borrower. The details are as follows:

(a) re-appraisal may be initiated by our Company when there are developments with respect to time durations between loan sanction and disbursement, significant changes to project costs, major events such as natural disasters and policy-related changes, changes to collateral securities and changes in the project stage; and

(b) in the instance when the borrower requests additional funding or the lowering of the interest rates. Depending upon the changes in the integrated rating of the borrower, after the re-appraisal, the terms and conditions may be revised, further disbursements may be stopped, the loan may be rescheduled and the loan may be restructured.

Grading of State Power Utilities

Our Company has well defined policy/ guidelines for the grading of SPUs ("**Guidelines for Grading of State Sector Power Utilities**"). The guidelines for grading of SPUs (Generation/Transmission/Trading utilities/JVs/State Entities) are reviewed periodically in view of significant changes in the power sector. During 2018, the SPU Grading Guidelines were reviewed and modified incorporating suitable parameters in line with the changing scenario.

For the purposes of funding, the Company has classified SPUs (Generation/Transmission/Trading utilities/JVs/State Entities) into A++, A+, A, B and C categories. The categorization (biannually) of these utilities is based on the evaluation of the utility's performance against specific parameters covering operational, financial and technical performance including regulatory environment, audited financial statements and others. With regard to State Power Distribution Utilities (including SEBs/utilities with integrated operations), the Company adopts the Ministry of Power's "Integrated Ratings" by aligning such ratings or grading with the Company's standard categories of A+, A, B and C. The categorization enables our Company to determine credit exposure limits and interest rates to SPUs etc.

Recovery

Our Company's status as a public finance institution provides access to the SARFAESI Act, 2002 which grants certain special rights to banks and financial institutions to enforce their security interests without the intervention of the courts. Further, the Recovery of Debts Due to Banks and Financial Institutions Act, 1993 ("**Debt Recovery Act**") provides for the establishment of debt recovery tribunals for the expeditious adjudication and recovery of debts due to any bank or public financial institution or to a consortium of banks and public financial institutions. Under the Debt Recovery Act, the procedures for recoveries of debt have been simplified and time frames have been fixed for speedy disposal of cases. Upon the establishment of the debts recovery tribunal, no court or other authority can exercise jurisdiction in relation to matters covered by the Debt Recovery Act, except for the higher courts in India in certain circumstances.

THE SECTORS OF OUR BORROWERS

We sanction and disburse loans to central and state public sector, joint sector and private sector borrowers, as well as to rural electricity cooperatives.

The table below shows our loan sanctions by the borrower's sector and the percentage such amount represented of our total loan sanctions for all sectors during the periods indicated.

(All figures are in (Rs.) Crore, except in percentages)

Sector	Fiscal					
	2017		2018		2019	
	Amount	%	Amount	%	Amount	%
Public sector	77,120	91.95	106,828	99.34	93,494	80.63
Private sector	6,751	8.05	706	0.66	22,463	19.37
Total	83,871	100.00	107,534	100.00	115,957	100.00

The table below shows our loan disbursements by the borrower's sector and the percentage such amount represented of our total loan disbursements for all sectors during the periods indicated.

(All figures are in (Rs.) Crore, except in percentages)

Sector	Fiscal					
	2017		2018		2019	
	Amount	%	Amount	%	Amount	%
Public sector	52,259	90.04	58,801	95.28	70,483	97.67
Private sector	5,780	9.96	2,911	4.72	1,682	2.33
Total	58,039	100.00	61,712	100.00	72,165	100.00

The table below shows the loan amount (principal outstanding) by the borrower's sector and the percentage such amount represented of our total loan (principal outstanding) for all sectors as on the respective periods indicated.

(All figures are in (Rs.) Crore, except in percentages)

Sector	As on March 31					
	2017		2018		2019	
	Amount	%	Amount	%	Amount	%
Public sector	1,68,704	83.55	2,06,243	86.13	2,47,719	88.09
Private sector	33,225	16.45	33,206	13.87	33,491	11.91
Total	**201,929**	**100.00**	**2,39,449**	**100.00**	**281,210**	**100.00**

OUR PARTICIPATION IN GOVERNMENT PROGRAMMES

The Government has initiated a number of programmes aimed at accelerating the growth and development of the power sector. We play a key role in implementing the following programmes.

Deendayal Upadhyaya Gram Jyoti Yojana (DDUGJY)

DDUGJY is an integrated scheme covering all aspects of rural power distribution. Under this scheme, 60% of the project cost (85% for special category States) is provided as grant by the Government of India and additional grant up to 15% (5% for special category States) is provided by the Government of India on achievement of prescribed milestones. All erstwhile Rural Electrification (RE) schemes have been subsumed into DDUGJY. REC Limited is the nodal agency for implementation of DDUGJY.

DDUGJY aims to facilitate towards achievement of '24x7 Power For All' in the country through the following project components:

(a) separation of agriculture and non-agriculture feeders facilitating continuous power supply to non-agricultural consumers and adequate power supply to agricultural consumers in the rural areas;
(b) strengthening and augmentation of sub-transmission and distribution infrastructure in rural areas;
(c) micro-grid and off-grid distribution network;
(d) metering of distribution transformers/feeders/consumers; and
(e) Rural electrification works (including the erstwhile RE schemes).

Under this scheme, all villages/ habitations are eligible without any population criteria.

In order to realize the objectives of the scheme, participation of all the stakeholders particularly, public representatives has already been institutionalized through constitution of District Electricity Committee (now District Development Coordination and Monitoring Committee) (DISHA) under the chairmanship of senior most Member of Parliament. DISHA is empowered to monitor and review the implementation of DDUGJY.

Pradhan Mantri Sahaj Bijli Har Ghar Yojana - Saubhagya

The Hon'ble Prime Minister of India launched the Saubhagya Scheme on September 25, 2017. Ministry of Power issued an office memorandum on October 11, 2017. REC has been designated as the nodal agency for the Saubhagya Scheme.

The outlay of Saubhagya Scheme is Rs. 16,320 Crore including budgetary support of Rs. 12,320 Crores. The objective of the Saubhagya Scheme is to achieve universal household electrification in the country by providing last mile connectivity and electricity connections to all remaining un-electrified households in rural and urban areas.

The major features of the Saubhagya Scheme are as follows:

The Scheme has inherent features of 'Sahaj' i.e. Simple / Easy / Effortless and 'Har Ghar' i.e. universal coverage. The other key elements of the scheme are as under:

- No upfront fee for availing electricity connection: The prospective beneficiary households for free electricity connections under the scheme would be identified using Socio Economic Caste Census ("**SECC**") 2011 data. However, un-electrified households not eligible as per SECC data would also be provided electricity connections under the scheme, for which Rs. 500 shall be recovered by DISCOMs in 10 instalments of Rs. 50 each along with electricity bills.
- Organisation of camps in villages / cluster of villages for on spot registration and release of connections
- Use of Mobile App for identification
- SPV based standalone systems for households located in remote and inaccessible areas
- Web based near real time monitoring and updating of progress

- Communication plan for creating awareness about the scheme and its benefits to the targeted population to motivate them to avail electricity connection
- Flexibility to States in mode of implementation (departmental / turnkey / semi-turnkey)
- All DISCOMs including private sector DISCOMs, State Power Departments and RE Co-operative Societies are eligible for financial assistance.

Physical Progress:

- As on March 31, 2019, cumulatively 2.63 Crore households have been electrified since launch of Saubhagya Scheme in which, 2.22 Crore households have been electrified during FY 2018-19.

- All states have achieved saturation under Saubhagya Scheme on the Saubhagya web portal by providing electricity connections to all willing un-electrified households, except Chhattisgarh wherein some un-electrified households are located in highly inaccessible areas due to Left Wing Extremism (LWE) issues.

Pursuant to the directions of the Ministry of Power and the Ministry of Finance, our Company has issued non-convertible debentures in the nature of 'GOI Fully Serviced Bonds', through private placement. The servicing of interest and repayment of principal shall be met by GOI by making suitable budgetary provision. The funds raised through the GOI Fully Serviced Bonds have been utilized exclusively for the purpose of DDUGJY and SAUBHGYA Scheme. Funds raised in Financial Year ended March 31, 2018 and 2019 in this respect are as follows:

Year	Amount (Rs. Crore)
2017 -2018	4000
2018-2019	13827

Electrification of Unelectrified Villages

India's rural electrification programme passed through several stages of improvement with appropriate intervention at Government of India level. In spite of various programmes of Government of India, as on April 1, 2015, there were 18,452 villages which still remained then un-electrified.

At the 69th Independence Day address on 15th August, 2015, Hon'ble Prime Minister pledged to the nation that all remaining Un-Electrified (UE) villages in the Country would be electrified within 1,000 days with the help of States and local bodies. Accordingly, Ministry of Power had fast tracked electrification of all 18,452 villages on priority mode. As these remaining 18,452 un-electrified villages were located in inaccessible areas (thickly forested, mountainous regions, etc.) involving tough terrain, inclement weather, areas facing right of way (RoW) issues, areas plagued by insurgency, leftwing extremism, etc, the following measures and intensive monitoring mechanism strategies had been adopted:

- The entire process of village electrification categorized into 12 milestones.
- Engineers viz., 'Gram Vidyut Abhiyanta' (GVA) were deployed at block/district level for shouldering this mission at field level.
- Dedicated web-portal viz. 'GARV App' (www.garv.gov.in), well acknowledged for its transparent and accountable mechanism was developed for meticulous monitoring the progress of electrification of all 18,452 un-electrified villages through an online system along with the milestones of village electrification progress.
- Cluster based implementation approach.
- Priority given for RE as a separate component.
- Flexibility in mode of execution i.e. turnkey/partial turnkey/departmental.
- Where grid connectivity is not feasible or not cost effective, decentralized distribution cum generation was extended.
- Regular review meetings at the highest level of Government of India.
- State specific review meetings at Hon'ble Chief Ministers level.
- Ensuring adequate funds for village electrification.

During the course of village electrification process, states reported an additional 1,227 villages as un-electrified. Accordingly, REC made all concerted efforts in facilitation and made available adequate funds for village electrification. To those inaccessible difficult to approach villages, air lifting of material were resorted through choppers of Indian Air Force to the

States of Jammu & Kashmir State and Arunachal Pradesh. Further, assistance of Railways were availed for transporting voluminous materials to Arunachal Pradesh. To such remotest areas where neither of the options of sophisticated transportation available, material were transported through manual head loading.

With the above initiatives and collective efforts of States and other stakeholders, April 28, 2018 had been made as a landmark day in the Power Sector domain by achieving electrification of all un-electrified census inhabited villages in the country totalling to 18,374 villages excluding the 1,305 uninhabited villages.

Integrated Power Development Scheme (IPDS)

Sanction of the President of India was conveyed for the launch and implementation of an "Integrated Power Development Scheme" (IPDS) with the following components:

(a) strengthening of sub-transmission and distribution networks in the urban areas;

(b) metering of distribution transformers, feeders and consumers in the urban areas; and

(c) IT enablement of the distribution sector and strengthening of the distribution network, according to the CCEA approval dated June 21, 2013, for the completion of the targets laid down under R-APDRP for the 12th Plan and 13th Plan by carrying forward the approved outlay for R-APDRP to IPDS.

The components mentioned in (a) and (b) above will have an estimated outlay of Rs. 32,612 Crore, including budgetary support of Rs. 25,354 Crore from the Government during the entire implementation period.

The scheme of R-APDRP, as approved by CCEA for continuation in the 12th Plan and 13th Plan will get subsumed in this scheme as a separate component relating to IT enablement of the distribution sector and strengthening of the distribution network, mentioned in (c) above, for which CCEA has already approved the scheme cost of Rs. 44,011 Crore, including budgetary support of Rs. 22,727 Crore.

National Electricity Fund

National Electricity Fund ("**NEF**") - Interest Subsidy Scheme, has become operational during the year 2012-13. The scheme has been introduced by GoI to promote the capital investment in the distribution sector. The scheme shall provide interest subsidy, linked with reform measures, on loans taken by private and public power distribution utilities for approved power distribution infrastructure projects.

NEF would provide interest subsidy aggregating to Rs. 8,466 Crore (spread over maximum loan tenure of 14 years against loan amount of Rs. 23,972.7 Crore for distribution projects approved during 2012-13 and 2013-14. The pre-conditions for eligibility are linked to certain reform measures to be achieved by DISCOMs. Interest subsidy to the tune of 3-7%, is linked to the achievement of mainly two efficiency benchmark i.e., reduction of AT&C losses and reduction in revenue gap (ACS and ARR).

REC is the nodal agency for the scheme with a mandate to operationalize the scheme and pass on the benefit of interest subsidy to eligible distribution utilities. REC receives service charges at the rate of 0.5% of the total loan amount approved by the NEF steering committee.

The interest subsidy shall be released on the basis of continual improvement in performance of DISCOM (mainly reduction of AT&C losses and reduction in revenue gap between - ACS and ARR) to be evaluated on annual basis during the loan tenure. Independent evaluator has been appointed for evaluation of interest subsidy proposal. It is expected that NEF scheme will supplement the efforts of Govt. of India and result in improvement in distribution sector in the country. NEF scheme has given an opportunity to REC to enhance its business prospects in the power distribution sector.

NEF steering committee till September 30, 2019, has approved interest subsidy amounting to Rs. 289.08 Crore to eligible DISCOMs based on the performance criterion evaluated by an independent evaluator and REC. DISCOMs have started getting the interest subsidy amount under the scheme and the benefits shall ultimately be passed on to the consumers of the respective DISCOMs.

Incorporation of Asset Reconstruction and Management Company for warehousing of stressed power assets: PARIWARTAN

There has been some stress in the conventional power generation capacity in India due to various reasons such as lack of power purchase agreements, fuel supply arrangements, transmission connectivity, regulatory issues, promoter inefficiencies and the weak financial health of DISCOMs. Due to sectoral issues within the power sector, the resolution plans under Insolvency and Bankruptcy Code, 2016 may be sub-optimal. Accordingly, the Company has finalised an advanced action plan to collaborate with other power sector players to warehouse and revitalize such assets and set up an asset reconstruction and management company (PARIWARTAN) to takeover and revive such assets in order to optimize the value for the lenders.

The Board in their meeting held on September 14, 2018 gave their approval for the incorporation of an asset reconstruction and management company ("**ARC**") under the Indian Companies Act 2013, to be promoted jointly by the Company along with other financial/power sector institutions such as PFC and NTPC Limited, etc. as co- sponsors. The request for incorporation of the new company as mentioned above has been sent to MOP/NITI Aayog for their approval. Approval is awaited. After approval of MOP/NITI Aayog, new Company will be incorporated for implementation of the scheme and the new company will be registered with RBI.

OUR OFFICES

We service our clients through a network of 18 regional offices, 1 sub office, 5 state offices spread across India, and one training centre in Hyderabad. Our regional offices play an integral role in the development of our relationships with our clients, the operation and promotion of our business and in our loan appraisal, loan sanction and post-sanction monitoring processes. Our regional offices are located in the cities of Mumbai, Bengaluru, Hyderabad, Guwahati, Patna, Vijaywada, Panchkula, Jammu, Thiruvananthapuram, Bhubaneswar, Jaipur, Chennai, Lucknow, Kolkata, Bhopal, Imphal, Raipur and Ranchi. Our sub office is located at Varanasi. Our state offices are located at Vadodara, Dehradun, Itanagar, Shillong and Shimla. Our proximity to our clients enables us to service our clients on a local level, keep abreast of local issues and to closely monitor the projects we finance.

Our regional offices are staffed with personnel trained to appraise and monitor projects and are headed by a Chief Project Manager, who provides information about terms and conditions of financial products, rates of interest and other market conditions to our borrowers. The regional offices coordinate our programmes with our borrowers on a local level and facilitate the formulation and implementation of schemes and the granting of loan sanctions and loan disbursements for transmission and distribution projects, generation projects and projects under the DDUGJY and SAUBHAGYA scheme.

In respect of requests for loans or sanctions, our regional offices receive detailed project reports formulated by our borrowers. The regional office generally performs the initial evaluation of the project and provides its recommendations to our corporate offices. In the event a loan is sanctioned, it is conveyed through our regional office along with the terms and conditions of the loan. The regional office is responsible for the execution of the legal documents for the loan, as well as the implementation of the security mechanism provided for by the terms and conditions stipulated in the sanction letter. Following disbursement of the loan, the regional office, together with our corporate office, is responsible for monitoring the scheme.

ENTERPRISE RESOURCE PLANNING E-OFFICE AND INFORMATION SECURITY MANAGEMENT SYSTEM (ISMS)

REC remains committed to use of technology to increase its efficiency. In its efforts to increase its efficiency by use of technology and reduce the time involved in business functions like central accounting, project appraisal and sanction, disbursement, REC has implemented enterprise resource planning ("**ERP**") system, which has resulted in increase in efficiency and greater customer satisfaction. Recently, the ERP system has been migrated from existing ERP (Oracle e-Biz suite) to the latest version. The new ERP supports GST and latest accounting standard (IND-AS) and has advanced features which has facilitated further automation of its business operation. REC has also implemented digital office solution across all its offices. The system has gone live on January 1, 2018. Towards achieving efficient e-governance and transparency in procurement, now all procurement of goods and services of value above Rs. 2 Lakh is being done through the E-procurement portal. The portal is also capable of conducting e-Reverse Auction in accordance with the central vigilance commission guidelines. Additionally, various in-house developed systems viz. annual property return, bill payment and tracking system, visitor management system etc., are in operation to improve the efficiency of REC. For better operational environment & internal control and to mitigate security risk, both primary data centre and disaster recovery centre of REC are ISO/IEC 27001:2013 certified and comply with the National Cyber Security Policy of the Government. Also, data leakage & prevention system has been implemented at primary data centre and disaster recovery centre for preventing sharing of confidential and critical information outside the corporate network. REC also complies with the Master Direction on IT Framework issued by RBI for NBFC sector.

PROPERTIES

Registered and Corporate Office: Our registered and corporate office is presently located at Core-4, SCOPE Complex, 7, Lodi Road, New Delhi – 110 003. The office space has been allotted to us by the Standing Conference of Public Enterprises. We have an extension of our corporate office at Core-5, Vth floor, Scope complex and at Core-4 & 5 on the third floor of the MTNL Building, CGO Complex, Lodi Road, New Delhi. These extended corporate offices are occupied by executing lease agreements with CCI and MTNL respectively.

Regional offices: We have 18 regional offices at Mumbai, Bengaluru, Hyderabad, Guwahati, Patna, Vijaywada, Panchkula, Jammu, Thiruvananthapuram, Bhubaneswar, Jaipur, Chennai, Lucknow, Kolkata, Bhopal, Imphal, Raipur and Ranchi.

State office: We have five state offices at Vadodara, Dehradun, Itanagar, Shillong and Shimla.

Sub-office: We have one sub-office at Varanasi.

Training centre: We have the REC Institute of Power Management and Training (RECIPMT) at Hyderabad.

Owned properties: We own the premises occupied by five of our regional offices, brief details of which are as follows:

City	Project Office
Bengaluru	No. 1/5, Ulsoor Road, Bengaluru – 560042.
Panchkula	Bay No 7-8, Sector 2, Panchkula – 134112.
Chennai	No. 12 and 13, TNHB Complex, 180 Luz Church Road, Mylapore, Chennai – 600004.
Hyderabad (including the area occupied by RECIPMT)	Shivramapally Post NPA, Near Aramghar, National Highway No 7, Hyderabad – 500052.
Lucknow	19/8, Indira Nagar Extension, Ring Road, Lucknow – 226016.

Company owned Leasehold Properties. We own the premises occupied by nine of our regional and state office, brief details of which are as follows:

Regional Office	Address
Bhopal	E-4, Arera Colony, Metrowalk Building, Second Floor, West Hall No.3, Bittan Market, Bhopal - 462016.
Bhubaneswar	Deen Dayal Bhawan, 5th Floor, Ashok Nagar, New Capital, Bhubaneswar – 751009.
Mumbai	Premise No.51 B, 5th Floor, "B" Wing, Mittal Tower, Nariman Point – 400021.
	Premise No. 52 B, 5th Floor, "B" Wing, Mittal Tower, Nariman Point – 400021.
	Premise No. 58 B, 5th Floor, "B" Wing, Mittal Tower, Nariman Point – 400021.
Jaipur	J-4-A, Jhalana Dungari, Institutional Area, Jaipur – 302001.
Patna	Premise 45- 48 and Premise 59- 62, 'Maurya Lok' Complex Block C, 4th Floor, New Dak Bangla Road, Patna – 800001.
Shimla	Shop No. 201, 202, 203 and 315, Pandit Padamdev Commercial Complex, Phase-II, First Floor, The Ridge, Shimla – 171001.
Thiruvananthapuram	No. 0-5, 4th Floor, "Saphallayam" Commercial Complex, Block B TRIDA Building Palayam, Thiruvananthapuram – 695034.
Vadodara	Plot No. 585, Sub-Plot No. 8, Subhanpura, Vadodara – 390023.
Kolkata	IB-186, Sector III, Salt Lake City, Kolkata-700106.

Rented/short-term leased properties: We have certain rented or short-term leased properties that we utilize as offices in Dehradun, Guwahati, Imphal, Itanagar, Jammu, Raipur, Ranchi, Shillong, Varanasi, Vijayawada and Srinagar. We are sharing office space in the Srinagar office with RECPDCL and RECTPCL.

Residential Accommodation: We also possess certain residential properties on leasehold/freehold basis at Bengaluru, Bhubaneswar, Mumbai, New Delhi, Shimla, Panchkula and Thiruvananthapuram.

Proposed REC Corporate Headquarters Building. Construction work of the office building on Plot No. I-4, City Centre, Sector 29 Gurugram on having a total area of 16,890 square metres is under progress since May 2015.

Vacant land. We also own land in Gurgaon and Wardha, brief details of which are as follows:

Location
GH-0, Sector 57, Gurgaon*
Land bearing Mojani No. 120, P.H. No. 2, Mouje Vela, Hinganghat, Wardha, Maharashtra

* *Residential Land allotted by the Haryana Urban Development Authority. Vacant possession of this land was received in May, 2014. Construction of the boundary wall to enclose the township plot is completed.*

RISK MANAGEMENT

Our Company has adopted a compressive risk management policy including the overarching framework for identifying, assessing, measuring, monitoring and mitigating/managing risks in all processes, products, activities as performed by all departments at the head office and project offices. The risks are classified under three categories, namely, 'Credit Risk', 'Market Risk' and 'Operational Risk'. The management of Market Risk consists of the asset liability management policy and hedging policy. The asset liability management policy includes, inter alia, liquidity risk management, interest rate risk management as well as risk testing methodologies and risk reporting mechanisms. Hedging policy covers the management and reporting of risks associated with foreign currency borrowings and derivative transactions entered into by our Company.

Risk Management Structure

Asset Liability Management Committee

Our Board of Directors is entrusted with the overall responsibility for the management of risks of our business and implements our risk management policies and sets limits for our liquidity, interest rate and foreign currency exchange rate tolerances.

Our Company has constituted an Asset Liability Management Committee ("**ALCO**") which is functioning under the chairmanship of the Chairman and Managing Director cum Director (Finance), and it comprises of Director (Technical), one part-time non official independent director, Executive Directors and General Managers from Finance and Operating Divisions as its members.

ALCO monitors risks related to liquidity, interest rates and currency rates. The liquidity risk is being monitored with the help of liquidity gap analysis and the Committee manages the liquidity risk through a mix of strategies such as forward looking resource raising program based on projected disbursement and maturity profile. The interest rate risk is monitored through interest rate sensitivity analysis and managed through review of lending rates, cost of borrowings and the term of lending and borrowing. Foreign currency risk associated with exchange rate and interest rate is managed through various derivative instruments.

Risk Management Committee

Our Company has also constituted a Risk Management Committee ("**RMC**") which is currently functioning under the Chairmanship of a part-time non-official independent Director along with another part-time non-official independent Director, and Director (Finance) and Director (Technical) as its members, for monitoring the integrated risks of our Company. The main function of RMC is to monitor various risks likely to arise and to initiate action for mitigation of risk arising in the operation and other related matters of our Company.

RISK MONITORED UNDER ALCO

Market Risk

Market risk is the potential loss arising from changes in market rates and market prices. Our primary market risk exposures result primarily from fluctuations in interest rates and foreign currency exchange rates.

Interest rate risk: Interest rate risk is the risk that is associated with the changes in market interest rates and may adversely affect our financial condition. The primary interest rate-related risks are from timing difference in the maturity of our fixed rate assets and liabilities, e.g., in an increasing interest rate environment, if our fixed rate liabilities mature prior to our fixed rate assets then it require us to incur additional liabilities at a higher interest rate, and repricing risk, i.e., where there is an adverse mismatch between the repricing terms of our loan assets and our loan liabilities.

We have historically, and will in the future, implement interest rate risk management through the contractual terms of our loans, including pricing terms, maturities and pre-payment and repricing provisions. Initially, all of our loans were on a fixed rate basis. We also include in our products provisions that allow us to reset the interest rate after one, three or ten years.

In order to mitigate the interest rate risk, we periodically review our lending rates based on our cost of borrowing. We then determine our lending rates based on prevailing market rates, our weighted average cost of funding and our post tax margins.

In order to manage pre-payments risk, most of our contracts either prohibit pre-payment prior to an interest reset date or require a pre-payment premium if the loan is prepaid prior to an interest reset date. The interest rate reset dates typically occur at one or three or ten year intervals. Additionally, the terms of most of our loans permit us to increase the interest rate on any undrawn portions of the overall sanction.

Under our interest rate risk management policies, we are instituting analytical techniques, such as gap analysis and duration gap analysis in order to measure our interest rate risk. Under our gap analysis technique, we group our interest rate sensitive assets and liabilities based on their respective maturities (or repricing dates) to determine our susceptibility, from an interest income perspective, to both increasing and decreasing interest rate environments within the time period.

Under our duration gap analysis technique, which we intend to fully implement in future, where we will further test to determine our susceptibility, from a balance sheet perspective, to both increasing and decreasing interest rate environments after giving effect to embedded options, e.g., pre-payment provisions, repricing terms, puts and calls, contained in our assets, liabilities and off-balance sheet arrangements. We have begun conducting training in this technique in order to ensure its effective implementation.

Under our policy, we intend to perform sensitivity analysis based on assumed interest rate scenarios to determine our susceptibility to sudden changes in the interest rate environment.

Our ALCO has agreed on the following limits for interest rate risk: our year-end mismatch of rate sensitive assets and rate sensitive liabilities may not exceed 40% of rate sensitive liabilities.

For additional information on our interest rate risk, see the relevant section in *"Risk Factors"* on page 14 of this Draft Shelf Prospectus.

Foreign currency exchange rate risk: Foreign currency exchange risk involves exchange rate movements among currencies that may adversely impact the value of foreign currency-denominated assets, liabilities and off-balance sheet arrangements. We have foreign currency borrowings that could expose us to foreign currency exchange rate risk and we expect to increase our foreign currency-denominated borrowings in the future. As on March 31, 2019, our total foreign currency liabilities outstanding were JPY 12.43 billion, US$ 4.83 billion and EURO 73.45 Million. As on March 31, 2019, we did not engage in foreign currency denominated lending.

Our Company manages foreign currency risk associated with exchange rate and interest rate through various derivative instruments. For this, our Company has put in place a hedging policy to manage risk associated with foreign currency borrowings. Foreign currency risk associated with exchange rate and interest rate is managed through various derivate instruments.

Our ALCO has agreed on the following limits: the net open exposure position shall not be more than 35% of our net worth at any point of time for exchange rate risk and not more than 20% of our net worth for interest rate risk.

For additional information on our foreign currency risk, see the relevant section in *"Risk Factors"* on page 14 of this Draft Shelf Prospectus.

Liquidity Risk

Liquidity risk is the risk of our potential inability to meet our liabilities as they become due. We face liquidity risks, which could require us to raise funds or liquidate assets on unfavourable terms. We manage our liquidity risk through a mix of strategies, including through forward-looking resource mobilization based on projected disbursements and maturing obligations.

Our ALCO has agreed on the following limits for liquidity mismatch, up to one-month mismatch of assets and liabilities may not exceed 15% of cash outflow and for other buckets, the cumulative mismatch % may not exceed 30% of cumulative cash outflow.

For additional information on our liquidity risk, see the relevant section in ***"****Risk Factors****"*** on page 14 of this Draft Shelf Prospectus.

RISK MONITORED UNDER RMC

Credit Risk

Credit risk is a risk inherent in the financing industry and involves the risk of loss arising from the diminution in credit quality of a borrower and the risk that the borrower will default on contractual repayments under a loan or an advance.

We follow a systematic institutional and project appraisal process to assess and mitigate credit risk. These processes include a detailed appraisal methodology, identification of risks and suitable structuring and credit risk mitigation measures. We use a wide range of quantitative as well as qualitative parameters as a part of the appraisal process to make a sound assessment of the extent of underlying credit risk in a project.

Our current policies look at the borrower's eligibility criteria placing emphasis on financial and operational strength, capability and competence. We determine borrower credit worthiness within the public sector based, *inter alia*, on third party ratings of such borrowers that are made available to us. Lending policies are set out in the loan policy circulars and permit prioritization in the form of differential interest rates and project credit limits. We evaluate the credit quality of the borrower by assigning risk weightings on the basis of the various financial and non-financial parameters. On regular basis the projects risk are reviewed and categorised as high/moderate/low on the basis of different risk parameters and exposure of the project in accordance with Project Risk categorization Frameworks For additional information on our lending policies, see the section titled ***"Our Lending Policies and Guidelines"*** in the chapter "*Our Business*" on page 95 of this Draft Shelf Prospectus.

We are subject to credit risk in a number of ways; for additional information on our credit risk, see the relevant section in *"Risk Factors"* on page 14 of this Draft Shelf Prospectus.

Operational Risk

Operational risks are risks arising from inadequate or failed internal processes, people and systems or from external events. We have continually strengthened our systems and procedures to recognise and reduce operational risk in our business. The Company has an organization-wide risk categorization framework through which all the operational risks are measured and categorised as high or moderate or low. The Company has an Organization-wide risk categorization framework through which all the operational risks are measured and categorised as high/moderate/low. Further the operational risks of the Company are studied in eight functional areas such as business, compliance, finance, human resource, information technology, legal, operational and strategic.

Operational controls in project finance activities. We have operational guidelines and manuals that provide a detailed description of the systems and procedures to be followed in the course of appraisal, approval, disbursement and recovery of a loan.

Operational controls in treasury activities. Our investment policy provides policies for deployment of short-term surplus funds and a description of operations to be followed, with suitable exposure and counterparty limits. Compliance with our guidelines is monitored through internal control and external and internal audits.

Legal risk

Legal risk arises from the uncertainty of the enforceability of contracts relating to the obligations of our borrowers. This could be on account of delay in the process of enforcement or difficulty in the applicability of the contractual obligations. We seek to minimise the legal risk through legal documentation and forward-looking contractual provisions in the legal documents.

EMPLOYEES

Our executives have experience and domain knowledge in different fields of the power sector, including project appraisal, project financing, international finance and domestic resource mobilisation. As of September 30 2019, we had 496 employees (excluding the Directors and the chief vigilance officer), of which 401 were executives and 95 were non-executive employees. As a matter of practice, we recruit professionally qualified persons through open advertisements and campus recruitment drives. Additionally, we also take officials from the Government, state governments and public sector undertakings on deputation at various levels for their expertise.

Our non-executive employees are all affiliated with the REC employees union, which is duly registered under the Trade Unions Act, 1926 as a trade union. We believe that we have a good relationship with this union and have not lost any time on account of strikes or labour unrest.

We continue to be on good terms with our employees in Fiscal 2020. There has been no loss of man-days on account of industrial unrest. Regular interactions were held with the REC employees union and the REC officers association on issues of employee welfare. This has helped to build an atmosphere of trust and cooperation between our Company and our employees, resulting in a motivated workforce and continued improvement in business performance.

TRAINING AND DEVELOPMENT

As a measure of capacity building, including the upgrading of employees' skill sets and to ensure a high delivery of performance, training and human resource development continued to receive priority during Fiscal 2019. The training and human resource policy of our Company aims at sharpening the business skills and competence required for better employee performance and provides all possible opportunities and support to the employees to improve their performance and productivity. Training was also provided to promote better understanding of professional requirements as well as to sensitise employees to the socio-economic environment in which the business of our Company is carried out.

REGULATIONS AND POLICIES

The following is a summary of certain laws and regulations in India, which are applicable to our Company. The information detailed in this chapter has been obtained from publications available in the public domain. The regulations set out below may not be exhaustive and are only intended to provide general information to the investors and are neither designed nor intended to substitute for professional legal advice.

REGULATIONS GOVERNING NBFCs

*The Company is a Non-Banking Finance Company, that is Non Deposit taking and Systemically Important ("**NBFC-ND-SI")** and is notified as a public financial institution under section 2(72) of the Companies Act, 2013 (corresponding to the erstwhile Section 4A of the Companies Act, 1956 and also classified as an Infrastructure Finance Company ("IFC") by the RBI vide certificate dated September 17, 2010. A fresh certificate of registration bearing no. 14.000011 dated November 28, 2018 was allotted by the RBI in the name of REC Limited. The Company is a leading public financial institution in the Indian power infrastructure sector and is engaged in the financing and promotion of transmission, distribution and generation projects throughout India. The business activities of NBFCs and public financial institutions are regulated by various RBI regulations, but as a Government company, the Company has the benefit of certain exemptions as further described below.*

NBFCs are primarily governed by the Reserve Bank of India Act, 1934, as amended ("**RBI Act**"), Non- Banking Financial Company Systemically Important NBFC Directions and the Non-Banking Financial Company – Non-Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016. Additionally, NBFCs are also governed by various circulars, notifications, guidelines and directions issued by the RBI from time to time.

The RBI Act

The RBI Act defines an NBFC under Section 45-I (f) as:

(a) a financial institution which is a company;

(b) a non-banking institution which is a company, and which has as its principal business the receiving of deposits, under any scheme or arrangement or in any other manner, or lending in any manner; and

(c) such other non-banking institution or class of such institutions, as the Bank may, with the previous approval of the Central Government and by notification in the Official Gazette, specify.

A "financial institution" and a "non-banking institution" have been defined under Sections 45-I(c) and 45-I (e) of the RBI Act, respectively. Section 45-I (c) of the RBI Act defines a "financial institution" as a non-banking institution carrying on as its business or part of its business, among other activities, the financing, whether by making loans or advances or otherwise, of any activity, other than its own. Also, section 45-I (e) of the RBI Act defines a non-banking institution as a company, corporation or cooperative society.

The RBI has clarified that, while identifying a company as an NBFC, it will consider both the assets and the income pattern from the last audited balance sheet to decide its principal business. A company will be treated as a NBFC if: (a) its financial assets are more than 50% of its total assets (netted off by intangible assets); and (b) income from financial assets should be more than 50% of the gross income. Both these tests are required to be satisfied as the determinant factor for the principal business of a company.

NBFCs which are Government companies in which not less than 51 per cent. of the paid up capital is held by the Central Government or by any State Government or partly by the Central Government and partly by one or more State Governments or which is a subsidiary of a Government company ("**Government NBFCs**"), have been exempted from complying with the various parts of the RBI Act relating to maintenance of liquid assets, creation of reserve funds and the directions relating to acceptance of public deposits and certain prudential norms.

Government owned companies, as defined under Section 2(45) of the Companies Act, 2013 and registered with RBI as NBFCs, were exempt from the following regulatory and statutory provisions:

(i) Sections 45-IB and 45-IC of the RBI Act, 1934;

(ii) Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 and Master Direction - Non- Banking Financial Company – Non-Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016 (except provisions contained in paragraph 23 of these directions); and

(iii) Master Direction - Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 2016 (except certain provisions contained in these directions).

The RBI Act states that an NBFC shall commence or carry on the business of a non-banking financial institution after obtaining a certificate of registration ("**CoR**") and having a minimum net owned fund of Rs. 25 Lakhs and not exceeding Rs. 2 Crore. NBFCs that do not accept deposits from the public also need to obtain a CoR, however the same will not authorize them to accept public deposits. All NBFCs are required to submit a certificate from their statutory auditors every year stating that they continue to undertake the business of a non-banking financial institution.

Government companies

Historically, the RBI had exempted a Government company as defined under Section 2 (45) of the Companies Act, 2013 from the applicability of several sections of the RBI Act as well as, inter alia, the NBFC-ND-SI Directions. However, pursuant to a notification dated 31 May 2018, Government companies which were previously exempt from the NBFC-SI Directions and certain income recognition, asset classification, provision requirements, capital adequacy requirements, leverage ratios and concentration of credit and investments, corporate governance and deposit regulations will now have to comply in the same way as non-Government companies within the prescribed timelines ("**Withdrawal Notification**").

Under the Withdrawal Notification,

(i) income recognition as set out under the NBFC-ND-SI Directions has to be complied with by Government companies by 31 March 2019. Income recognition is required to be based on recognised accounting principles and guidance notes in India. Income including interest or discount or hire charges or lease rentals or any other charges on non-performing assets are recognised only when it is actually realised, and any income recognised before an asset became non-performing and remaining unrealised is reversed. Income from dividend on shares of corporate bodies and units of mutual funds is taken into account on cash basis. Income from bonds and debentures of corporate bodies and from Government securities or bonds is taken into account on accrual basis. Income on securities of corporate bodies or public sector undertakings, the payment of interest and repayment of principal of which have been guaranteed by the central Government or a state Government is taken into account on accrual basis;

(ii) asset classification has to be done within 120 days from 31 March 2019 and 90 days from 31 March 2020. Loans and other credit facilities and lease assets are classified into the following broad asset types: (a) Standard Assets: Standard asset refers to an asset in respect of which no default in repayment of principal or payment of interest is perceived and which does not disclose any problem or carry more than normal risk attached to the business; and (b) Non-performing Assets: An asset is considered as a non-performing asset and sub-categorised as sub-standard, doubtful and loss asset;

(iii) 100% of prescribed provisioning requirement needs to be met by 31 March 2019. This is 0.40 per cent of the outstanding amount of the loans disbursed by the NBFC, which amount is not reckoned for arriving at net non-performing assets;

(iv) Government owned NBFCs are required to have a CRAR of 10 per cent. by 31 March 2019, which increases to a CRAR of 15 per cent. by 31 March 2022;

(v) leverage ratio will be applicable by 31 March 2022 with a roadmap for compliance to be prepared by Government owned non-deposit taking NBFCs;

(vi) credit and investment concentration norms be complied with by 31 March 2022;

(vii) corporate governance, conduct of business regulations, and the fair practices code have to be complied with by 31 March 2019;

(viii) the requirement under Section 45 IB of the RBI Act, 1934, in respect of maintaining a percentage of investments in unencumbered approved securities (central or state Government bonds, as well as bonds of whose principal and interest have been guaranteed by the Government) whose value does not exceed 15 per cent. of the deposits outstanding at the close of business on the last working day of the second preceding quarter is now applicable to Government NBFCs. This requirement is applicable in a phased manner, i.e 5 per cent. of outstanding deposits by 31 March 2019, which increases to 15 per cent. by 31 March 2022; and

(ix) the requirement under Section 45 IC of the RBI Act, 1934, of creating a reserve fund and transferring a sum not less than 20 per cent. of its net profit every year as disclosed in the profit and loss account and before any dividend is declared, to such reserve fund, is now applicable to Government NBFCs from 31 March 2019.

The phased withdrawal of the exemptions applicable on Section 45 IB and Section 45 IC of the RBI Act are also listed in Master Direction - Exemptions from the provisions of RBI Act, 1934, Master Direction DNBR.PD. 001/03.10.119/2016-1.

Additionally, the Withdrawal Notification permits government companies set up to serve specific sectors to approach the RBI for exemptions.

Systemically Important NBFC Directions

The RBI has issued the Non-Banking Financial Company — Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 ("**Systemically Important NBFC Directions**"). NBFC-NDs must comply with prescribed capital adequacy ratios, income recognition, asset classification and provisioning requirements applicable to NBFCs, exposure norms, constitution of audit committee, disclosures in the balance sheet, restrictions and concentration of credits and investments, norms for restructuring of advances and flexible structuring of long-term project loans to infrastructure and core industries, single and group exposure norms and other prudential requirements prescribed. The Company, being classified as a Government company, is exempted from these directions, apart from making requisite communications to the RBI in case of change in the information of the Company.

However, the RBI, in its letters dated July 25, 2013 and April 4, 2014, has conveyed to our Company that it shall comply with the prudential norms of the RBI by March 31, 2016, and follow the instructions contained in the RBI circular dated January 23, 2014 issued in its Notification No. DNBS (PD) No. 271/CGM (NSV)-2014, in respect of restructuring of assets. Subsequently, the RBI, in its letter dated June 11, 2014, has allowed an exemption to our Company from the RBI restructuring norms until March 31, 2017, for its transmission and distribution, renovation and modernization and life extension projects and also the hydro projects in the Himalayan region affected by natural disasters. Further, for new project loans to generate company restructuring after April 1, 2015, the provisioning requirement is 5% and for stock of loans as at March 31, 2015 of such projects, the provisioning shall commence with a provision of 2.75% effective March 31, 2015 and reaching 5% by March 31, 2018.

Classification of Infrastructure Finance Companies

All NBFC-NDs with an asset size of Rs. 500 Crore or more in accordance with the last audited balance sheet will be considered as an NBFC-ND-SI. An IFC NBFC-ND-SI in addition fulfils the following criteria:

(a) a minimum of 75 per cent. of its total assets deployed in "infrastructure loans";

(b) net owned funds of Rs.300 Crore or above;

(c) minimum credit rating 'A' or equivalent of CRISIL, India Ratings and Research Pvt. Ltd., CARE, ICRA, Brickwork Rating India Pvt. Ltd. (Brickwork) or equivalent rating by any other credit rating agency accredited by RBI; and

(d) CRAR of 15 per cent. (with a minimum Tier I capital of 10 per cent.).

The Company is a Government IFC NBFC-ND-SI and consequently is subject to the following lending and investment norms:

(a) lend to: (i) any single borrower exceeding 25% of its owned fund; and (ii) any single group of borrowers exceeding

40% of its owned fund;

(b) invest in: (i) the shares of another company exceeding 15% of its owned fund; and (ii) the shares of a single group of companies exceeding 25% of its owned fund; or

(c) lend and invest (loans/investments taken together) exceeding: (i) 30% of its owned fund to a single party; and (ii) 50% of its owned fund to a single group of parties.

RBI has granted an exemption to our Company pursuant to a letter dated June 16, 2016 from concentration norms in respect of exposure to central and state entities in the power sector until March 31, 2022, our maximum credit exposure limits to such utilities varies from 50% to 250% of our net worth, depending on the entity appraisal and status of unbundling of the respective state utilities. In respect of private sector entities, the Company's credit exposure to single borrowers and group borrowers did not exceed the RBI prudential exposure limits as at March 31, 2019, March 31, 2018 and March 31, 2017.

Private Placement Guidelines

The RBI's Systemically Important NBFC Directions contain provisions with respect to NBFCs raising money through private placement of non-convertible debentures ("**NCDs**"). NBFCs need a board-approved policy for resource planning which, *inter alia*, should cover the planning horizon and the periodicity of private placement. The Company shall be governed by the following instructions:

(a) the minimum subscription per investor is Rs.20,000;

(b) the issuance of NCDs shall be in two separate categories per investor: (i) maximum subscription of less than Rs. 1 Crore; and (ii) minimum subscription of Rs. 1 Crore and above;

(c) where maximum subscription is less than Rs. 1 Crore, the limit is 200 subscribers for every financial year for issuance of NCDs;

(d) where minimum subscription is Rs. 1 Crore and above, there is no limit on the number of subscribers in respect of issuances and the Company has the option to create security in favor of subscribers or not. Any unsecured debentures are not treated as public deposits;

(e) NCD shall only be issued for the Company's use and only for its own balance sheet and not to raise money for group entities, the parent company or associates; and

(f) an NBFC shall not extend loans against the security of its own debentures (issued by way of either private placement or public issue).

The Issuer, in respect of any private placements of debentures, needs to comply with the regulations of SEBI from time to time. These include, but are not limited to, the following: (i) the electronic booking platform provided by a recognized stock exchange for any issuance by the Company by way of a private placement of securities. The bidding mechanism applies to: (a) a single issue, inclusive of green shoe option, if any, of Rs. 200 Crore or more; (b) a shelf issue, consisting of multiple tranches, which cumulatively amounts to Rs. 200 Crore or more, in a financial year; or (c) a subsequent issue, where aggregate of all previous issues by an issuer in a financial year equals or exceeds Rs. 200 Crore. Participants are then required to submit their bids through this platform to purchase securities. The Company may be required to provide certain information and do certain acts in this respect; and (ii) circulars relating to the clubbing of international securities identification numbers for frequent issuers of debt issues with the same tenor during a quarter who may then may club issuances under the same umbrella international securities identification numbers.

Measures for Capital Augmentation by NBFCs

NBFC-ND-SIs which meet the criteria prescribed in the Systemically Important NBFC Directions, may augment their capital funds by the issuance of perpetual debenture instruments in accordance with certain specified guidelines. Such perpetual debenture instruments shall be eligible for inclusion as Tier I capital to the extent of 15% of the total Tier I capital as of March 31 of the previous accounting year. NBFC-ND-SIs may augment their Tier II capital by the issuance of hybrid capital instruments and subordinated debt within certain specified guidelines. Perpetual debenture instruments issued in excess of 15%

will be included in Tier II capital, subject to the proviso that Tier II capital does not exceed Tier I capital.

Every NBFC shall, after taking into account the degree of well-defined credit weaknesses and extent of dependence on collateral security for realisation, classify its lease/hire purchase assets, loans and advances and any other forms of credit into the following classes, namely: (i) standard assets; (ii) sub-standard assets; (iii) doubtful assets; and (iv) loss assets.

A NPA shall mean: (a) an asset, in respect of which, interest has remained overdue for a period of 3 months or more; (b) a term loan inclusive of unpaid interest, when the instalment is overdue for a period of 3 months or more or on which interest amount remained overdue for a period of 3 months or more; (c) a demand or call loan, which remained overdue for a period of 3 months or more from the date of demand or call or on which interest amount remained overdue for a period of 3 months or more; (d) a bill which remains overdue for a period of 3 months or more; (e) the interest in respect of a debt or the income on receivables under the head 'other current assets' in the nature of short term loans/advances, which facility remained overdue for a period of 3 months or more; (f) any dues on account of sale of assets or services rendered or reimbursement of expenses incurred, which remained overdue for a period of 3 months or more; (g) the lease rental and hire purchase instalment, which has become overdue for a period of 3 months or more; (h) in respect of loans, advances and other credit facilities (including bills purchased and discounted), the balance outstanding under the credit facilities (including accrued interest) made available to the same borrower/beneficiary when any of the above credit facilities become non-performing assets.

Norms for excessive interest rates

Interests rates beyond a certain level may be seen to be excessive and can neither be sustainable nor be conforming to normal financial practice. Boards of applicable NBFCs, therefore, are required to lay out appropriate internal principles and procedures in determining interest rates and processing and other charges.

Asset Liability Management

The management of NBFCs is required to base its business decisions on a dynamic and integrated risk management system and process, driven by corporate strategy. It is, therefore, important that NBFCs introduce effective risk management systems that address the issues relating to interest rate and liquidity risks.

NBFCs are exposed to several major risks in the course of their business – credit risk, interest rate risk, equity / commodity price risk, liquidity risk and operational risk. It is, therefore, important that NBFCs introduce effective risk management systems that address the issues relating to interest rate and liquidity risks. The initial focus of the Asset Liability Management ("**ALM**") function shall be to enforce the risk management discipline or manage the business after assessing the risks involved. The objective of good risk management systems shall be that these systems will evolve into a strategic tool for the management of NBFCs.

The ALM process rests on three pillars:

(a) ALM Information Systems

    (i) Management Information Systems

    (ii) Information availability, accuracy, adequacy and expediency

(b) ALM Organization

    (i) Structure and responsibilities

    (ii) Level of top management involvement

(c) ALM Process

    (i) Risk parameters

    (ii) Risk identification

(iii) Risk measurement

(iv) Risk management

(v) Risk policies and tolerance levels.

Corporate Governance Guidelines

The RBI has mandated certain corporate governance rules for all NBFC-NDs, which include the constitution of an audit committee, a nomination committee and a risk management committee. The guidelines have also issued instructions for the framing of internal guidelines on corporate governance with the approval of the board of directors of the NBFC and also for the rotation of the partners of the chartered accountancy firm conducting its audit every three years.

Anti-Money Laundering

The RBI has specified that a proper policy framework for the Prevention of Money Laundering Act, 2002, as amended ("**PMLA**") is put into place in NBFCs. The PMLA seeks to prevent money laundering and extends to all banking companies and financial institutions, including NBFCs and intermediaries. In accordance with the provisions of the PMLA and the directions, all NBFCs are advised to appoint a principal officer for internal reporting of suspicious transactions.

Directions on the Acquisition of NBFC

Prior written permission from the RBI is required for:

(a) the takeover or acquisition of an NBFC, deposit and non-deposit accepting, whether by acquisition of shares or otherwise;

(b) any change in the shareholding of the applicable NBFCs, including progressive increases over time, which would result in acquisition/transfer of shareholding of 26% or more of the paid up equity capital of the applicable NBFC. Prior approval would, however, not be required in the case of any shareholding going beyond 26% due to buyback of shares/reduction in capital where it has approval of a competent Court. The same is however required to be reported to the RBI not later than one month from its occurrence; and

(c) any change in the management of the applicable NBFC which results in the change in more than 30% of the directors, excluding independent directors. Prior approval would not be required for those directors who get re-elected on retirement by rotation.

Non-compliance of the directions could lead to adverse regulatory action including cancellation of the certificate of registration of NBFCs.

Opening of Branch, Subsidiary or Representation Office of an NBFC outside India

Prior approval of the RBI is required for the opening of a branch, subsidiary, joint venture or representative office or for undertaking any investment abroad by an NBFC.

Department of Public Enterprises, Government of India

We are a Navratna Central Public Sector Undertaking under the administrative control of the Ministry of Power, Government of India.
The Department for Public Enterprises is the nodal department for all the Central Public Sector Enterprises ("**CPSEs**") and formulates policy pertaining to CPSEs. It lays down, in particular, policy guidelines on performance improvement and evaluation, autonomy and financial delegation and personnel management in CPSEs. It furthermore collects and maintains information in the form of a Public Enterprises Survey on several areas in respect of CPSEs. The Department for Public Enterprises formulates policy guidelines pertaining to CPSEs in areas like performance improvements and evaluation, financial management, personnel management, board structures, wage settlement, training, industrial relation, vigilance and performance

appraisal.

REGULATION OF CORPORATES

Companies Act, 2013

The Government promulgated the Companies Act, 2013 ("**Companies Act**") on 30 August 2013. The Companies Act intends to strengthen corporate regulation by increasing the robustness of the existing provisions and introducing new measures, such as (i) increasing accountability of management by making independent directors more accountable; (ii) improving corporate governance practices; (iii) enhancing disclosure norms in relation to capital raising; (iv) enhancing audit procedures and audit accountability including establishment of the National Financial Reporting Authority for dealing with matters relating to accounting and auditing policies and standards; (v) increasing investor protection and activism by way of provisions relating to class action suits; (vi) ensuring protection of minority rights including exit options; (vii) promoting e-governance initiatives; (viii) ensuring stricter enforcement standards including establishment of Serious Fraud Investigation Office for investigation of frauds relating to companies and special courts for summary trial of offences under the 2013 Act; (ix) better framework for insolvency regulation, (x) making CSR mandatory for every company having net worth of Rs. 500 crore or more, or turnover of Rs. 1,000 crore or more or a net profit of Rs. 5 crore or more during the immediately preceding financial year, (xi) introducing the National Company Law Tribunal and its appellate authority, the National Company Law Appellate Tribunal, which replaces the Company Law Board, the Board for Industrial and Financial Reconstruction and its appellate authority with the intention that all lawsuits relating to companies are made to one body, (xii) providing rules on insider dealing, forward contracts, related party transactions and acceptance of deposits and (xiii) the implementation of a fixed and variable legislation model with various provisions of the Companies Act delegating rule making authority to the GoI. The Ministry of Corporate Affairs on 30 January 2019 has notified Section 465 of the Companies Act which has repealed the provisions of the erstwhile Companies Act, 1956.

The Companies (Amendment) Act, 2019 has been notified in July, 2019 to facilitate, *inter alia*, (i) promotion of ease of doing business; (ii) de-clogging of National Company Law Tribunal; (iii) strengthening of corporate governance standards and enforcement; and (iv) enhanced compliance by corporates.

LAWS RELATING TO THE RECOVERY OF DEBTS

Securitisation Act

The Securitisation and Reconstruction of Financial Assets and Enforcement of Securities Interest Act, 2002, as amended ("**Securitisation Act**") provides the powers of "seize and desist" to banks and grants certain special rights to banks and financial institutions to enforce their security interests. The Securitisation Act provides that a "secured creditor" may, in respect of loans classified as non-performing in accordance with RBI guidelines, give notice in writing to the borrower requiring it to discharge its liabilities within 60 days, failing which the secured creditor may take possession of the assets constituting the security for the loan, and exercise management rights in relation thereto, including the right to sell or otherwise dispose of the assets.

Under the Securitisation Act, all mortgages and charges on immovable properties in favour of banks and financial institutions are enforceable without the intervention of the Courts. The Securitisation Act also provides for the establishment of asset reconstruction companies regulated by RBI to acquire assets from banks and financial institutions. A bank or financial institution may sell a standard asset only if the borrower has a consortium or multiple banking arrangements, at least 75% by value of the total loans to the borrower are classified as non-performing and at least 75% by value of the banks and financial institutions in the consortium or multiple banking arrangements agree to the sale. The banks or financial institution selling financial assets should ensure that there is no known liability devolving on them and that they do not assume any operational, legal or any other type of risks relating to the financial assets sold. Furthermore, banks or financial institutions may not sell financial assets at a contingent price with an agreement to bear a part of the shortfall on ultimate realisation. However, banks or financial institutions may sell specific financial assets with an agreement to share in any surplus realised by the asset reconstruction company in the future. While each bank or financial institution is required to make its own assessment of the value offered in the sale before accepting or rejecting an offer for purchase of financial assets by an asset reconstruction company, in consortium or multiple banking arrangements where more than 75% by value of the banks or financial institutions accept the offer, the remaining banks or financial institutions are obliged to accept the offer.

For financing of a financial asset by more than one secured creditor or joint financing of a financial asset by secured creditors, no secured creditor is entitled to exercise any rights unless such exercise is agreed by at least 60% of the secured creditors by value of outstanding and such action is binding on all the secured creditors.

Any securitisation company or asset reconstruction company may acquire financial assets of a bank or financial institution by issuing a debenture, bond or any other security in the nature of a debenture, for agreed consideration or by entering into an agreement with such bank or financial institution to purchase such financial assets on terms and conditions as agreed. In respect of a shortfall in proceeds realised from the sale of secured assets, a secured creditor may file an application to the Debt Recovery Tribunal to recover the balance amount from a borrower under the Debt Recovery Act (as defined below).

Debt Recovery Act

The Recovery of Debts Due to Banks and Financial Institutions Act, 1993 as amended from time to time ("**Debt Recovery Act**") provides for the establishment of Debt Recovery Tribunals and a Debt Recovery Appellate Tribunals for expeditious adjudication and recovery of debts due to any bank or public financial institution or to a consortium of banks and public financial institutions. Under the Debt Recovery Act, the procedures for the recovery of debt have been simplified and timeframes have been fixed to facilitate the disposal of cases. The Debt Recovery Act lays down the rules for establishment of Debt Recovery Tribunals, the procedure for making an application to the Debt Recovery Tribunals and their powers and modes of recovery of debts. Upon establishment of the Debt Recovery Tribunals and the Debt Recovery Appellate Tribunal, no court or other authority can exercise jurisdiction in relation to matters covered by the Debt Recovery Act, except the Supreme Court exercising jurisdiction under Article 32 and the High Court exercising jurisdiction under Articles 226 and 227 of the Constitution of India, in relation to matters specified in Section 17 of the Debt Recovery Act.

Enforcement of Security Interest and Recovery of Debt Laws and Miscellaneous Provisions (Amendment) Act, 2016 (the Amendment Act)

The Amendment Act was passed by both houses of the Parliament on August 9, 2016 and received the assent of the President on August 12, 2016. The Amendment Act shall come into force as and when notified by the Central Government. The Amendment Act amends two laws: (i) the Securitisation Act and (ii) the Debt Recovery Act. Under the Securitisation Act, secured creditors can take possession over collateral, against which a loan had been provided, upon a default in repayment, which can be done with the assistance of the district magistrate. The Amendment Act provides that this process will have to be completed within 30 days by the district magistrate. In addition, the Amendment Act: (i) creates a central database to integrate records of property registered under various registration systems with this central registry and secured creditors will not be able to take possession over the collateral unless it is registered with the central registry; and (ii) provides that stamp duty will not be charged on transactions for transfer of financial assets in favour of asset reconstruction companies. In relation to the Debt Recovery Act, the Amendment Act (i) allows banks to file cases in tribunals having jurisdiction in the location of the bank branch and where the debt is pending; and (ii) provides further details of procedures that the tribunals will follow in case of debt recovery proceedings.

The Bankruptcy Code

The Insolvency and Bankruptcy Code, 2016 ("**IBC**") was passed by the Parliament on 11 May 2016, with a view to creating a unified framework for resolving insolvency and bankruptcy in India. The IBC, aims to consolidate the laws relating to insolvency of companies and limited liability entities (including limited liability partnerships and other entities with limited liability), unlimited liability partnerships and individuals, currently contained in a number of legislations, into a single legislation. Under the IBC, NBFCs, as financial creditors, can initiate a corporate insolvency resolution process against a corporate debtor who has defaulted in respect of debt equivalent to or more than Rs. 1 Lakh, provided such NBFC furnishes record of the default filed with the information utility to the National Company Law Tribunal. Further, while it is not permissible to initiate insolvency proceedings under the IBC against NBFCs, recent National Company Law Tribunal judgements have utilised the generic powers of the National Company Law Tribunal under Section 242 of the Companies Act to indirectly apply the IBC to financial services providers such as NBFCs.

Prudential Framework for Resolution of Stressed Assets issued by the Reserve Bank of India

The RBI recently issued the Stressed Asset Framework on 7 June 2019. These directions have been issued with a view to providing a framework for early recognition, reporting and time-bound resolution of stressed assets. The directions are issued without prejudice to the issuance of specific directions, from time to time, by the RBI to banks, in terms of the provisions of Section 35AA of the Banking Regulation Act, 1949, for the initiation of insolvency proceedings against specific borrowers under the Insolvency and Bankruptcy Code, 2016. The Honorable Supreme Court of India, *vide* its order dated 2 April 2019, held the RBI circular dated 12 February 2018 on Resolution of Stressed Assets as *ultra vires*. In light of this decision, the RBI issued the Framework for expeditious and effective resolution of stressed assets.

The RBI has mandated that the provisions of the directions in the Stressed Asset Framework shall apply to the following entities: (a) Scheduled Commercial Banks (excluding Regional Rural Banks); (b) All India Term Financial Institutions (NABARD, NHB, EXIM Bank, and SIDBI); (c) Small Finance Banks; and (d) Systemically Important Non-Deposit Taking Non-Banking Financial Companies ("**NBFC-ND-SI**") (including our Company) and Deposit-taking Non-Banking Financial Companies ("**NBFC-D**").

The fundamental principles underlying the Framework for resolution of stressed assets are as follows:

(i) early recognition and reporting of default in respect of large borrowers by banks, FIs and NBFCs;

(ii) complete discretion to lenders with regards to design and implementation of resolution plans, in supersession of earlier resolution schemes (S4A, SDR, 5/25 etc.), subject to the specified timeline and independent credit evaluations;

(iii) a system of disincentives in the form of additional provisioning for delay in implementation of resolution plan or initiation of insolvency proceedings;

(iv) withdrawal of asset classification dispensations on restructuring and future upgrades to be contingent on a meaningful demonstration of satisfactory performance for a reasonable period;

(v) for the purpose of restructuring, the definition of 'financial difficulty' to be aligned with the guidelines issued by the Basel Committee on Banking Supervision; and

(vi) signing of inter-creditor agreement by all lenders to be mandatory, which will provide for a majority decision making criteria.

The RBI has further mandated that existing instructions on resolution of stressed assets, such as the Framework for revitalizing Distressed Assets, Corporate Debt Restructuring Scheme, Flexible Structuring of Existing Long-Term Project Loans, Strategic Debt Restructuring Scheme, Change in Ownership outside SDR, and Scheme for Sustainable Structuring of Stressed Assets, are withdrawn with immediate effect. Accordingly, the Joint Lenders' Forum, as a mandatory institutional mechanism for resolution of stressed accounts, is also discontinued.

LAWS RELATING TO THE POWER SECTOR

In accordance with the Indian Constitution, the authority to regulate the electricity sector vests with both the State and the Central Governments.

The Ministry of Power ("**MoP**") acts as the administrative ministry governing the Central power sector in the country. The MoP is responsible for the administration of the Electricity Act, 2003, as amended from time to time ("**Electricity Act**"), the Energy Conservation Act, 2001 as amended and to undertake such amendments to these Acts, as may be necessary from time to time, in conformity with the government's policy objectives. The Central Electricity Authority ("**CEA**") advises the MoP, *inter alia*, on electricity policies and technical matters.

Electricity Act, 2003

The Electricity Act is a Central legislation relating to generation, transmission, distribution, trading and use of electricity that seeks to replace the multiple legislations that govern the power sector. The Electricity Act aims to enable measures to be taken for the development of the electricity industry, promote competition, protect the interest of consumers and supply of electricity to all areas, rationalize the electricity tariff, ensure transparent policies regarding subsidies, promote efficient and environmentally benign policies, constitute the Central Electricity Agency and establish the Appellate Tribunal. The most significant reform initiative under the Electricity Act was the move towards a multi-buyer, multi-seller system as opposed to the existing structure which permitted only a single distributor to purchase power from power generators. In addition, the Electricity Act grants the electricity regulatory commissions freedom in determining tariffs. Under the Electricity Act, no license is required for establishing, expanding, operating or maintaining a generating station, if it complies with the technical standards relating to connectivity with the grid, provided that the generating station has submitted a detailed project report. The Electricity Act was amended in 2007 to exempt captive power generation plants from licensing requirements for supply to any licensee or consumer and further amended in 2010 to provide that any developer of a special economic zone ("**SEZ**") notified shall be deemed to be a licensee under the Electricity Act.

Proposed Amendments to the Electricity Act

The Ministry of Power has proposed several amendments to the Electricity Act 2003. Pursuant to the draft amendment circulated to stakeholders and the general public for comments, the Ministry of Power has proposed the following changes, which *inter alia* include, (i) new licensing regime will be introduced, i.e. separate license for maintaining the distribution networks and for supply of electricity will be issued; (ii) Central and State Governments will be empowered to introduce subsidies in the tariff rates to a class of consumers, which will be directly transferred to the bank accounts of the beneficiaries; (iii) no ceiling tariff will be imposed in case such tariff has been determined on the basis of competitive bidding; and (iv) renewable energy sources will be defined to include energy produced solely or by combination of hydro, wind, solar, bio-mass, bio-fuel, bio-gas, waste including municipal waste and solid waste, geothermal, tidal and forms of oceanic energy. These proposed amendments are yet to be formally tabled in the Indian parliament.

Licensing Requirements

Under the Electricity Act, transmission and distribution of, and trading in, electricity require licences from the appropriate Central or State electricity regulatory commissions (respectively, **CERCs** and **SERCs**, and collectively, **ERCs**), unless exempted. CERC has jurisdiction over generating companies owned or controlled by the Government or which have a composite scheme for generation and sale in more than one State. SERCs have jurisdiction over generating stations within State boundaries, except those under CERC's jurisdiction. The respective ERC determines the tariff for supply of electricity from a generating company to a licensee, transmission, wheeling, and retail sale of electricity. All States in India have ERCs in operation.

Generation

Currently, any generating company in India can establish, operate and maintain a generating station if it complies with the technical standards relating to connectivity with the grid. Approvals from the Government, the State Government and the techno-economic clearance from the CEA are no longer required, except for hydroelectric projects. Generating companies are permitted to sell electricity to any licensees and where permitted by the respective SERCs, to consumers. The respective ERCs determine the tariff for the supply of electricity from a generating company to any distribution licensee, transmission of electricity, wheeling of electricity and retail sale of electricity. CERC has jurisdiction over generating companies owned or controlled by the Government and those generating companies who have entered into or otherwise have a composite scheme for generation and sale in more than one State. SERCs have jurisdiction over generating stations within State boundaries, except those under CERC's jurisdiction.

In order to qualify as a captive generating plant, the Electricity Rules, 2005 as amended (the **Electricity Rules**) require that not less than 26 per cent. of the ownership of the plant be held by a captive user and not less than 51 per cent. of the aggregate electricity generated in such plant, determined on an annual basis, be consumed for captive use. If the minimum percentage of captive use is not complied with in any year, the entire electricity generated is treated as supplied by a "generating company" and benefits available to a "captive generating plant" (such as exemption from payment of certain levies and surcharges) will not apply in such year.

Transmission

Transmission, being a regulated activity, involves the intervention of various players. The Government is responsible for facilitating the transmission and supply of electricity, particularly inter-State, regional and inter- regional transmission. The Electricity Act vests the responsibility of efficient, economical and integrated transmission and supply of electricity with the Government and empowers it to make regional demarcations of the country for the same. In addition, the Government will facilitate voluntary inter-connections and co- ordination of facilities for the inter-State, regional and inter-regional generation and transmission of electricity. The CEA is required to prescribe certain grid standards under the Electricity Act and every transmission licensee must comply with such technical standards of operation and maintenance of transmission lines. In addition, every transmission licensee is required to obtain a licence from the CERC and the SERCs, as the case may be.

The Electricity Act allows generating companies open access to transmission lines. The transmission licensee is required to comply with the technical standards of operation and maintenance of transmission lines specified by the CEA. The provision of open access is subject to the availability of adequate transmission capacity as determined by the Central Transmission Utility or the State Transmission Utility. The Electricity Act provides certain principles in accordance with which the appropriate ERC will specify terms and conditions for determination of the tariff. Under the Electricity Act, CERC is vested with the authority to determine the tariffs for inter-State transmission of electricity. A transmission licensee may, with prior intimation to CERC or the SERC, as the case may be, engage in any business for optimum utilisation of its assets, provided that a proportion of its revenues from such business be utilized for reducing its charges for transmission and wheeling.

Trading

The Electricity Act specifies trading in electricity as a licensed activity. This may involve wholesale supply or retail supply. The licence to engage in electricity trading is required to be obtained from the appropriate ERC. The CERC issued the CERC (Procedure, Terms and Conditions for Grant of Trading Licence and Other Related Matters) Regulations, 2009, as amended (**Trading Licence Regulations**) to regulate the inter-State trading of electricity. The Trading Licence Regulations define inter-State trading as the transfer of electricity from the territory of one State for resale to the territory of another State, and includes electricity imported from any other country for resale in any State of India or exported to any other country subject to compliance with applicable laws and clearance by appropriate authorities. Under the Trading Licence Regulations, any person desirous of undertaking inter-State trading in electricity shall apply to the CERC for the grant of a licence. The Trading Licence Regulations set out various qualifications for the grant of a licence for undertaking electricity trading, including certain technical and professional qualifications, and net worth requirements. Further, a licensee is subject to certain conditions including the extent of trading margin, maintenance of records and submission of auditors' reports. The existing licensees are required to meet the net worth, current ratio and liquidity ratio criteria and are required to pay the licence fee as specified by the CERC, from time to time. The licensees need to submit monthly reports and annual returns on over-the-counter contracts and transaction volumes on a weekly basis.

Tariff Principles

Under the Electricity Act, the ERCs determine the tariff for the supply of electricity by a generating company (as well as for transmission, wheeling and retail sale of electricity). In case of a shortage of electricity supply, the ERC may fix the minimum and maximum tariff for sale or purchase of electricity, pursuant to an agreement entered into between a generating company and licensee or between licensees, for up to one year. The Electricity Act provides that the ERC shall adopt such tariff that has been determined through a transparent process of bidding in accordance with the guidelines issued by the Government. The MoP has issued detailed guidelines for competitive bidding as well as standard bidding documents for competitive bid projects. Under guidelines issued by the MoP, the determination of the tariff for a particular power project depends on the mode of participation in the project, being (i) the MoU route, based on tariff principles prescribed by CERC (cost plus basis, comprising capacity charge, energy charge, unscheduled interchange charge and incentive payments); or (ii) the competitive bidding route, where the tariff is market-based.

CERC (Terms and Conditions of Tariff) Regulations, 2014

The CERC (Terms and Conditions of Tariff) Regulations, 2014 as amended (the **CERC Tariff Regulations**) are applicable for the determination of the tariff between April 1, 2014 and March 31, 2019 for a generating station and a transmission system or its elements including communication systems used for inter-State transmission of electricity. They are not applicable to generating stations or inter-State transmission systems, where tariffs have been discovered through competitive bidding or determined in accordance with the Central Electricity Regulatory Commission (Terms and Conditions for Tariff Determination from Renewable Energy Sources) Regulations, 2017. The tariff for the supply of electricity from a thermal generating station shall comprise two parts, namely, capacity charge (for recovery of annual fixed cost) and energy charge (for recovery of fuel cost and limestone cost (where applicable)). The tariff for the supply of electricity from a hydro generating station shall comprise capacity charge and energy charge, for the recovery of annual fixed costs through the two charges. The tariff for the transmission of electricity on the inter-State transmission system shall comprise a transmission charge for the recovery of annual fixed costs. The capacity charges shall be derived on the basis of annual fixed costs and shall consist of the following components: (i) return on equity; (ii) interest on loan capital; (iii) depreciation; (iv) interest on working capital; and (v) operation and maintenance expenses. Energy charges shall be derived on the basis of the landed fuel cost of a generating station (excluding the hydro generation station) and shall comprise the following costs: (i) landed fuel cost of primary fuel; and (ii) cost of secondary fuel oil consumption.

Central Electricity Regulatory Commission (Grant of Connectivity, Long-term Access and Medium-Term Open Access in Inter-State Transmission and Related Matters) Regulations, 2009

The Central Electricity Regulatory Commission (Grant of Connectivity, Long-term Access and Medium-Term Open Access in Inter-State Transmission and Related Matters) Regulations, 2009 as amended (the **CERC Regulations**) provide various transmission products, standardize procedures, define timelines and ensure a level playing field between market players. They provide the procedures and requirements for obtaining connectivity to inter-State transmission systems, obtaining medium-term open access and obtaining long-term access. There have been amendments to the CERC Regulations in relation to the appointment of a principal generator on behalf of the renewable energy generating stations. The CERC Regulations were amended on February 17, 2017 changing the definition of long-term access and medium-term open access to extend the right to use inter-State transmission systems (**ISTS**) for a period exceeding seven years and a period equal to or exceeding three months but not exceeding five years, respectively.

Central Electricity Regulatory Commission (Sharing of Inter-State Transmission Charges and Losses) Regulations, 2010

The Central Electricity Regulatory Commission (Sharing of Inter State Transmission Charges and Losses) Regulations, 2010 as amended (the **Inter-State Regulations**) implement a point of connection method of sharing the transmission charges of inter-State transmission systems in India for a five-year period, replacing the earlier system of regional postage stamps. These regulations provide that the yearly transmission charges, revenue requirements on account of foreign exchange rate variations, changes in interest rates, and losses will be shared among the users. All the users will be default signatories to the transmission service agreement, which also requires these users to pay the point-of-connection charge, which covers the revenue of transmission licensees. The point of connection tariffs are based on load flow analysis and capture the utilisation of each network element by the users. The Inter-State Regulations were amended on December 14, 2017 so no transmission charges and losses for the use of ISTS networks are payable for generation projects based on solar resources for 25 years if they fulfil prescribed conditions.

Central Electricity Regulatory Commission (Standards of Performance of Inter-State Transmission Licensees) Regulations, 2012

The Central Electricity Regulatory Commission (Standards of Performance of Inter-State Transmission Licensees) Regulations, 2012 as amended (the **Standard of Performance Regulations**) apply to all the inter- State transmission licensees to ensure compliance with performance standards and to provide for an efficient, reliable, coordinated and economic system of electricity transmission. The Standard of Performance Regulations also covers the methodology for calculating compensation in the case of loss on account of non-adherence.

National Electricity Policy, 2005

The National Electricity Policy was notified on 10 February 2005. This policy aims at accelerated development of the power sector, focusing on the supply of electricity to all areas and protecting interests of consumers and other stakeholders, keeping in view availability of energy resources technology available to exploit these resources, economics of generation using different resources and energy security issues.

National Tariff Policy, 2016

In 2016, the Government, under the Electricity Act, notified the revised National Tariff Policy (the **Tariff Policy**) that replaced the tariff policy of 2006. The goals of the Tariff Policy are to ensure availability of electricity to consumers at reasonable and competitive rates, ensure the financial viability of the power sector, attract investment to the power sector, promote regulatory transparency, consistency and predictability across jurisdictions, minimize perceptions of regulatory risks, promote competition, ensure operational efficiency, improve the quality of the power supply, promote generation of electricity from renewable sources, promote hydroelectric power generation including pumped storage projects (**PSP**) to provide adequate peaking reserves, reliable grid operation and integration of variable renewable energy sources, evolve a dynamic and robust electricity infrastructure for better consumer services, facilitate supply of adequate and uninterrupted power to all categories of consumers and ensure the creation of adequate capacity including reserves in generation, transmission and distribution in advance, for the reliability of supply of electricity to consumers. The Tariff Policy mandates that the relevant ERCs must reserve a minimum percentage for the purchase of solar energy equivalent to 8 per cent. of total consumption of energy by March 2022. In order to further encourage renewable sources of energy, the Tariff Policy mandates that no inter-State transmission charges and losses shall be levied until such period as may be notified on transmission of the electricity generated from solar power plants through the inter-State transmission system for sale. For transmission, the Tariff Policy aims to ensure optimal development of the transmission network with adequate margin for reliability, by efficient utilisation of generation and transmission assets and attracting investment providing adequate returns. The benefits of improved efficiency and new technology are passed on to consumers through reduced tariffs. It emphasizes the need for the appropriate regulator to ensure the recovery of all prudent costs when approving the financial restructuring of a transmission company.

The Tariff Policy requires that all future power requirements be procured competitively by distribution licensees except for expansion of pre-existing projects or State Government owned or controlled companies. Regulators must resort to tariffs set by reference to standards of the CERC, provided that the generating capacity expansion by private developers for this purpose is restricted to a one-time addition of not more than 100 per cent. of the existing capacity. Under the Tariff Policy, tariffs for all new generation and transmission projects are decided on a competitive bidding basis.

National Electricity Plan

National Electricity Plan 2012-2017

The Electricity Act requires CEA to frame a National Electricity Plan once in five years and revise such plan from time to time in accordance with the National Electricity Policy. CEA released a National Electricity Plan in January 2012 (the **12th Five Year Plan**), which covers the period from 2012-2017 and includes short-term and long-term demand forecasts for different regions, suggested areas/locations for capacity additions in generation and transmission keeping in view the economics of generation and transmission, losses in the system, load centre requirements, grid stability, security of supply, quality of power, including voltage profile and environmental considerations, including rehabilitation and resettlement, integration of such possible locations with the transmission system and development of the national grid, including, type of transmission systems and requirements of redundancies, different technologies available for efficient generation, transmission and distribution and fuel choices based on economy, energy security and environmental considerations.

Draft National Electricity Plan 2017-2022

A committee was constituted in 2016 to create a 13th five year plan for India (the **13th Five Year Plan**) and the major highlights of the 13th Five Year Plan are as follows:

(a) 115 per cent. of the 12th Five Year Plan target for capacity addition from conventional sources has been met;

(b) revised renewable energy capacity target to 175 gigawatt (**GW**) by the year 2021-2022;

(c) incremental energy savings due to implementation of various energy saving measures, during the year 2016/17, 2021/22 and 2026/27 estimated to be 26 billion units (**BU**), 137 BU and 204 BU respectively over the year 2015-16;

(d) the projected peak demand is 235 GW and the energy requirement is 1,611 BU (after considering demand side management measures) at the end of year 2021/22 which is around 17 per cent. and 15.4 per cent. lower than the corresponding projections made by the 18th Electric Power Survey (**EPS**) issued by the MoP;

(e) the projected peak demand is 317 GW and energy requirement is 2132 BU at the end of year 2026/27 which is around 20.7 per cent. and 21.3 per cent. lower than the corresponding projections made by the EPS;

(f) no coal based capacity addition is required during the years 2017/22. Total capacity of 50,025 megawatt (**MW**) coal based power project is currently under different stages of construction and is likely to yield benefits during the period 2017/22. Total capacity addition during 2017/22 is likely to be 1,87,821 MW;

(g) demand projection for the period 2022/27 reveals a coal based capacity addition of 44,085 MW is required. Coal based capacity of 50,025 MW is already under construction which is likely to yield benefits during 2017/22, consequently this coal based capacity will fulfil the capacity requirement for the years 2022/27;

(h) expected that the share of non-fossil based installed capacity will increase to 46.8 per cent. by the end of 2021/22 and will further increase to 56.5 per cent. by the end of 2026/27 considering a capacity addition of 50,025 MW coal based capacity is already under construction and likely to yield benefits during 2017/22 and there will be no coal based capacity addition during 2022/27;

(i) adequate manufacturing facilities exist in India for the main plant equipment. The lack of orders is a concern of all equipment manufacturers;

(j) total fund requirement for generation capacity addition estimated to be Rs.10, 33,375 crores during the period 2017/2022 which includes the funds required for the renewable energy sources capacity addition, as well as the expenditure made during this period for projects during the years 2022/27;

(k) total fund requirement for 2022/2027 is estimated to be Rs.6,05,965 crores excluding advance action for projects coming up during the period 2027/2032; and

(l) estimated that 6.073 million tonnes of carbon dioxide emissions have been avoided during 2015/16 due to the commissioning of super-critical technology based coal power plants.

The Central Electricity Authority (**CEA**) has revised the National Electricity Plan (**NEP**) after receiving feedback from more than 30 state-owned and private institutions, mostly questioning the redundancy of coal. To retire coal-based power completely, according to the CEA, India would need 6,440 Mw thermal power during 2017-22. In the earlier version of the NEP, which was released in 2017, the CEA had stated that the country did not need coal-based capacity addition until 2022.

Government Initiatives and Policies

Power for All – "24 x 7 POWER FOR ALL" PROGRAM (A Joint Initiative of Central Government and State Governments)

The 24 x 7 program is joint initiative of the Government of India which is proposed to include participation of all States and Union Territories to facilitate 24 x 7 power for all, including households, industry, commercial businesses, public needs, agriculture & any other electricity consuming entity by 2019.

Program Objectives:

(i) Reliable 24x7 supply to domestic, industrial and other consumers.

(ii) Adequate power supply to agricultural consumers.

(iii) To provide access to electricity to all unconnected households in next five years i.e. by FY 2018-19.

To meet the above objectives, a state specific roadmap for '*Power for All*' has been finalized in consultation with the states in the form of the Power for All (**PFA**) documents. The PFA document covers:

(i) **Generation:** To ensure adequate capacity addition planning and tie ups for power from various sources at affordable prices to meet the projected increase in power demand for the future.

(ii) **Transmission:** Strengthen the transmission (inter-state or intra-state) network to cater to the expected growth in demand of existing as well as new consumers.

(iii) **Distribution:** Providing access to all households along with the creation of a new distribution network or strengthening of existing infrastructure.

(iv) **Financial Viability:** Financial measures including optimizing investments and undertaking necessary balance sheet restructuring measures to ensure liquidity in the utility finances. To ensure reduction of aggregate technical and commercial losses as per the agreed loss reduction trajectory.

(v) **Renewable Energy:** Plan for enhancement of renewable energy sources along with an associated evacuation system (including the green energy corridor which aims at synchronising electricity produced from renewable sources, such as solar and wind, with conventional power stations in the grid).

(vi) **Energy Efficiency:** Adoption of various energy efficiency measures like replacement with energy efficient agriculture pumps, encouraging use of light-emitting diode bulbs, solar street lights etc.

All 29 States and seven Union Territories have signed these roadmap PFA documents to achieve the target of providing reliable, affordable and quality power to consumers by 2018-19.

Expectation from the State

States are required to take the following actions:

(i) Bring to the notice of the central government such issues that require assistance from any central ministry or need coordination between various ministries.

(ii) Adopt best practices and emulate other States which have come up with innovative approach in providing electricity to every households.

(iii) Explore possibilities of using renewable energy sources in providing electricity to remote areas where the extension of grid connection is not viable.

(iv) Approach the central government for assistance in arranging gap funding requirement, if any.

(v) Constitute a monitoring team to review progress of the projects regularly.

(vi) Appoint a dedicated nodal officer for regular coordination with the Central Project Monitoring Unit at the Ministry of Power so that central and state government always remain coordinated in fulfilling the mission of 24X7 PFA.

Monitoring Mechanism

States are supposed to implement the following:

(i) Paperless monitoring of the “24x7 Power For All” mission.

(ii) A Central Programme Monitoring Unit under the chairmanship of the Joint Secretary (Distribution) with the Executive Director (T&D). The Company as convener has been constituted with officials from REC, PFC, NHPC and CEA.

(iii) Each State to appoint a nodal officer for monitoring of the PFA programme.

(iv) Monitoring of the PFA Programme is being performed entirely through a dedicated web portal.

Our Company is the nodal agency appointed by the Government of India for the implementation of Pradhanmantri Sahaj Bijli Har Ghar Yojana (**Saubhagya**) and Deendayal Upadhyaya Gram Jyoti Yojana (**DDUGJY**), the schemes which aim at providing 24x7 sustainable and affordable power to all households in the country. We have also been entrusted with the responsibility of being the coordinating agency for rolling out Ujwal Discom Assurance Yojana (**UDAY**) which seeks to operationally reform and financially turn around the power distribution companies of the country.

For details of the DDUGJY scheme, Saubhagya scheme and the National Electricity Fund, please see the section on “*Business*” on page 98 of this Draft Shelf Prospectus.

National Solar Mission

The Ministry of New and Renewable Energy (**MNRE**) has approved a new policy on the development of solar energy in India by the Jawaharlal Nehru National Solar Mission (**Mission**). The Mission has set the ambitious target of deploying 20,000 MW of grid connected solar power by 2022 and is aimed at reducing the cost of solar power generation in the country through: (i) long term policy; (ii) large scale deployment goals; (iii) aggressive research and development; and (iv) domestic production of critical raw materials, components and products, as a result to achieve grid tariff parity by 2022. The mission will create an enabling policy framework to achieve this objective and make India a global leader in solar energy. The Government has revised the target of grid connected solar power projects from 20,000 MW by the year 2021-22 to 100,000 MW by the year 2021-22 under the Mission.

ENVIRONMENTAL LAWS

The three major statutes in India which seek to regulate and protect the environment against pollution related activities in India are the Water (Prevention and Control of Pollution) Act 1974 as amended, the Air (Prevention and Control of Pollution) Act, 1981 as amended and the Environment Protection Act, 1986 as amended (the **EPA**). The Pollution Control Boards (**PCBs**), which are vested with diverse powers to deal with water and air pollution, have been set up in each State to control and prevent pollution. The PCBs are responsible for setting the standards for maintenance of clean air and water, directing the installation of pollution control devices in industries and undertaking investigations to ensure that industries are functioning in compliance with the standards prescribed. All industries and factories are required to obtain consent orders from the PCBs, and these orders are required to be renewed annually.

The Ministry of Environment, Forest and Climate Change ("**MoEF**"), through its notification dated September 14, 2006, issued the environmental impact assessment notification (the **EIA Notification**) (which supersedes the notification dated January 27, 1994 – except in respect of acts done/omitted to be done before such supersession) pursuant to the provisions of the EPA. Projects and activities have been classified into two categories, category A and category B, based on the spatial extent of potential impacts and potential impacts on human health and natural and man- made resources.

An amendment has been proposed to the EPA by way of the Environmental Laws (Amendment) Bill, 2015. Currently, the maximum fine that can be imposed on a polluting industry or other entities is Rs.1 lakh and a jail sentence of up to five years. Even this requires the Government agencies to first file a complaint with a magistrate at the district level and secure a favourable order against the polluter. It is proposed in the amendment that the amount of fines for a polluting industry will be increased from Rs.1 lakh to Rs.1 crores and the fine is to be imposed without going through a judicial process prescribed in the current law. A designated officer is the final authority to decide. The amendment also envisages to make pollution a civil offence for which the Government can demand costs from polluters without taking recourse to courts.

Water (Prevention and Control of Pollution) Act, 1974

The Water (Prevention and Control of Pollution) Act, 1974 as amended (the **Water Act**) aims to prevent and control water pollution and to maintain or restore wholesomeness of water. The Water Act provides for a Central Pollution Control Board and for various State Pollution Control Boards to be constituted to implement its provisions. The Water Act debars any person from establishing any industry, operation or process or any treatment and disposal system likely to discharge sewage or trade effluents into a water body, without prior consent of the State Pollution Control Board (the **SPCB**). In addition, the Water (Prevention and Control of Pollution) Cess Act, 1977 requires a person carrying on any industry to pay a cess in this regard.

Air (Prevention and Control of Pollution) Act, 1981

The Air (Prevention and Control of Pollution) Act, 1981 as amended (the **Air Act**) under which any individual, industry or institution responsible for emitting smoke or gases by way of use of fuel or chemical reactions must obtain consent from the SPCB prior to commencing any mining activity. The consent may contain conditions relating to specifications of pollution control equipment to be installed.

Hazardous Wastes (Management and Handling) Rules, 1989

The Hazardous Wastes (Management and Handling) Rules, 1989 as amended fixes the responsibility of the occupier and the operator of the facility that treats hazardous wastes to properly collect, treat, store or dispose the hazardous wastes without adverse effects on the environment. Moreover, they must take steps to ensure that persons working on the site are given adequate training and equipment for performing their work. When an accident occurs in a hazardous site or during transportation of hazardous wastes, then the SPCB has to be immediately alerted and the occupier will have to pay for remedial and restoration expenses.

LABOUR LAWS

The Payment of Gratuity Act, 1972

The Payment of Gratuity Act, 1972 as amended (the **Gratuity Act**) establishes a scheme for the payment of gratuity to employees engaged in every factory, mine, oil field, plantation, port and railway company, every shop or establishment in which ten or more persons are employed or were employed on any day of the preceding 12 months and in such other establishments in which ten or more persons are employed or were employed on any day of the preceding 12 months, as the Central Government may, by notification, specify. Penalties are prescribed for non-compliance with statutory provisions.

Under the Gratuity Act, an employee who has been in continuous service for a period of five years will be eligible for gratuity upon his retirement, resignation, superannuation, death or disablement due to accident or disease. However, the entitlement to gratuity in the event of death or disablement will not be contingent upon an employee having completed five years of continuous service. The maximum amount of gratuity payable may not exceed Rs.20 lakhs.

Employees Provident Fund and Miscellaneous Provisions Act, 1952

The Employees Provident Fund and Miscellaneous Provisions Act, 1952 as amended provides for the institution of compulsory provident fund, pension fund and deposit linked insurance funds for the benefit of employees in factories and other establishments. Liability is placed both on the employer and the employee to make certain contributions to the funds mentioned above.

Shops and Establishments Legislation in Various States

The provisions of various Shops and Establishments legislation, as applicable, regulate the conditions of work and employment in shops and commercial establishments and generally prescribe obligations in respect of *inter alia* registration, opening and closing hours, daily and weekly working hours, holidays, leave, health and safety measures and wages for overtime work.

The Industrial Disputes Act, 1947

The Industrial Disputes Act, 1947, provides the procedure for investigation and settlement of industrial disputes. When a dispute exists or is apprehended, the appropriate Government may refer the dispute to a labour court, tribunal or arbitrator, to prevent the occurrence or continuance of the dispute, or a strike or lock-out while a proceeding is pending. The labour courts and tribunals may grant appropriate relief, including ordering modification of contracts of employment or reinstatement of workmen. The Industrial Disputes (Amendment) Act 2010 passed by the Rajya Sabha on August 3, 2010, *inter alia*, provides direct access for workmen to labour courts or tribunals in the case of individual disputes, expands the scope of qualifications of presiding officers of labour courts or tribunals, constitute grievance settlement machineries in any establishment having 20 or more workmen.

The Minimum Wages Act, 1948

The Minimum Wages Act, 1948 as amended provides for minimum wages in certain employments. The Central and State Governments stipulate minimum wages, calculated based on the basic requirement of food, clothing and housing required by an average Indian adult.

Payment of Wages Act, 1936

The Payment of Wages Act, 1936 as amended regulates payment of wages to certain classes of employees and makes every employer responsible for payment of wages to persons employed by such employer. No deductions are permitted from, nor is any fine permitted to be levied on, wages earned by a person employed except as provided under the PWA. Penalties under the PWA include a fine.

Payment of Bonus Act, 1965

The Payment of Bonus Act, 1965 as amended provides for payment of a minimum annual bonus to all employees regardless of whether the employer has made a profit or a loss in the accounting year in which the bonus is payable. Contravention of the PBA is punishable by imprisonment for up to six months or a fine, or both, against persons in charge of, and responsible to the company for, the conduct of the business of the company at the time of the contravention.

Equal Remuneration Act, 1976

The Equal Remuneration Act, 1976 as amended aims to provide for the payment of equal remuneration to men and women workers and for the prevention of discrimination on the ground of sex against women in the matter of employment.

LAWS RELATING TO INTELLECTUAL PROPERTY

In India, trademarks enjoy protection under both statutory laws and common law jurisprudence. The Trademarks Act, 1999 as amended (the **Trademarks Act**) and the Copyright Act, 1957 as amended among others govern the law in relation to intellectual property, including brand names, trade names and service marks and research works. The Trademarks Act governs the statutory protection of trademarks in India. The Trademarks Act governs the registration, acquisition, transfer and infringement of trademarks and remedies available to a registered proprietor or user of a trademark. The registration of a trademark is valid for a period of ten years, and can be renewed in accordance with the specified procedure.

TAX LAWS

Income Tax Act, 1961

Income Tax Act is applicable to every domestic and foreign company whose income is taxable depending upon its 'residential status' and 'type of income' involved.

Goods and Services Tax ("GST")

The Government brought about significant transformation in Indian indirect tax regime by introducing GST, which came into force from 1 July 2017. Under the GST, unified structures have been introduced to expand the tax base, rationalise the input tax credit and harmonise the current multiple indirect taxation laws in India. GST has replaced the indirect taxes previously levied by the Central and state Governments on goods and services, such as, central excise duty, service tax, customs duty, central sales tax, state VAT, and other cesses and surcharges applicable to supply of goods and services. All these erstwhile taxes have been subsumed in a single indirect tax called GST, which is levied on supply of goods and/or services at each stage of the supply chain.

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HISTORY AND CERTAIN CORPORATE MATTERS

CONSTITUTION

Our Company was originally incorporated as a private limited company under the Companies Act, 1956 on July 25, 1969 at New Delhi as "Rural Electrification Corporation Private Limited". The word "private" was deleted from the name of our Company on June 3, 1970. Our Company was converted into a public limited company from a deemed public company with effect from July 18, 2003. The name of the Company has changed from "Rural Electrification Corporation Limited" to "REC Limited" pursuant to the shareholders resolution dated September 25, 2018, with effect from October 13, 2018. Our Company was declared as a "Public Financial Institution" under Section 4A of the Companies Act, 1956 (corresponding section 2(72) of the Companies Act, 2013) pursuant to a notification (S.O. 128(E)) dated February 11, 1992 issued by the then Department of Company Affairs, Ministry of Law, Justice and Company Affairs, GoI. Further, the RBI vide certificate dated September 17, 2010 categorised our Company as an Infrastructure Finance Company, in terms of their circular dated February 12, 2010, and we were allotted NBFC registration number 14.000011, from the RBI. A fresh certificate of registration bearing no. 14.000011 dated November 28, 2018 was allotted by the RBI in the name of REC Limited.

CHANGES IN THE REGISTERED AND CORPORATE OFFICE

Our registered and corporate office is currently situated at Core-4, SCOPE Complex, 7, Lodi Road, New Delhi 110 003, India. Our registered office was initially situated at Floor No. 3, Jeevan Vihar, Parliament Street, New Delhi-110001, India, pursuant to a resolution of our Board dated September 5, 1969; subsequently our office shifted to at D-5, NDSE, Part-II, New Delhi 110 049, India. On February 7, 1977, we changed our office to 2nd and 3rd Floor, DDA Building, Nehru Place, New Delhi 110 019, India, and on May 31, 1996, we shifted to our current registered and corporate office.

MAJOR EVENTS AND MILESTONES

Calendar Year	Event
1969	• Incorporation of REC.
1970	• Commenced lending operations to SEBs
1974	• Authorised by the Ministry of Irrigation and Power to finance rural electrification under the "Minimum Needs Programme".
1979	• Central Institute for Rural Electrification (CIRE) set up in Hyderabad.
1988	• Launch of Kutir Jyoti programmes for rural electrification.
1992	• Declared a Public Financial Institution under Section 4A of the Companies Act, 1956.
1993	• Entered into MoU with the Ministry of Power for the year 1993-1994 for the first time to achieve certain performance related targets.
1998	• Registered as a non-banking financial company by RBI under Section 45(IA) of the RBI Act, 1934.
2001	• Allowed to issue capital gains tax exemption bonds under Section 54 EC of the I.T. Act.
	• Upgradation from Schedule 'B' to Schedule 'A' Corporation.
2002	• Grant of Mini Ratna - I status.
2005	• Appointed as the nodal agency for RGGVY (presently known as Deendayal Upadhyaya Gram Jyoti Yojana).
2006	• Entered into agreement with Japan International Cooperation Agency for availing a loan facility of JPY 20,629 Million. • Entered into agreement with KfW, Frankfurt am Main for availing a loan facility of Euro 70 Million.
2008	• Launch of initial public offer and dilution of GoI's shareholding from 100% to 81.82%. Gross proceeds from initial public offer were Rs. 819.63 Crores. • Listed Equity Shares of the Issuer on NSE and BSE. • Accorded "*Navratna*" status by the Department of Public Enterprise, GoI for our operational efficiency and financial strength, which affords greater operational freedom and autonomy in decision making. • Entered into agreement with Japan International Cooperation Agency for availing a loan facility of JPY 20,902 Million.
2009	• Entered into agreement with KfW, Frankfurt am Main for availing a loan facility of Euro 70 Million. • Received 'LAAA' rating from ICRA in relation to Rs. 25,000 Crores long term borrowing programme for the Fiscal 2010.
2010	• Follow-on issue of Equity Shares resulting in (a) raising Rs. 2,647.53 Crores of gross proceeds through fresh issue and (b) GoI reducing its ownership to 66.80%. • RBI categorised REC as an IFC.
2011	• REC successfully priced a 'USD 500 Million 4.25% 5-year Reg S Senior Unsecured Notes' transaction. • REC was the first Indian NBFC–IFC to enter into the international debt market.
2012	• CHF Bonds through Reg S for CHF 200 Million were issued by REC, which were listed in the SIX Swiss Exchange, Switzerland. • Entered into an agreement with KfW, Frankfurt am Main for availing a loan facility of Euro 100 Million.

Calendar Year	Event
	• National Electricity Fund (Interest Subsidy Scheme) has been set up by Ministry of Power to provide interest subsidy on loans disbursed to the State power utilities, DISCOMs - both in public and private sector, to improve the infrastructure in distribution sector. REC is the nodal agency for the scheme with a mandate to operationalize the scheme through which amount for interest subsidy will be provided.
2013	• REC received DSIJ PSU Award, 2012 for "Fastest Growing Operational Metrics" in the non-manufacturing Navratna category. • REC received CIDC Vishwakarma Award 2013 in the category of "Achievement Award for Industry Doyen". • REC received Award in the Category of "Non-Banking Financial Services" by India Pride Awards, Dainik Bhaskar and DNA.
2014	• Entered into offshore syndicated facility agreements for availing loan facility of USD 285 Million from Hong Kong and Shanghai Banking Corporation Limited, State Bank of India, Singapore Branch and Sumitomo Mitsui Banking Corporation as mandated lead arrangers and book runners in November 2014. • Nodal agency for operationalization of Deendayal Upadhyaya Gram Jyoti Yojana on December 3, 2014 (including Rural Electrification ("**RE**") component - the erstwhile Rajiv Gandhi Grameen Vidyutikaran Yojana ("**RGGVY**") mainly for separation of agriculture and non-agriculture feeders; strengthening and augmentation of sub-transmission and distribution infrastructure in rural areas; and rural electrification for completion of the targets laid down under RGGVY for XII and XIII Plans.
2016	• Nodal Agency for implementation of Outage Management System and 11 KV Rural Feeder Management System.
2017	• REC Equity Shares included in 'Nifty Next 50' on National Stock Exchange of India Limited. • Saubhagya scheme launched. • USD 400 Million Reg S Bond for refinancing issued and listed on London Stock Exchange and Singapore Stock Exchange. • Green bond of REC listed on London Stock Exchange.
2018	• Achieved 100% village electrification on April 28, 2018 under Deen Dayal Upadhaya Gram Jyoti Yojana (DDUGJY). • Entered into agreement with KfW, Frankfurt am Main for availing a loan facility of Euro 200 Million. • Name of company changed from Rural Electrification Corporation Limited to REC Limited on 13th October 2018. • REC has been placed amongst top 10 Profit making CPSEs of the country by Public Enterprises Survey 2017-18.
2019	• Cabinet Committee on Economic Affairs on December 6, 2018 gave "in-principle" approval for acquisition of shares held by GOI in the Company to Power Finance Corporation Limited (PFC) along with management control. On March 20, 2019 Board of the PFC gave its approval for acquisition of GOI entire shareholding of 52.63% held in the Company to PFC making PFC as the majority shareholder. As per the filing done by PFC on March 28, 2019 with the Stock Exchange(s) under Regulation 10(6) of the SEBI Listing Regulations, PFC has acquired complete 52.63% shares held by GOI in the Company. After such acquisition our Company shall remain to be a Government Company pursuant to Section 2 (45) of the Companies Act, 2013. • USD 650 Million, 5 year Reg S bond, with a semi annual coupon of 3.375% per annum, for financing power projects and listed on London Stock Exchange's International Securities Market (ISM), Singapore Exchange (SGX-ST), India International Exchange (India INX) and NSE IFSC. • REC completed 50 (Fifty) years of its existence on July 25, 2019.

Our Company is not operating under any injunction or restraining order.

Strikes or Labour Unrest

We have till date, not lost any time on account of strikes or labour unrest or lock outs.

AWARDS AND ACCREDITATIONS

A few select awards and accreditations received by our Company are as follows:

Calendar Year	Awards/Accreditations
1994	• Received rating of "excellent" by the GoI, for the first time, for fulfilling the targets pursuant to the MoU entered into the MoP for the year 1993-1994
2000	• Declared to be among the top ten public sector enterprises by the GoI*
2008	• Accorded "*Navratna*" status by the Department of Public Enterprise, GoI for our operational efficiency and financial strength, which affords greater operational freedom and autonomy in decision making.
2009	• Received the Award for Excellence in Rural Electrification for Rural India Connect in India Pride Awards organised by Dainik Bhaskar. • Received SCOPE Meritorious Award under the category of the Best Managed Bank, Financial Institution or Insurance Company.
2010	• Received Dalal Street Investment Journal ("DSIJ"), PSU Award 2010, for The Best Wealth Creator". • Received India Pride Award 2010 "The Best NBFC". • Received Asia Pacific HRM Congress Award 2010 for "Organizational Development and Leadership". • REC was included in the MSCI emerging marketing index.

Calendar Year	Awards/Accreditations
2011	• Received DSIJ PSU Award 2011 for "Speed King" for fastest growing PSUs across Maharatnas, Navratnas and Miniratnas. • Featured in Dun & Bradstreet's India Top PSUs.
2012	• Received "Best Listed CPSE Award" from Department of Public Enterprises, GOI for fiscal 2010. • Conferred with "Best Company to work for 2012" being ranked among Top 50 Companies hiring upto 1000 employees by Great Place to Work Institute India in association with The Economic Times.
2013	• Received DSIJ PSU Award, 2012 for "Fastest Growing Operational Metrics" in Non-Manufacturing Navratna Category. • Received CIDC Vishwakarma Award 2013 in the category of "Achievement Award for Industry Doyen". • Received IPE_ CSR Corporate Governance Award from IPE, Hyderabad. • Received Award in the category of "Non Banking Financial Services" by India Pride Awards, Dainik Bhaskar and DNA.
2014	• Received 13th ICSI National Awards for Excellence in Corporate Governance, 2013. • Received Award in "Energy & Power Sector" from India Pride Awards, Dainik Bhaskar and DNA. • Our Company rated among the "Best Employers in India" by Aeon Hewitt. • Received DSIJ PSU Award 2013 for "Best Value creating Navratna with a balance Sheet of more than Rs. 1 lakh Crore". • REC named "Best Employer India 2013" and also been awarded "The Aon Hewitt Voice of Employee Award Public Sector Enterprise India 2013" by Aon Hewitt. • Received "Best HR Practices" Award in the Navratna PSU's category from India Today PSUs Award 2014. • REC received DSIJ PSU Award, 2014 for "Fastest Growing Navratna of the Year in "Non-Manufacturing Category". • "Rural sector PSE of the Year making Grass Root Infrastructure Impact" from IPSE Award 2014. • "Best Power Financing Company" for outstanding contribution in terms of providing financial assistance and promoting rural electrification projects all over India having consistent record of excellent all round performance growth and profitability since inception and contribution to the growth of India from CBIP. • "Best Governed Company" by Institute of Company Secretaries of India and REC has been awarded "ICSI National Award for excellence in corporate governance".
2015	• Received award for "Operational Excellence in Financial Services" from India Pride Awards, Dainik Bhaskar and DNA. • "Fastest Growing Navratna PSU" award from India Today.
2016	• Received the Central Board of Irrigation and Power award for Best Power Financing Company. • Received a certificate of recognition for its contribution in Transforming REC by the Governance Now group (SAB TV). • Awarded the "SCOPE Excellence Award for outstanding contribution to the Public Sector Management – Institutional Category I (Maharatna & Navratna)" and "SCOPE Meritorious Award for Best Managed Bank, Financial Institution Category" at the Standing Conference of Public Enterprises (SCOPE) Awards. • Received "Best Power Financing Company" award in CBIP Awards 2017.
2017	• Received the Dainik Bhaskar India Pride Award 2017 for being the leading Financial Services NBFC in the Central PSU category. • Received the Central Board of Irrigation and Power award for Best Power Financing Company. • Received the first prize for "Brand Building through Inclusive Growth Initiatives" at the Corporate Communication Excellence Awards 2017 organized by the SCOPE. • Received "Best Power Finance Company" award in CBIP Awards 2018. • Received "Governance Now 5^{th} PSU Award – 2017". • Received "SCOPE Award for Excellence and Outstanding Contribution to the Public Sector Management" for the year 2016-17" under Special Institutional Category, Digitalization.
2018	• Received the Vishwakarma award for Gurugram World HQ project. • Received two awards at the Dainik Bhaskar India Pride Awards 2018 for "Excellence in Navratna" and HOD in the Finance category. • Received the most efficient NBFC award at the Chambers of Indian Micro, Small and Medium Enterprise Awards 2018. • Received the award for "Excellence in Financial Services" at the Dun & Bradstreet PSU Awards 2018. • Received the DSIJ PSU Award 2018 for "India's Best Public Sector Undertaking Award, 2018 – Highest Wealth Creator- Market Returns (Navratna)". • Received Golden Peacock Awards – 2018 for Corporate Governance & Sustainability. • Received CIMSME Banking Excellence Award. • Received Award for Best PSU Issuer on Electronic Bidding Platform of NSE. • Received Award for highest employee efficiency enterprise by Dalal Street Investment Journal.

2019	• Received India Smart Grid Forum (ISGF) Innovation Awards 2019 for Best Project for Household Electrification.
	• Won SCOPE CC Excellence Awards 2019 under following three categories:
	  ◦ 1^{st} prize in Best House Journal English (for WattsUp)
	  ◦ 2^{nd} prize in Best Internal Communication Campaign (for REC Engage)
	  ◦ 3^{rd} prize in effective use of digital media (for SAUBHAGAYA)

Calendar Year	Awards/Accreditations
	• Received the "Highest Wealth Creator – Market Returns Navratna" Roll of Honour from Dalal Street Investment Journal. • Received "PSE Excellence Award, 2018" by the Indian Chamber of Commerce (ICC), as runner up in the Navratna & Maharatna category, for excellence in corporate governance.

* *We have also been ranked among the top ten profit making public sector undertakings for the Fiscals 2015, 2016, 2017 and 2018 by the Ministry of Heavy Industries and Public Enterprises, GoI.*

Main objects

Our main objects as contained in our Memorandum of Association, *inter alia*, are:

(1) To finance rural and other electrification schemes in India.
(2) To subscribe to special rural electrification bonds that may be issued by State Electricity Boards on conditions to be stipulated from time to time.
(3) To promote and finance rural electricity co-operatives in India.
(4) To administer the moneys received from time to time from the Government of India and other sources as grants or otherwise for the purpose of financing rural electrification in India in general.
(5) To promote organise or carry on the business of consultancy services and/or project implementation in any field of activity in which it is engaged in India and abroad.
(6) To finance and/or execute work on small or mini or micro and other generation projects, promotion and development of other energy sources and to provide financial assistance for leasing out or to directly lease out or otherwise the above sources of energy including small or mini or micro and other generation projects.
(7) To finance survey and investigation of projects falling in the ambit of REC.
(8) To promote, develop and finance viable decentralised power system organisation in cooperative, joint, private sector, panchayat and/or local self bodies.
(9) To subscribe or invest by way of units or other securities in Venture Capital Funds, and/or to set up trust under the Indian Trust Act for establishment of Venture Capital Fund of similar funds, formed for the purpose of financing and/or investment in companies, partnership firms, co-operative societies, users associations, decentralized power system organizations, non-governmental organizations, panchayat institutions, franchisees or such other bodies or entities which are engaged in electricity generation, transmission and/or distribution projects or implementation of such projects or in promotion and development of other energy sources.
(10) To finance and to provide assistance for those activities having a forward and/or backward linkage with power projects, (including but not limited to), such as development of coal and other mining activities for use as fuel in power projects, development of other fuel supply arrangements for the power sector, and to meet other enabling infrastructure facilities that may be required for the speedy and effective development of the power sector.

The object incidental or ancillary to the attainment of the main object include the following:

(2) To borrow, or raise money or to receive money on deposit or loan at interest or otherwise in such manner as the company may think fit and in particular by the issue of debentures or debentures stock, perpetual or otherwise and convertible into share of this or any other company and to secure the repayment of any such money borrowed, raised or received or owing by mortgage, pledge, charge or lien upon all or any other property, assets or revenue of the Company (both present and future) including its uncalled capital and to give the lenders or creditors the power of sale and other powers as may seem expedient and to purchase, redeem or pay off any such securities and by a similar mat, charge or lien to secure and guarantee, the performance by the Company, of any obligation undertaken by the Company or any other person, firm or company, as the case may be.
(10) To invest and deal with the moneys of the Company in any of the securities, shares, investments, properties, movable and immovable and in such manner as may from time to time be determined and so sell, transfer or, transfer or deal in with the same.
(20) To sell, improve, manage, develop, exchange, lease, mortgage, engravings, dispose of, turn to account, or otherwise deal with, all or any part of property and rights of the Company.

The main objects clause and the objects incidental or ancillary to the main objects of our Memorandum of Association enable us to undertake our existing activities and the activities for which the funds are being raised through this Issue.

Signatories to our Memorandum and the number of shares subscribed by them

Provided below are the subscribers to the Memorandum and the shares subscribed by each person:

S. No.	Name of Subscriber	Address Description and Occupation, if any	No. of shares taken
1.	President of India through Sh. K.P. Mathrani S/o Shri Pribhdas Mathrani	Secretary, Ministry of Irrigation and Power, New Delhi for and on behalf of the President of India	One
2.	Sh. K.G.R. Iyer S/o Shri K.S. Govindaswamy Iyer	Joint Secretary, Ministry of Irrigation and Power, New Delhi	One
3.	Shri A.T. Bambawale S/o Shri T.A. Bambawale	Joint Secretary, Ministry of Finance, Department of Economic Affairs,, New Delhi	One
4.	Shri A.P. Seethapathy S/o Shri A.L. Padmanabha Iyer	Member, Central Water and Power Commission, New Delhi	One

JOINT VENTURES

- **Energy Efficiency Services Limited**

REC, along with three other PSUs, namely Power Grid Corporation of India Limited, NTPC Limited (earlier known as National Thermal Power Corporation Limited) and Power Finance Corporation Limited as partners, has formed a joint venture company by the name Energy Efficiency Services Limited ("**EESL**") on December 10, 2009. During the Financial Year 2016-17, the equity investment of REC in EESL was increased to 14,65,00,000 equity shares of Rs. 10 each with effect from April 25, 2016. REC has applied under right issue offer of EESL and has invested Rs. 71.60 Crore during April, 2019. Accordingly, as on September 30, 2019 REC, holds 24.64% of the paid-up equity share capital of EESL.

ENTITIES IN WHICH WE HAVE EQUITY INVESTMENT

- **Indian Energy Exchange Limited ("IEX")**

Pursuant to the approval of Board of Directors in Fiscal 2007, REC acquired 4.68% (12,50,000 equity shares of face value of Rs.10 each) of the then equity share capital of IEX. IEX was incorporated on March 26, 2007 and received its certificate of commencement of business on April 17, 2007. Its registered office is situated at Unit No. 3-6, 4th Floor, TDI Centre, District Centre, Jasola, New Delhi – 110025. The equity shares of IEX are listed on the BSE and the NSE. The special resolution for sub division of the nominal value of equity shares of the company from the existing nominal value of Rs. 10 each to Rs. 1 each fully paid up, resulting in issuance of 10 equity shares of Re. 1 each, was approved by the shareholders of IEX by requisite majority in September, 2018. REC sold 2,28,789 number of equity shares in the buyback offer by IEX in the first quarter of Fiscal Year 2019-20. As on September 30, 2019 REC holds 1,22,71,211 equity shares of IEX with a market value of Rs.148.05 Crore.

- **'Small is Beautiful' Fund ("SIB")**

SIB is an Indian venture capital fund organised and settled as a contributory trust and registered with SEBI as a venture capital fund. KSK Trust Private Limited is the trustee for SIB. The office of SIB is situated at Plot No. 84, Kaveri Hills, Phase II, Madhapur, Hyderabad – 500033, Andhra Pradesh, India. SIB is engaged in the business of making investments in power generation and other allied projects in Indian power sector. REC has invested Rs. 22.50 Crore in SIB since FY 2004-05 along with other banks and financial institutions. REC's contribution amounted to 9.74% of the fund corpus. The value of REC's investment in SIB as on September 30, 2019 is Rs. 6.13 Crore.

- **Investment in NHPC Limited ("NHPC")**

REC has invested in 26,05,42,050 equity shares of NHPC at the rate of Rs. 21.78 per share (including securities transaction tax, brokerage and other charges) amounting to Rs. 567.50 Crore in April 2016 during disinvestment by GoI through offer for sale route.

NHPC, a GoI enterprise, was incorporated in the year 1975 with an objective to plan, promote and organise an integrated and efficient development of hydroelectric power. Later, NHPC expanded its objects to include development of power in all its aspects through conventional and non-conventional sources in India and abroad. At present, NHPC is a Miniratna Category-I PSE of the GoI with an authorised share capital of Rs.15,000 Crores and issued share capital is Rs.10,259.32 Crores.

REC sold 7,65,30,185 number of equity shares in the buyback offer by NHPC in February 2017. REC sold 87,09,659 number of equity shares in the buyback offer by NHPC in the last quarter of Fiscal Year 2018-19. As on September 30, 2019 REC holds 17,53,02,206 equity shares of NHPC with a market value of Rs.390.92 Crore.

- **Housing and Urban Development Corporation Limited ("HUDCO")**

REC invested in 3,47,429 equity shares of HUDCO at the rate of Rs. 60 per share amounting to Rs. 2.08 Crore in May 2017 during the initial public offer by HUDCO.

HUDCO was incorporated on April 25, 1970. HUDCO was notified as a public financial institution under Section 4A of the Companies Act on December 9, 1996, by the Department of Company Affairs, Ministry of Finance, GoI. HUDCO is a Miniratna (Category-I PSE). HUDCO has a credit rating of AAA for long term debt by CARE, IRRPL and ICRA. As on September 30, 2019 REC holds 3,47,429 equity shares of HUDCO Limited with a market value of Rs.1.21 Crore.

DETAILS OF SUBSIDIARIES AND THEIR SPECIAL PURPOSE VEHICLES AS ON SEPTEMBER 30, 2019

REC Power Distribution Company Limited (RECPDCL)

RECPDCL, a 100% owned subsidiary of our Company, was incorporated on July 12, 2007 as a public limited company with its CIN as U40101DL2007GOI165779 and its registered office situated at Core-4, SCOPE Complex, 7, Lodi Road, New Delhi 110 003, India. It received its certificate of commencement of business on July 31, 2007. RECPDCL is presently engaged, among others, in the business to promote, develop, construct, own, operate, distribute and maintain up to 66 kV voltage electrification, distribution, electric supply lines and distribution systems.

RECPDCL is rendering and has rendered its value added project execution and consultancy services to 52 DISCOMs/power departments in 27 states and 4 union territories across India, involving a project cost of more than Rs. 84,000 Crores under various central and state Government schemes. The major business verticals of RECPDCL are as under:

a) Project implementation of power distribution network.
b) Implementation or consultancy of SCADA (smart metering, supervisory control and data acquisition), RT-DAS (real time data acquisition system) and information technology related projects.
c) Implementation or consultancy of renewable projects (especially solar grid connected and off-grid projects).
d) PMA (project management agency) or PMC (project management consultancy), third party inspection, DPR preparation, material inspection of power distribution projects.
e) PMA (project management agency) or AMC (annual maintenance contract) of energy efficiency projects.

REC Transmission Projects Company Limited (RECTPCL)

RECTPCL, a 100% owned subsidiary of our Company, was incorporated on January 8, 2007 as a public limited company with its CIN as U40101DL2007GOI157558 and its registered office situated at Core-4, SCOPE Complex, 7, Lodi Road, New Delhi 110 003, India. It received its certificate of commencement of business on February 5, 2007. RECTPCL acts as "bid process coordinator" for the selection of transmission service providers for independent transmission projects allocated by the MoP from time to time, through a tariff-based competitive bidding process notified for inter-state and intra-state transmission projects.

In order to initiate development of each independent inter-state transmission project allocated by the MoP, RECTPCL incorporates project-specific SPVs as its wholly owned subsidiary companies. The wholly owned subsidiaries of RECTPCL are also wholly owned subsidiaries of our Company according to Section 2(87) of the Companies Act, 2013. After the selection of the successful bidder through the tariff-based competitive bidding process, the respective project-specific SPV, along with all its assets and liabilities, is transferred to the successful bidder.

As of September 30, 2019, RECTPCL had the following project specific SPVs as wholly-owned subsidiaries of RECTPCL and REC:

Sr. No.	Name of Special Purpose Vehicle	Date of Incorporation
1.	Dinchang Transmission Limited*	December 2, 2015
2.	Chandil Transmission Limited	March 14, 2018
3.	Koderma Transmission Limited	March 19, 2018

4.	Dumka Transmission Limited	March 23, 2018
5.	Mandar Transmission Limited	March 26, 2018
6.	Jam Khambaliya Transco Limited	March 11, 2019
7.	Lakadia Banaskantha Transco Limited	March 19, 2019
8.	Ajmer Phagi Transco Limited**	March 19, 2019
9.	WRSS XXI (A) Transco Limited***	March 26, 2019
10.	Rampur Sambhal Transco Limited	May 2, 2019

* The Dinchang Transmission Limited project was de-notified vide gazette notification dated February 1, 2019, however the approval from the Ministry of Power is awaited. Once the Company receives approval from the Ministry of Power for the de-notification, the Issuer will initiate the procedure for striking off the name of the company from the Registrar of Companies.

** The Board of Directors of REC Limited, in its meeting held on August 29, 2019, *inter alia*, approved the proposal for the sale and transfer of Ajmer Phagi Transco Limited to a successful bidder, selected through a tariff based competitive bidding process. Ajmer Phagi Transco Limited was transferred to Power Grid Corporation of India Limited on October 3, 2019, and is not longer a subsidiary of RECTPCL and REC.

*** The Board of Directors of REC Limited, in its meeting held on August 6, 2019, *inter alia*, approved the proposal for the sale and transfer of WRSS XXI (A) Transco Limited to a successful bidder, selected through a tariff based competitive bidding process. WRSS XXI (A) Transco Limited was transferred to Adani Transmission Limited on October 14, 2019.

Material Agreements

MoU dated June 14, 2019 between our Company and Power Finance Corporation Limited

In terms of the MoU guidelines of Department of Public Enterprises (DPE), GoI, our Company entered into a MoU with Power Finance Corporation Limited (being our holding company), on June 14, 2019 wherein targets under various performance indicators are specified for achievement during the financial 2019-20. The performance of the organisation is evaluated against these targets.

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OUR MANAGEMENT

Board of Directors

Under our Articles of Association, we are required to have not less than 3 directors and not more than 15 directors. We currently have 8 Directors on the Board of our Company, out of which 2 are whole time Directors including the Chairman and Managing Director, 1 nominee Director of Government of India, 1 nominee Director of Power Finance Corporation Limited, and 4 part-time non-official Independent Directors including 1woman Director.

Shri Ajeet Kumar Agarwal was given additional charge of CMD for a period of three months with effect from March 6, 2019 and letter for extension of additional charge or appointment of CMD is awaited.

The following table sets forth details regarding the Board as on date of this Draft Shelf Prospectus:

Name, Designation, Term, Occupation, DIN, Age and Nationality	Residential Address	Date of Appointment / Reappointment	Other Directorships	Appointment / Resignation
Shri Ajeet Kumar Agarwal S/o Late Shri Shree Gopal Agarwal Director (Finance) Whole time Director Term: Vide its order dated March 6, 2019, the Ministry or Power, Government of India, assigned our Director (Finance) the additional charge of the post of Chairman and Managing Director for a period of three months i.e. up to June 5, 2019, or until further orders, whichever is earlier. Accordingly, our Director (Finance) assumed charge of the post of CMD with effect from March 6, 2019. As of the date of this Draft Shelf Prospectus, further orders from the Ministry of Power are awaited. Shri Ajeet Kumar Agarwal continues to be the Director (Finance) of our Company, and his term as Director (Finance) is upto May 31, 2020 i.e. the date of his superannuation, or until further orders, whichever is earlier. Occupation: Service DIN: 02231613 Age: 59 years Nationality: Indian	R-641, Asiad Games Village Complex, New Delhi, India, 110049.	August 1, 2012	• REC Transmission Projects Company Limited • Indian Energy Exchange Limited • REC Power Distribution Company Limited	MoP Order No. 46/9/2011-RE dated May 17, 2012 and MoP Order No. 46/9/2011-RE dated July 19, 2017 MoP Order No. 46/8/2011-RE dated March 6, 2019.
Shri Sanjeev Kumar Gupta S/o Shri Bhukan Saran Gupta Director (Technical) Whole time Director Term: 5 years or until	16-C, Nilgiri-1 Apartment, Sector 34, Noida, Uttar Pradesh, India, 201307.	October 16, 2015	• REC Power Distribution Company Limited • REC Transmission Projects Company Limited	MoP Order No. 46/14/2014-RE dated October 16, 2015.

Name, Designation, Term, Occupation, DIN, Age and Nationality	Residential Address	Date of Appointment / Reappointment	Other Directorships	Appointment / Resignation
superannuation, or until further orders, whichever is earlier. Occupation: Service DIN: 03464342 Age: 57 years Nationality: Indian				
Shri Mritunjay Kumar Narayan S/o Late Shri Suresh Sharma Government Nominee Director Term: Until further orders from the Ministry of Power. Occupation: Service. DIN: 03426753 Age: 49 years Nationality: Indian	05, Type VI, Near VIP Guest House, Dalibagh Officer's Colony, Dalibagh, Lucknow, Uttar Pradesh, India, 226001.	September 2, 2019	• Power Finance Corporation Limited. • PTC India Limited	MoP Order No. 46/8/2015-RE (E-227696) dated September 2, 2019.
Shri Praveen Kumar Singh S/o Late Shri Ram Sagar Singh Nominee Director (Power Finance Corporation Limited) Occupation: Service Term: Until further orders from the Ministry of Power. DIN: 03548218 Age: 57 years Nationality: Indian	C-9/9844, Vasant Kunj, Delhi, India, 110070.	June 18, 2019	• Power Finance Corporation Limited. • Coastal Karnataka Power Limited. • Sakhigopal Integrated Power Company Limited. • Jharkhand Infrapower Limited. • Ghogarpalli Integrated Power Company Limited. • PFC Consulting Limited. • Orissa Integrated Power Limited.	MoP Letter No. 27-46/1/2018-RE dated June 6, 2019.
Shri Aravamudan Krishna Kumar S/o Shri K. Aravamudan Part-time non-official (Independent) Director Occupation: Retired Banker Term: 1 Year (in addition to earlier tenure of 3 years) DIN: 00871792 Age: 64 years Nationality: Indian	Flat B -603, B Block, 6th Floor, Fortune Towers, Madhapur, Hyderabad, India, 500081.	November 13, 2018	• Andhra Bank • Suraksha Asset Reconstruction Private Limited • Sathguru Catalyser Advisors Private Limited • TVS Wealth Private Limited • SBI Payment Services Private Limited	MoP Order No. 46/2/2010-RE-Vol.II (Part-IV) dated November 13, 2015 MoP Order No. 20/6/2017-Coord. dated November 22, 2018.
Prof. Tiruvallur Thattai Rammohan S/o Shri T.T. Vijayaraghavan Part-time non-official (Independent) Director Occupation: Professor Term: 1 Year (in addition to earlier tenure of 3 years) DIN: 00008651 Age: 63 years Nationality: Indian	House No. 504, Indian Institute of Management, Vastrapur, Ahmedabad, India, 380015.	November 13, 2018	• SBICAP Securities Limited • IndusInd Bank Limited • Canara HSBC Oriental Bank of Commerce Life Insurance Company Limited	MoP Order No. 46/2/2010-RE-Vol.II (Part-IV) dated November 13, 2015 MoP Order No. 20/6/2017-Coord. dated November 22, 2018.
Smt. Asha Swarup	House No. 3, Benmore, Chhota	February 8, 2017	• Himachal Pradesh Kaushal Vikas Nigam	MoP Order No. 46/2/2010-RE-Vol.II

Name, Designation, Term, Occupation, DIN, Age and Nationality	Residential Address	Date of Appointment / Reappointment	Other Directorships	Appointment / Resignation
W/o Shri Dev Swarup D/o Prem Nath Kaw Part-time non-official (Independent) Director Occupation: Retired IAS Officer Term: 3 Years DIN: 00090902 Age: 69 years Nationality: Indian	Shimla, Shimla, Himachal Pradesh, India, 171002.			(Part-IV) dated February 8, 2017.
Dr. Bhagvat Kisanrao Karad S/o Shri Kisanrao Pandurang Karad Part-time non-official (Independent) Director Occupation: Medical Practitioner Term: 3 Years DIN: 00998839 Age: 65 years Nationality: Indian	Dr. Karad Hospital Kranti Chowk Samta Nagar Aurangabad, Maharashtra, India, 431001.	July 17, 2018	• None	MoP Order No. 20/6/2017 Coord. dated July 17, 2018.

Profile of Directors

The following are brief biographies of our Directors:

Shri Ajeet Kumar Agarwal, has been on the Board of REC as a Whole Time Director and Director (Finance) since August 1, 2012. He has a degree in B. Com (Hons.) from Shri Ram College of Commerce, University of Delhi. He is also a Fellow Member of the Institute of Chartered Accountants of India.

Shri. Sanjeev Kumar Gupta, is the Director (Technical) and whole time Director on the Board of REC since October 16, 2015. He has a bachelor's degree in Electrical Engineering from G.B. Pant University of Agriculture & Technology, Pant Nagar, Uttarakhand.

Shri Mritunjay Kumar Narayan, is Government nominee Director on the Board of REC Limited since September 2, 2019. He is an Indian Administrative Service (IAS) officer of 1995 Uttar Pradesh Cadre, is a Joint Secretary in Ministry of Power. He has a degree in B. Tech and M. Tech in Electrical Engineering from Indian Institute of Technology (IIT), Kanpur. He has a degree in M.Sc. in Public Policy and Management from King's College London and also a LL.B from Lucknow University, Lucknow, Uttar Pradesh.

Shri Praveen Kumar Singh is nominee Director of Power Finance Corporation Limited on the Board of the Company since June 18, 2019. He is the Director (Commercial) of PFC since August 10, 2018. Shri Singh has a degree in B.Tech. in Electrical Engineering from IIT-BHU and M.Tech. in Energy & Environment Management from IIT, Delhi. He also completed a "Global Energy MBA program" from Bayer College of Business, University of Houston, USA.

Shri Aravamudan Krishna Kumar, is an independent Director on the Board of REC since November 13, 2015. He has a bachelor's degree in Arts (Economics) from the University of Delhi and is also a qualified certified associate of the Indian Institute of Bankers.

Prof. Tiruvallur Thattai Rammohan, is an independent director on the Board of REC since November 13, 2015. He has a degree in B.Tech from IIT, Mumbai; a PGDM from IIM, Calcutta and a doctorate from Stern School, New York University. At present, he is professor of Finance and Economics at the Indian Institute of Management, Ahmedabad.

Smt. Asha Swarup, is an independent director of REC since February 8, 2017. She is a retired IAS officer of 1973 batch from Himachal Pradesh cadre, a post graduate from Delhi University and a Pearson Fellow of IDRC, Canada.

Dr. Bhagvat Kisanrao Karad, is an independent director on the Board of REC since July 17, 2018. Dr. Karad is a paediatric surgeon (M.B.B.S., M.S. in General Surgery and F.C.P.S. M.Ch. in Paediatric Surgery).

Borrowing powers of the Board

Pursuant to special resolution passed by the shareholders of our Company at their AGM held on September 25, 2018 and in accordance with provisions of Section 180(1)(c) and other applicable provisions of the Companies Act, 2013 as amended, the Board has been authorised to borrow sums of money as they may deem necessary for the purpose of the business of our Company upon such terms and conditions and with or without security as the Board may think fit, provided that money or monies to be borrowed together with the monies already borrowed by our Company (apart from temporary loans obtained and/or to be obtained from the Company's bankers in the ordinary course of business) shall not exceed Rs. 3,50,000 Crore in Indian Rupees and in any foreign currency equivalent to USD 8 billion. The aggregate value of the NCDs to be offered under the Issue Documents, together with the existing borrowings of our Company, is within the approved borrowing limits of Rs. 3,50,000 Crore in Indian Rupees and in any foreign currency equivalent to USD 8 billion.

Details of Changes in Directors in last 3 years:

Name	DIN	Designation	Date of Appointment	Date of Completion of tenure	Reason
Shri Rajeev Sharma	00973413	Chairman & Managing Director	November 29, 2011	September 30, 2016	Ceased to be a Director pursuant to relinquishment of charge as CMD.
Shri Bhagwati Prasad Pandey	01393312	Chairman & Managing Director	October 1, 2016	January 4, 2017	Ceased to hold the additional charge of CMD REC, pursuant to the appointment of Dr. P.V. Ramesh as CMD REC w.e.f. January 5, 2017.
Dr. Penumaka Venkata Ramesh	02836069	Chairman & Managing Director	January 5, 2017	March 5, 2019	Ceased to hold the charge of CMD REC, pursuant to the appointment of Shri Ajeet Kumar Agarwal as CMD REC w.e.f. March 6, 2019.
Smt. Asha Swarup	00090902	Part-time non- official Independent Director	February 8, 2017	Continuing	Appointment pursuant to a notification by the MoP, GoI.
Shri Ajeet Kumar Agarwal	02231613	Director (Finance) Chairman & Managing Director* *The CMD took charge on March 6, 2019, for a period of 3 months, i.e. up to June 5, 2019, or until further orders, whichever is earlier. As of the date of this Draft Shelf Prospectus, further orders from the Ministry of Power are awaited.	August 1, 2012	July 31, 2017. However, the Ministry of Power vide its order dated July 19, 2017, extended his tenure as Director (Finance) of the Company from August 1, 2017 to May 31, 2020 i.e. the date of his superannuation, or until further orders, whichever is earlier.	Extension of tenure of original appointment vide MoP Order No. 46/9/2011-RE dated 19th July, 2017. (The original appointment was vide MoP Order No. 46/9/2011-RE dated May 17, 2012) and appointment as CMD vide MOP Order No. 46/8/2011-RE dated March 6, 2019.
Shri Aravamudan Krishna Kumar	00871792	Part-time non-official (Independent) Director	November 13, 2015	November 13, 2018. However, the Ministry of Power vide its order dated November 22, 2018 extended the tenure for a period of one year with effect from the date of completion of existing tenure, or until further orders, whichever is earlier.	Extension of tenure of original appointment vide MoP Order No. 20/6/2017-Coord. dated November 22, 2018. (The original appointment was vide MoP Order No. 46/2/2010-RE-Vol.II (Part-IV) dated November 13, 2015).
Prof. Tiruvallur Thattai Rammohan	00008651	Part-time non-official (Independent) Director	November 13, 2015	November 13, 2018. However, the Ministry of Power vide its order	Extension of tenure of original appointment vide MoP Order No. 20/6/2017-Coord. dated November 22, 2018.

Name	DIN	Designation	Date of Appointment	Date of Completion of tenure	Reason
				dated November 22, 2018 extended the tenure for a period of one year with effect from the date of completion of existing tenure, or until further orders, whichever is earlier.	(The original appointment was vide MoP Order No. 46/2/2010-RE-Vol.II (Part-IV) dated November 13, 2015).
Shri Arun Singh	00891728	Part-time non-official Independent Director	November 13, 2015	March 8, 2018	Ceased to be a director with effect from March 8, 2018.
Dr. Bhagvat Kisanrao Karad	00998839	Part-time non- official Independent Director	July 17, 2018	Continuing	Appointment pursuant to a notification by the MoP, GoI.
Shri. Praveen Kumar Singh	03548218	Nominee Director - Power Finance Corporation Limited	June 18, 2019	Continuing	Appointment pursuant to a notification by the MoP, GoI.
Dr. Arun Kumar Verma	02190047	Nominee Director – Government of India	October 6, 2015	September 1, 2019	Ceased to be a director with effect from September 2, 2019.
Shri Mritunjay Kumar Narayan	03426753	Nominee Director – Government of India	September 2, 2019	Continuing	Appointment pursuant to a notification by the MoP, GoI.

Relationship between our Directors

None of our Directors are related to each other. None of our Directors is, or was, a director of any listed company, which has been or was delisted from any recognised stock exchange, during the term of his/her directorship in such company.

Interest of our Directors

None of our Directors are interested in (a) the promotion of the Company; or (b) directly or indirectly, in any property acquired or proposed to be acquired, of or by the Company within two years preceding the date of the Draft Shelf Prospectus and until the date of this Draft Shelf Prospectus (under the objects of the Issue or otherwise).

None of our Directors are interested in their capacity as a member of any firm or company and no sums have been paid or are proposed to be paid to them or to such firm of company in which they are interested, by any person, in cash or shares or otherwise, either to induce them or to help them qualify as a director or for services rendered by them or by such firm or company, in connection with the promotion or formation of our Company.

No relative of any Director has been appointed to an office or at a place of profit in our Company.

All of our Directors may be deemed to be interested to the extent of fees and commission, if any, payable to them for attending meetings of the Board or a committee thereof as well as to the extent of other remuneration and reimbursement of expenses, if any, payable to them.

Certain of our Directors may also be regarded as interested in the Equity Shares and stock options held by them, their relatives or by the companies, firms, trusts in which they are interested as directors, members, partners, trustees and promoters, as well as the benefits arising out of such shareholding.

No remuneration has been paid or is payable to any of our Directors by the Company's Subsidiaries or associate companies.

None of our Directors hold any equity shares in the Company's Subsidiaries or associate companies or joint ventures.

None of our Directors have taken any loan from our Company.

Other undertakings and confirmations

No Director of our Company is a director or is otherwise associated in any manner with, any company that appears in the list of the vanishing companies as maintained by the Ministry of Corporate Affairs, defaulter list maintained by the RBI and/or Export Credit Guarantee Corporation of India Limited.
As on the date of this Draft Shelf Prospectus, our Directors do not hold any outstanding options.

Shareholding of Directors

As on the date of this Draft Shelf Prospectus, our Directors do not hold any Equity Shares in our Company, except the following:

1.	Shri Ajeet Kumar Agarwal	-	484 Equity Shares
2.	Shri Praveen Kumar Singh	-	40 Equity Shares

Debenture holding of Directors

As on the date of this Draft Shelf Prospectus, our Directors do not hold any debentures in our Company, except the following:

1.	Prof. T.T. Ram Mohan	-	1,515, tax free bonds of face value of Rs.1,000 each.
2.	Smt. Asha Swarup	-	500, 54EC capital gains tax exemption bonds of face value of Rs.10,000 each.

Remuneration of the Directors

Chairman and Managing Director and Whole Time Directors

The following table sets forth the details of remuneration paid to the whole-time Directors during the period between April 2019 to September 2019:

Name of the Director	Salary & Allowances, Performance linked Incentive/Ex-gratia (Rs.) #	Perquisites, other Benefits (Rs.) ##	Total (Rs.)
Shri Ajeet Kumar Agarwal, CMD/Director (Finance)	47,78,398	8,74,355	56,52,753
Shri Sanjeev Kumar Gupta, Director (Technical)	46,23,693	9,47,694	55,71,387

Note:

The above salaries and allowances are in accordance with section 17(1) of the I.T. Act, include allowances exempt under section 10 of the I.T. Act and NPS contribution but exclude exempt medical and uniform reimbursements.

This includes perquisites in accordance with section 17(2) of the I.T. Act, taxable medical payments and employer share towards Provident Fund but excludes electricity, entertainment and house attendant payments, travel allowance related payments, gratuity contribution paid by the Issuer, based on actuarial valuation to the REC Gratuity Fund.

The following table sets forth the details of remuneration paid to the whole-time Directors during FY 2018-19:

Name of the Director	Salary & Allowances, Performance linked Incentive/Ex-gratia (Rs.) #	Perquisites, other Benefits (Rs.) ##	Total (Rs.)
Shri Ajeet Kumar Agarwal, CMD (w.e.f March 6, 2019)/ Director (Finance)	67,75,921	14,07,350	81,83,271
Shri P.V. Ramesh, CMD (upto March 5, 2019)	29,34,000	6,942	29,40,942
Shri Sanjeev Kumar Gupta, Director (Technical)	67,56,012	14,87,401	82,43,413

Note:

The above salaries and allowances are in accordance with section 17(1) of the I.T. Act, include allowances exempt under section 10 of the I.T. Act and NPS contribution but exclude exempt medical and uniform reimbursements.

This includes perquisites in accordance with section 17(2) of the I.T. Act, taxable medical payments and employer share towards provident fund but excludes electricity, entertainment and house attendant payments, travel allowance related payments, gratuity contribution paid by the Issuer, based on actuarial valuation to the REC gratuity fund.

The following table sets forth the details of remuneration paid to the whole-time Directors during FY 2017-18:

Name of the Director	Salary& Allowances, Performance linked Incentive/Ex-gratia (Rs.) #	Perquisites, other Benefits (Rs.) ##	Total (Rs.)
Shri. P.V. Ramesh,CMD	27,17,465	0	27,17,465
Shri Ajeet Kumar Agarwal, Director (Finance)	49,96,964	12,59,253	62,56,217
Shri Sanjeev Kumar Gupta, Director (Technical)	50,48,127	14,38,641	64,86,768

Note:

The above salaries and allowances are in accordance with section 17(1) of the I.T. Act, include allowances exempt under section 10 of the I.T. Act and taxable medical payments but exclude exempt medical and uniform reimbursements.

This includes perquisites accordance with section 17(2) of the I.T. Act and employer share towards the provident fund and superannuation fund but excludes electricity, entertainment and house attendant payments, travel allowance related payments, gratuity contribution paid by the Issuer, based on an actuarial valuation to the REC gratuity fund.

The following table sets forth the details of remuneration paid to the Whole Time Directors during the Fiscal 2016-17:

Name of the Director	Salary & Allowances, Performance linked Incentive/Ex-gratia (Rs.)#	Perquisites, other Benefits (Rs.)##	Total (Rs.)
Shri P.V.Ramesh, CMD (w.e.f. January 5, 2017)	7,27,792	2,010	7,29,802
Shri Bhagwati Prasad Pandey, CMD (w.e.f. October 5,2016) *	0	0	0
Shri Rajeev Sharma, CMD (upto October 1, 2016)	36,21,986	11,41,999	47,63,985
Shri Ajeet Kumar Agarwal, Director (Finance)	45,28,339	10,53,756	55,82,095
Shri Sanjeev Kumar Gupta, Director (Technical)	41,01,989	8,62,004	49,63,993

Note :

The above salaries and allowances are in accordance with section 17(1) of the I.T. Act, include allowances exempt under section 10 of the I.T. Act and taxable medical payments but exclude exempt medical and uniform reimbursements.

This includes perquisites accordance with section 17(2) of the I.T. Act and employer share towards provident fund and superannuation fund but excludes electricity, entertainment and house attendant payments, travel allowance related payments, gratuity contribution paid by REC, based on an actuarial valuation to the REC gratuity fund.

* Shri Bhagwati Prasad Pandey had been given additional charge of CMD of REC.

Remuneration of part-time non-official Directors

The part- time non-official Independent Directors do not have any material pecuniary relationship or transaction with the Issuer. The Board of Directors in their meeting held on May 28, 2013 decided to pay following as sitting fee to part-time non-official Independent Directors for Board or Committee meeting(s) of which they are members:

S. No	Meetings	Sitting fees per Meeting (in Rs.)
1	Board Meeting	20,000
2	Committee Meeting	20,000

Set forth below are the details of the sitting fees paid to Independent Directors during FY 2018-19:

S. No.	Name of part-time non-official independent Director	Sitting Fees		Total
		Board Meeting	Committee Meeting	
1.	Shri A. Krishna Kumar	3,00,000	4,40,000	7,40,000
2.	Prof. T.T. Ram Mohan	2,60,000	3,00,000	5,60,000
3.	Smt. Asha Swarup	3,00,000	3,60,000	6,60,000
4.	Dr. Bhagvat Kisanrao Karad	2,80,000	1,40,000	4,20,000
	Total	**11,40,000**	**12,40,000**	**23,80,000**

Set forth below are the details of the sitting fees paid to Independent Directors during FY 2017-18:

S. No.	Name of part-time non-official independent Director	Sitting Fees		Total
		Board Meeting	Committee Meeting	
1.	Shri Arun Singh	1,20,000	1,40,000	2,60,000
2.	Shri A. Krishna Kumar	2,20,000	4,40,000	6,60,000
3.	Prof. T.T. Ram Mohan	1,60,000	2,60,000	4,20,000
4.	Smt. Asha Swarup	1,80,000	2,00,000	3,80,000
	Total	6,80,000	10,40,000	**17,20,000**

Set forth below are the details of the sitting fees paid to Independent Directors during FY 2016-17:

S. No.	Name of part-time non-official independent Director	Sitting Fees		Total
		Board Meeting	Committee Meeting	
1.	Shri Arun Singh	1,40,000	1,60,000	3,00,000
2.	Shri A. Krishna Kumar	1,80,000	4,60,000	6,40,000
3.	Prof. T.T. Ram Mohan	1,80,000	3,60,000	5,40,000
4.	Smt. Asha Swarup	40,000	40,000	80,000
	Total	5,40,000	10,20,000	**15,60,000**

Corporate Governance

Our Company has been complying with the requirements of Corporate Governance as prescribed under SEBI Listing Regulations.

The Board functions either as a full Board or through various committees constituted to oversee specific operational areas. Each committee of the Board is guided by its terms of reference, which defines the composition, scope and powers of the relevant committee. The committees meet at regular intervals and focus on specific areas and make informed decisions within the authority delegated to them. As of September 30, 2019, the Board had the following committees:

(a) Audit Committee;
(b) Nomination and Remuneration Committee;
(c) Stakeholders Relationship Committee;
(d) Risk Management Committee;
(e) Corporate Social Responsibility Committee;
(f) Loan Committee;
(g) Executive Committee;
(h) Sub-Committee for review of lending rates for Term Loans/STLs; and
(i) Committee on Investment/Deployment of Surplus Funds

Audit Committee

The members of the Audit Committee are:

S. No.	Name of the Committee Members/Attendees	Designation	Position in Committee
1.	Shri A. Krishna Kumar	Independent Director	Chairman
2.	Prof. T.T. Ram Mohan	Independent Director	Member
3.	Smt. Asha Swarup	Independent Director	Member
4.	Dr. B.K. Karad	Independent Director	Member
5.	Shri Sanjeev Kumar Gupta	Director (Technical)	Member

The quorum for an Audit Committee meeting shall either be two members or one third of the members of the Audit Committee, whichever is greater, with at least two independent Directors. Further, Director (Finance), head of internal audit and representatives of Statutory Auditors are invited for the meetings of the Audit Committee. The Company Secretary acts as the secretary to the Audit Committee.

The terms of reference of the Audit Committee are as follows:

(a) to comply with the requirements of Section 177 of the Companies Act and the Companies (Meetings of Board and its Powers) Rules, 2014, as amended from time to time;

(b) to comply with the requirements relating to the Audit Committee as envisaged in the SEBI Listing Regulations, as amended from time to time;

(c) to comply with the guidelines on corporate governance for central public sector enterprises, 2010, as notified by the DPE, as amended from time to time; and

(d) ensures compliance with any other applicable provisions, as amended from time to time, relating to the Audit Committee.

The chairman of the Audit Committee possesses accounting and financial management expertise and all other members of the Audit Committee are financially literate. Further, the chairman of the Audit Committee was present at the Annual General Meeting held on August 29, 2019 to respond to the shareholders' queries.

Nomination and Remuneration Committee

As our Company is a CPSU, the appointment, tenure and remuneration of the Chairman, the managing Director, whole-time functional Directors and other Directors are decided by the President of India in accordance with the Articles of Association of our Company and such appointment is communicated by the relevant administrative ministry to our Company. The remuneration of the functional directors and employees of our Company is fixed according to extant guidelines issued by the DPE, from time to time. Further, the part-time non-official independent Directors are paid sitting fees, as decided by the Board from time to time, for attending board and committee meetings well within the limits prescribed under Companies Act. In accordance with Government norms, the Government nominee director is not entitled to get any remuneration or sitting fee from our Company. The composition of the Nomination and Remuneration Committee is in accordance with the provisions of Regulation 19 of SEBI Listing Regulations, and Section 178 of the Companies Act, 2013.

The terms of reference of the Nomination and Remuneration Committee to the extent applicable to our Company are as follows:

(a) to comply with the requirements in accordance with Section 178 of the Companies Act, 2013 and the Companies (Meetings of Board and its Powers) Rules, 2014, as amended from time to time;

(b) to comply with the requirements relating to the Nomination and Remuneration Committee as envisaged in the SEBI Listing Regulations; and

(c) to comply with the "Guidelines on Corporate Governance for Central Public Sector Enterprises, 2010", including to decide on the quantum of annual bonus, variable pay and policy for the ESOP scheme and the pension scheme within the prescribed limits across whole time directors, executive and non-unionized supervisors, as notified by the DPE, and as amended from time to time.

Further, the MCA, through its notification dated June 5, 2015, has exempted Government companies from the requirements relating to the formulation of criteria for determining qualifications, positive attributes, independence and annual evaluation of directors and policy relating to the remuneration of directors. This notification also prescribed that the provisions relating to the review of performance of independent directors and the evaluation mechanism prescribed in Schedule IV of the Companies Act, 2013 is not applicable to Government companies.

The members of the Nomination and Remuneration Committee are:

S. No.	Name of the Committee Members/Attendees	Designation	Position in Committee
1.	Prof. T.T. Ram Mohan	Independent Director	Chairman
2.	Shri A. Krishna Kumar	Independent Director	Member
3.	Smt. Asha Swarup	Independent Director	Member
4.	Dr. B.K. Karad	Independent Director	Member

The quorum of the Nomination and Remuneration Committee is two members including the chairman of the committee. The Director (finance), the Director (technical) and executive Director (human resource) or General Manager (human resource) are standing invitees to the meetings of the Nomination and Remuneration Committee.

Stakeholders Relationship Committee

Our Company has constituted a Stakeholders Relationship Committee in terms of the provisions of Section 178 of the Companies Act, the provisions of the SEBI Listing Regulations and other applicable laws. This Committee specifically looks into the redressal of complaints from various security holders (including shareholders, debenture holders), such as non-receipt of dividend creditor warrants, non-receipt of interest on debentures, annual reports, transfer of shares or debentures, issue of duplicate share or debenture certificate and matters connected with the transfer, transmission, rematerialisation, dematerialization, splitting and consolidation of securities issued by the Company.

The members of the Stakeholders Relationship Committee are:

S. No.	Name of the Committee Members/Attendees	Designation	Position in Committee
1.	Shri A. Krishna Kumar	Independent Director	Chairman
2.	Shri Ajeet Kumar Agarwal	Director (Finance)	Member
3.	Shri Sanjeev Kumar Gupta	Director (Technical)	Member

The quorum for a meeting of the Stakeholders Relationship Committee is two members, including the chairman of the committee. Further, the representatives of the registrar and share transfer agents appointed by our Company are standing invitees at the meetings of this committee. Shri J.S. Amitabh, executive director and company secretary, is the compliance officer of our Company in terms of the SEBI Listing Regulations. The chairman of the Stakeholders Relationship Committee was present at the Annual General Meeting held on August 29, 2019.

Risk Management Committee

The Risk Management Committee has been constituted in line with the provisions of Regulation 21 of the SEBI Listing Regulations to manage the integrated risk. The main function of the Risk Management Committee is to monitor various risks likely to arise, to review risk management policies and practices adopted by our Company and to initiate action for mitigation of risks arising in the operation and other related matters of our Company.

The members of the Risk Management Committee are:

S. No.	Name of the Committee Members/Attendees	Designation	Position in Committee
1.	Smt. Asha Swarup	Independent Director	Chairperson
2.	Dr. B.K. Karad	Independent Director	Member
3.	Shri Ajeet Kumar Agarwal	Director (Finance)	Member
4.	Shri Sanjeev Kumar Gupta	Director (Technical)	Member

The operational heads of the finance division (resource mobilisation) and asset liability management division are the standing invitees at the Risk Management Committee meetings.

Corporate Social Responsibility Committee

Under Section 135 of the Companies Act, 2013 and rules made thereunder and the guidelines on corporate social responsibility and sustainability for CPSEs issued by the DPE, the Board of our Company has constituted the Corporate Social Responsibility Committee and the terms of reference of the committee are as follows:

(a) to formulate and recommend to the Board, a CSR policy which shall indicate the activities to be undertaken by our Company as specified in Schedule VII of the Companies Act, 2013;

(b) to monitor the CSR policy of our Company from time to time;

(c) to recommend the amount of expenditure to be incurred on the activities referred to in paragraph (a) above;

(d) to recommend and/or review CSR projects, programmes and/or proposals falling within the purview of Schedule VII of the Companies Act, 2013;

(e) to institute a transparent monitoring mechanism for the implementation of the CSR projects, programmes and/or activities undertaken by our Company;

(f) to assist the Board of Directors to formulate strategies on CSR initiatives of our Company;

(g) to approve the content of annual report on CSR activities according to the pro forma given in the rules *inter-alia* covering the responsibility statement that the implementation and monitoring of the CSR policy is in compliance with CSR objectives and policy of our Company;

(h) to periodically submit the reports to the Board for their information, consideration and necessary directions; and

(i) to comply with other requirements on the CSR policy, as amended from time to time.

The members of the Corporate Social Responsibility Committee are:

S. No.	Name of the Committee Members/Attendees	Designation	Position in Committee
1.	Prof. T.T. Ram Mohan	Independent Director	Chairman
2.	Shri A. Krishna Kumar	Independent Director	Member
3.	Smt. Asha Swarup	Independent Director	Member
4.	Shri Ajeet Kumar Agarwal	Director (Finance)	Member
5.	Shri Sanjeev Kumar Gupta	Director (Technical)	Member

The quorum of the meeting of the Corporate Social Responsibility Committee is two members including the chairman of the committee.

Loan Committee

The Loan Committee is constituted for sanctioning of loans to (a) central or state government power utilities or central or state government PSUs for an amount of up to Rs. 500 Crore for each individual scheme or project, with an annual ceiling of up to Rs. 30,000 Crore, and (b) private sector power utilities for an amount of up to Rs. 500 Crore for each individual scheme or project, with an annual ceiling of up to Rs. 10,000 Crore. The composition of the Loan Committee with effect from August 29, 2019 is as follows:

S. No.	Designation	Position in Committee
1.	CMD	Chairman
2.	Director (Finance)	Member
3.	Director (Technical)	Member
4.	Government Nominee Director	Member
5.	Independent Director	Member

The quorum of the meetings of the Loan Committee is three members including the CMD and the Government nominee director or independent Director.

Executive Committee

The Executive Committee has been constituted for the sanction of the financial assistance in the form of Rupee term loans subject to the following limits:

(a) to central or state government power utilities or central or state PSUs – up to Rs. 150 Crore for individual schemes or projects, with an overall ceiling of Rs.25,000 Crore in a Fiscal Year; and

(b) to private sector power utilities – up to Rs.100 Crore for individual schemes or projects, with an overall ceiling of Rs. 6,000 Crore in a Fiscal Year.

The members of the Executive Committee of the Board of Directors are:

S. No.	Designation	Position in Committee
1.	CMD	Chairman
2.	Director (Finance)	Member
3.	Director (Technical)	Member

The quorum of the Executive Committee of the Board is two members including the CMD.

Sub-Committee for review of lending rates for Term Loans/STLs

The Sub-Committee for review of lending rates for Term Loans/STLs was constituted by our Board for reviewing the lending rates of term loans and STLs. The members of the Sub-Committee for review of lending rates for term loans or STLs are:

S. No.	Designation	Position in Committee
1.	CMD	Chairman
2.	Director (Finance)	Member
3.	Director (Technical)	Member

The quorum for the meeting of Sub-Committee for review of lending rates for term loans or STLs is two members including the CMD.

Committee on Investment/Deployment of Surplus Funds

Our Company has constituted a committee for the purpose of investment and deployment of surplus funds.

The members of the Committee on Investment/Deployment of Surplus Funds are:

S. No.	Designation	Position in Committee
1.	CMD	Chairman
2.	Director (Finance)	Member
3.	Director (Technical)	Member

The quorum of the meeting of the committee is two members including the CMD. The committee is empowered to approve the investment of short term surplus funds within the maximum outstanding limit at any time, more than Rs.1,500 Crore in mutual funds, more than Rs.1,500 Crore in fixed deposits, more than Rs.1,000 Crore in certificates of deposits and commercial papers, and more than Rs.1,000 Crore in inter-corporate deposits.

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OUR PROMOTERS

Our Promoters are (i) the President of India acting through the Ministry of Power, Government of India and (ii) Power Finance Corporation Limited.

Brief background of PFC

PFC was incorporated in July 16, 1986 under the Companies Act, 1956, as a public limited company, registered with the RoC, National Territory of Delhi and Haryana and received the certificate for commencement of business on December 31, 1987. PFC was incorporated as a financial institution to finance, facilitate and promote India's power sector development and was notified as a public financial institution under Section 4A of the Companies Act 1956 (now section2(72) of Companies Act 2013) on August 31, 1990.

PFC is registered with RBI as a non-deposit taking systemically important NBFC and on July 28, 2010, PFC was classified as an Infrastructure Finance Company. PFC was conferred with the 'Mini Ratna' (Category – I) status in the year 1998 and on June 22, 2007, PFC was notified as a Navratna company by the GoI.

PFC is a leading financial institution in India focused on the power sector and plays a strategic role in the GoI's initiatives for the development of the power sector in India. PFC is involved in various GoI programs for the power sector, including acting as the nodal agency for the UMPP program and the IPDS/R-APDRP and as a bid process coordinator through its wholly owned subsidiary PFC Consulting Limited for the ITP scheme.

PFC provides a comprehensive range of financial products and related advisory and other services from project conceptualization to the post-commissioning stage to our clients in the power sector, including for generation (conventional and renewable), transmission and distribution projects as well as for related renovation and modernization projects. PFC provides various fund based financial assistance, including long-term project finance, short-term loans, buyer's line of credit, underwriting of debt and debt refinancing schemes as well as non-fund based assistance including default payment guarantees, credit enhancement guarantees and letters of comfort.

Shareholding of our Promoters in our Company

For details of the shareholding of our Promoters in our Company as of September 30, 2019, see "*Capital Structure*" on page 54.

Interest of our Promoters

Our Promoters have no interest, direct or indirect, in any property acquired by our Company in the last two years from the date of the Draft Shelf Prospectus until the date of this Draft Shelf Prospectus, or in any property proposed to be acquired by our Company.

Except as stated in the Annexure titled "*Financial Statements*" in Annexure C, and to the extent of the Equity Shares held by it and the dividend paid to it as a shareholder in our Company, our Promoters do not have any other interest in our Company and its business. Further, PFC has not given any guarantees in relation to loan facilities availed by our Company. The details of the guarantee provided by the Government of India are stated in the section titled "*Financial Indebtedness*" on page 158.

Other understanding and confirmations

PFC has confirmed that it has not been identified as wilful defaulter by the RBI or any other governmental authority, nor is it in default of payment of interest or repayment of principal amount in respect of debt securities issued by it, if any, for a period of more than 6 (six) months.

No violation of securities laws has been committed by PFC in the past or are currently pending against it. PFC is not debarred or prohibited from accessing the capital markets or restrained from buying, selling, or dealing in securities under any order or directions passed for any reasons by the SEBI or any other authority or refused listing of any of the securities issued by any such entity by any stock exchange in India or abroad.

Board of directors of Power Finance Corporation Limited

1. Shri Rajeev Sharma
2. Shri Mritunjay Kumar Narayan
3. Shri Sitaram Pareek
4. Smt. Gouri Chaudhury

5. Shri R.C. Mishra
6. Shri N.B. Gupta
7. Shri P.K. Singh
8. Shri R.S. Dhillon

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Shareholding Pattern of Power Finance Corporation Limited as on September 30, 2019

Table I - Summary Statement holding of specified securities

Category	Category of Share-holder	No of Share-holders	No of fully paid up equity shares held	Total No of Shares Held (VII) = (IV)+(V) +(VI)	Shareholding as a % of total no of shares (As a % of (A+B+C2))	Number of Voting Rights held in each class of securities				No of Shares Underlying Out- standing convertible securities (Including Warrants)	Share-holding as a % assuming full conversion of convertible Securities (as a percentage of diluted share capital)	Number of Locked in Shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialized form
						No of Voting Rights			Total as a % of (A+B+ C)			No.	As a % of total Shares held	No.	As a % of total Shares held	
						Class X	Class Y	Total								
(I)	(II)	(III)	(IV)	(VII)	(VIII)				(IX)	(X)	(XI)	(XII)		(XIII)		(XIV)
(A)	Promoter & Promoter Group	1	1,48,25,75,588	1,48,25,75,588	56.16	1,48,25,75,588	0	1,48,25,75,588	56.16	0	56.16	0	0.00	0	0.00	1,48,25,75,588
(B)	Public	2,36,448	1,15,75,05,820	1,15,75,05,820	43.84	1,15,75,05,820	0	1,15,75,05,820	43.84	0	43.84	0	0.00	NA	NA	1,15,74,71,123
(C)	Non Promoter-Non Public	0	0	0	-	0		0	0		0					0
(C1)	Shares underlying DRs	0	0	0	-	0	0	0	0	0	0	0	0.00	NA	NA	0
(C2)	Shares held by Employee Trusts	0	0	0	0	0	0	0	0	0	0	0	0.00	NA	NA	0
	Total:	**2,36,449**	**2,64,00,81,408**	**2,64,00,81,408**	**100.00**	**2,64,00,81,408**	**0**	**2,64,00,81,408**	**100.00**	**0**	**100.00**	**0**	**0.00**	**0**	**0.00**	**2,64,00,46,711**

Table II - Statement showing shareholding pattern of PFC’s promoter and promoter group

Category	Category & Name of the Shareholder	No of Share holders	No of fully paid up equity shares held	Total No of Shares Held (IV+V+VI)	Share holding as a % of total no of shares (calculated as per SCRR, 1957 (VIII) As a % of (A+B+C2	Number of Voting Rights held in each class of securities				No of Shares Underlying Outstanding convertible securities (Including Warrants)	Share-holding as a % assuming full conversion of convertible Securities (as a percentage of diluted share capital) (VII)+(X) As a % of (A+B+C2)	Number of Locked in Shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialized form
						No of Voting Rights			Total as a % of (A+B+C)			No.	As a % of total Shares held	No.	As a % of total Shares held	
						Class X	Class Y	Total								
	(I)	(III)	(IV)	(VII)	(VIII)	(IX)				(X)	(XI)	(XII)		(XIII)		(XIV)
(1)	Indian															
(a)	Individuals/ Hindu undivided Family	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	0	0.00	0
(b)	Central Government/ State Government (s)	1	1,48,25,75,588	1,48,25,75,588	56.16	1,48,25,75,588	0	1,48,25,75,588	56.16	0	0.00	0	0.00	0	0.00	0
	President of India	1	1,48,25,75,588	1,48,25,75,588	56.16	1,48,25,75,588		1,48,25,75,588	56.16		56.16					
(c)	Financial Institutions/Banks	0	0	0	0.00	0	0	0	0.00	0	59.05	0	0.00	0	0.00	0
(d)	Any Other	0	0	0	0.00	0		0	0	0	0.00	0	0.00	0	0.00	0
	Sub-Total (A)(1)	**1**	**1,48,25,75,588**	**1,48,25,75,588**	**56.16**	**1,48,25,75,588**	**0**	**1,48,25,75,588**	**56.16**	**0**	**56.16**	**0**	**0.00**	**0**	**0.00**	**1,48,25,75,588**
(2)	Foreign	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	0	0.00	0
(a)	Individuals (Non-Resident Individuals/Foreign Individuals	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	0	0.00	0
(b)	Government	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	0	0.00	0
(c)	Institutions	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	0	0.00	0
(d)	Foreign Portfolio Investor	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	0	0.00	0
(e)	Any Other	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	0	0.00	0
	Sub-Total (A)(2)	**0**	**0**	**0**	**56.16**	**1,48,25,75,588**	**0**	**1,48,25,75,588**	**56.16**	**0**	**56.16**	**0**	**0.00**	**0**	**0.00**	**1,48,25,75,588**
	Total Shareholding of Promoter and Promoter Group (A)=(A)(1)+(A)(2)	**1**	**1,48,25,75,588**	**1,48,25,75,588**	**56.16**	**1,48,25,75,588**	**0**	**1,48,25,75,588**	**56.16**	**0**	**56.16**	**0**	**0.00**	**0**	**0.00**	**1,48,25,75,588**

Table III - Statement showing shareholding pattern of PFC’s public shareholders

Category	Category & Name of the Shareholder	No of Share holders	No of fully paid up Equity Shares held	No of Partly paid-up Equity Shares held	No of Shares Under-lying Depository Receipts	Total No of Shares Held (IV+V+VI)	Share- holding as a % of total no of shares (A+B+C2)	Number of Voting Rights held in each class of securities				No of Shares Underlying Outstanding convertible securities (Including Warrants)	Share-holding as a % assuming full conversion of convertible Securities (as a percentage of diluted share capital)	Number of Locked in Shares		Number of Shares pledged or otherwise encumbered		Number of Equity Shares held in dematerialized form
								No of Voting Rights			Total as a % of (A+B+C)			No.	As a % of total Shares held	No.	As a % of total Shares held	
								Class X	Class Y	Total								
	(I)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)				(X)	(XI)	(XII)		(XIII)		(XIV)
(1)	Institutions	0	0	0	0	0	0	0	0	0	0	0	0	0	0.00	NA	NA	0
(a)	Mutual Funds	20	335699751	0	0	33,56,99,751	12.72	33,56,99,751	0	33,56,99,751	12.72	0	12.72	0	0.00	NA	NA	33,56,99,751
	HDFC Trustee Company Limited A/C HDFC Mid Cap Opportunities Fund	1	207643195	0	0	20,76,43,195	7.87	20,76,43,195	0	20,76,43,195	7.87	0	7.87	0	0.00	NA	NA	20,76,43,195
	Reliance Capital Trustee Co Ltd-A/C Reliance ETF -Junior Bees Investment A/C	1	81476124	0	0	8,14,76,124	3.09	8,14,76,124	0	8,14,76,124	3.09	0	3.09	0	0.00	NA	NA	8,14,76,124
(b)	Venture Capital Funds	0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	NA	NA	0
(c)	Alternate Investment Funds	0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	NA	NA	0
(d)	Foreign Venture Capital Investors	0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	NA	NA	0
(e)	Foreign Portfolio Investors	318	509691295	0	0	50,96,91,295	19.31	50,96,91,295	0	50,96,91,295	19.31	0	19.31	0	0.00	NA	NA	50,96,91,295
	UBS Principal Capital Asia Limited	1	94389000	0	0	9,43,89,000	3.58	9,43,89,000	0	9,43,89,000	3.58	0	3.58	0	0.00	NA	NA	9,43,89,000
	The Windacre Partnership Master Fund LP	1	286115000	0	0	12,86,15,000	4.87	286115000	0	12,86,15,000	4.87	0	4.87	0	0.00	NA	NA	12,86,15,000
(f)	Financial Institutions/Banks	10	13485355	0	0	1,34,85,355	0.51	1,34,85,355	0	1,34,85,355	0.51	0	0.51	0	0.00	NA	NA	1,34,85,353
(g)	Insurance Companies	5	160927605	0	0	16,09,27,605	6.10	16,09,27,605	0	16,09,27,605	6.10	0	6.10	0	0.00	NA	NA	16,09,27,605
	Life Insurance Corporation of India	1	14,76,04,886	0	0	14,76,04,886	5.59	14,76,04,886	0	14,76,04,886	5.59	0	5.59	0	0.00	NA	NA	14,76,04,886
(h)	Provident Funds/Pension Funds	0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	NA	NA	0
(i)	Any Other	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Sub Total (B)(1)	353	1019804006	**0**	**0**	1,01,98,04,006	38.63	1,01,98,04,006	**0**	1,01,98,04,006	38.63	**0**	38.63	**0**	**0.00**	**NA**	**NA**	1,01,98,04,004
(2)	Central Government/State Government(s)/President of India	0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	NA	NA	0
	Sub Total (B)(2)	**0**	**0**	**0**	**0**	**0**	**0.00**	**0**	**0**	**0**	**0.00**	**0**	**0.00**	**0**	**0.00**	**NA**	**NA**	**0**

(3)	Non-Institutions																	
(a)	Individual																	
i.	Individual shareholders holding nominal share capital up to Rs.2 lakhs	231154	89841794	0	0	8,98,41,794	3.40	8,98,41,794	0	8,98,41,794	3.40	0	3.40		0.00	NA	NA	8,98,07,099
ii.	Individual shareholders holding nominal share capital in excess of Rs. 2 Lakhs	308	20306996	0	0	2,03,06,996	0.77	2,03,06,996	0	2,03,06,996	0.77	0	0.77		0.00	NA	NA	2,03,06,996
(b)	NBFCs Registered with RBI	10	1120057	0	0	11,20,057	0.04	11,20,057	0	11,20,057	0.04	0	0.04	0	0.00	NA	NA	11,20,057
(c)	Employee Trusts	0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	NA	NA	0
(d)	Overseas Depositories (Holding DRs)(Balancing figure)	0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	NA	NA	0
(e)	Any Other	4623	26432967	0	0	2,64,32,967	1.00	2,64,32,967	0	2,64,32,967	1.00	0	1.00	0	0.00	NA	NA	2,64,32,967
	Trusts	25	1941453	0	0	19,41,453	0.07	19,41,453	0	19,41,453	0.07	0	0.07	0	0.00	NA	NA	19,41,453
	Alternative Investment Fund	2	242642	0	0	2,42,642	0.01	2,42,642	0	2,42,642	0.01	0	0.01	0	0.00	NA	NA	2,42,642
	Non Resident Indians	2099	2675852	0	0	26,75,852	0.10	26,75,852	0	26,75,852	0.10	0	0.10	0	0.00	NA	NA	26,75,852
	Clearing Members	179	2718945	0	0	27,18,945	0.10	27,18,945	0	27,18,945	0.10	0	0.10	0	0.00	NA	NA	27,18,945
	Non Resident Indian Repatriable	1314	1031724	0	0	10,31,724	0.04	10,31,724	0	10,31,724	0.04	0	0.04	0	0.00	NA	NA	10,31,724
	Bodies Corporate	996	15907605	0	0	1,59,07,605	0.60	1,59,07,605	0	1,59,07,605	0.60	0	0.60	0	0.00	NA	NA	1,59,07,605
	Investor Education and Protection Fund	1	44,029	0	0	44,029	0.00	44,029	0	44,029	0.00	0	0.00	0	0.00	NA	NA	44,029
	Qualified Institutional Buyer	7	1870717	0	0	18,70,717	0.07	18,70,717	0.07	18,70,717	0.07	0	0.07	0	0.00	NA	NA	18,70,717
	Sub Total (B)(3)	236095	137701814	**0**	**0**	13,77,01,814	5.22	13,77,01,814	**0**	13,77,01,814	5.22	**0**	5.22	**0**	**0.00**			13,76,67,119
	Total Public Shareholding (B) = (B)(1)+(B)(2)+(B)(3)	236448	1157505820	**0**	**0**	1,15,75,05,820	43.84	1,15,75,05,820	**0**	1,15,75,05,820	43.84	**0**	43.84	**0**	**0.00**			1,15,74,71,123

Table IV - Statement showing shareholding pattern of PFC’s non promoter-non public shareholders

Category	Category & Name of the Shareholder	PAN	No of Share-holders	No of fully paid up Equity Shares held	No of Partly paid-up Equity Shares held	No of Shares Under-lying Depository Receipts	Total No of Shares Held (IV+V+VI)	Share-holding as a % of total no of shares (A+B+C2)	Number of Voting Rights held in each class of securities				No of Shares Underlying Outstanding convertible securities (Including Warrants)	Share-holding as a % assuming full conversion of convertible Securities (as a percentage of diluted share capital)	Number of Locked in Shares		Number of Shares pledged or otherwise encumbered		Number of Equity Shares held in dematerialized form
									No of Voting Rights: Class X	Class Y	Total	Total as a % of (A+B+C)			No.	As a % of total Shares held	No.	As a % of total Shares held	
	(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)				(X)	(XI)	(XII)		(XIII)		(XIV)
(1)	Custodian/DR Holder		0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	NA	NA	0
(2)	Employee Benefit Trust (under SEBI(Share based Employee Benefit) Regulations 2014)		0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	NA	NA	0
	Total Non-Promoter-Non Public Shareholding (C) = (C)(1)+(C)(2)		**0**	**0**	**0**	**0**	**0**	**0.00**	**0**	**0**	**0**	**0.00**	**0**	**0.00**	**0**	**0.00**			**0**

SECTION V – FINANCIAL INFORMATION

FINANCIAL INDEBTEDNESS

I. Secured and Unsecured Borrowings

Set forth below is a brief summary of the Issuer's significant outstanding secured borrowings of ₹43,661.89 Crores and unsecured borrowings of ₹2,07,678.21 Crores, as on September 30, 2019 together with a brief description of certain significant terms of such financing arrangements.

(1) Secured Term Loans from Banks and Financial Institutions availed by the Issuer

(All figures are in (₹) Crores, except in percentages)

Sr. No.	Name of the Lender	Loan documentation	Facility/ Amount Sanctioned (₹ Crores)	Amount outstanding (₹ Crores) as on September 30, 2019***	Rate of interest (%)	Repayment Date/Schedule and prepayment penalty (if any)	Penalty	Security
1	LIC	Term loan agreement dated 6 August 2004	2000.00	214.70	7.35 being 48 annualized G-Sec for 10 years + 100 bps, for a period of 7 days reckoned 2 working days prior to the date of disbursement.	Repayable in 10 equal annual installments after a moratorium of 5 years starting from October 1, 2010. Prepayment impermissible during moratorium period (upto March 31, 2010), following this, prepayment permissible without any prepayment penalty upon the Company giving 60 days prior notice.	In the event the credit rating of the Company moves below 'AAA' rating, the applicable interest rate would increase by 25 basis points for each notch below AAA.	The term loans are secured by a charge on the receivables of the Issuer, both present and future, save and except certain specific receivables hypothecated to VISTRA ITCL (INDIA) LIMITED (formerly known as IL&FS Trust Company Limited) on the basis of joint hypothecation agreement dated September 24, 2010 in favour of IDBI Trusteeship Services Limited. The charge is created on book debts pertaining to: 1. Uttar Pradesh Power corporation Ltd. (UPPCL) – ₹ 453.864 Crore; 2. Uttranchal Power Corporation Ltd. (UPCL) – ₹ 202.570 Crore; 3. Tamil Nadu Electricity Board (TNEB) – ₹ 776.836 Crore; 4. Rajasthan Rajya Vidyut Prasaran Nigam Ltd. (RRVPNL) – ₹ 491.713 Crore; 5. Punjab State Electricity Board (PSEB) – ₹ 545.820 Crore; 6. Dhakshin Haryana Vidyut Prasaran Nigam Ltd. (DHVPNL) – ₹ 85.010 Crore.
	Total term loans from banks and financial institutions			**214.70**				

*** In accordance with IND-AS.

(2) Unsecured Loans availed by the Issuer

Set forth below is a brief summary of our outstanding unsecured borrowings.

(All figures are in (₹) Crores, except in percentages)

Sr. No.	Name of the Lender	Loan documentation	Facility/Amount Sanctioned (₹ Crores)	Amount outstanding, as on September 30, 2019 (₹ Crores)***	Rate of interest (% per annum)	Repayment Date/ Schedule and prepayment penalty if any	Penalty
A.	**Unsecured Term Loans from Banks & FIs**						
1.	Punjab National Bank	Loan agreement dated September 14, 2018	2,000.00	2,013.15	PNB 1 month MCLR + 0.05%	Repayable in 3 equal annual instalments after initial moratorium of 2 years. 2% prepayment charges if prepaid within 3 months from the date of disbursement, and after that, NIL.	Additional interest of 2% p.a. on the entire loan,leviable from the date of the default of payment of dues or any of the terms and conditions of the loan.
2.	Punjab National Bank	Loan agreement dated February 14, 2019	1,500.00	1,509.99	3 months' MCLR + 0.10%	Repayable in 3 equal annual instalments after initial moratorium of 2 years. 2% prepayment charges if prepaid within 3 months from the date of disbursement, and after that, NIL.	Additional interest of 2% p.a. on the entire loan,leviable from the date of the default of payment of dues or any of the terms and conditions of the loan.
3.	State Bank of India	Loan agreement dated October 15, 2018	5,000.00	5,033.90	Sum of spread as '15 bppa' and 3 months' MCLR.	Repayable in 3 annual instalments after initial moratorium of 2 years as follows: 33% at the end of 3 years 33% at the end of 4 years 34% at the end of 5 years 1% prepayment charges if prepaid within 6 months from the date of disbursement of each tranche, and after that, NIL.	Additional interest of 1% p.a. on irregular portion for period of irregularity in the event of any default in payment of interest or installment.
4.	State Bank of India	Loan agreement dated March 5, 2019	2,300.00	2,315.58	6 months' MCLR with 10 bppa spread.	Repayable in 5 instalments of 20% after the end of 18/30/42/54/60 months. Initial moratorium is 18 months. 1% prepayment charges if prepaid within 6 months from the date of disbursement of each tranche, and after that, NIL.	Additional interest of 1% p.a. on irregular portion for period of irregularity in the event of any default in payment of interest or installment.
5.	HDFC Bank Limited	Loan agreement dated September 29, 2018	300.00	300.07	3 months' HDFC Bank MCLR + Nil bps.	Bullet on maturity. No prepayment charges if done on reset date with prior notice of at least 7 days.	Additional interest of 2% p.a. on the entire loan amount in the event of delay in loan servicing.

Sr. No.	Name of the Lender	Loan documentation	Facility/Amount Sanctioned (₹ Crores)	Amount outstanding, as on September 30, 2019 (₹ Crores)***	Rate of interest (% per annum)	Repayment Date/ Schedule and prepayment penalty if any	Penalty
6.	HDFC Bank Limited	Loan agreement dated October 11, 2018	350.00	350.08	3 months' HDFC Bank MCLR + Nil bps	Bullet on maturity. No prepayment charges.	Additional interest of 2% p.a. on the entire loan amount in the event of delay in loan servicing.
7.	HDFC Bank Limited	Loan agreement dated November 6, 2018	350.00	350.08	6 months' HDFC Bank MCLR + Nil bps	Bullet on maturity. No prepayment charges.	Additional interest of 2% p.a. on the entire loan amount in the event of delay in loan servicing.
8.	HDFC Bank Limited	Loan agreement dated January 15, 2019	500.00	500.12	6 months' HDFC Bank MCLR + Nil bps	Bullet on maturity. No prepayment charges.	Additional interest of 2% p.a. on the entire loan amount in the event of default in payment of dues or of any of the terms and conditions of the loan.
9.	HDFC Bank Limited	Loan agreement dated March 29, 2019	500.00	500.11	1 months' HDFC Bank MCLR + Nil bps	Bullet on maturity. No prepayment charges.	Additional interest of 2% p.a. on the entire loan,leviable from the date of the default of payment of dues or any of the terms and conditions of the loan.
10.	IIFCL	Loan agreement dated December 4, 2018	1,000.00	1,021.12	Applicable G-sec rate + spread	Bullet on maturity. 2% prepayment charges on outstanding balance of the loans. However, no prepayment penalty is leviable if the reset of interest is not acceptable to the Company, and prepayment is effected within 30 days of communication of the revised interest rate.	Additional interest of 2% p.a. on the entire loan, on the happening of certain events specified in the loan agreement.
11.	(This row is intentionally left blank)						
12.	Bank of India	Loan agreement dated February 5, 2019	1,300.00	1,300.00	10 bps over 1 year BOI MCLR	Repayable in 8 equal Quarterly instalments after the end of initial moratorium of 3 years. 1% prepayment charges and applicable tax if prepaid within 6 months from the date of first disbursement,	Additional interest of 1% p.a. on amount then outstanding payable in the event of default in payment of interest, loan installments, or any other monies

Sr. No.	Name of the Lender	Loan documentation	Facility/Amount Sanctioned (₹ Crores)	Amount outstanding, as on September 30, 2019 (₹ Crores)***	Rate of interest (% per annum)	Repayment Date/ Schedule and prepayment penalty if any	Penalty
						and after that, provided that a notice of 2 days is given to the bank, NIL.	outstanding from their respective due dates.
13.	Canara Bank	Loan agreement dated February 27, 2019	500.00	502.93	6 months' MCLR	Bullet repayment after 5 years. No prepayment charges if the Company provides a notice of 30 days, otherwise, 1% prepayment charges applicable.	N/A
14.	Corporation Bank	Loan agreement dated March 1, 2019	1,000.00	1,000.00	3 months' MCLR + 0.10%	Repayment in 6 semi annual instalment after the initial moratorium of 2 years. No prepayment charges.	Additional interest on amount outstanding at (i) 2%, if irregularity in loan account for a period beyond 30 days, (ii) 1% for non-submission of renewal data beyond three months from date of renewal, (iii) 1% for non-compliance with covenants.
15.	Corporation Bank	Loan agreement dated September 27, 2019	450.00	450.00	3 months' MCLR	Repayment in 6 semi annual instalment after the initial moratorium of 2 years. No prepayment charges.	Additional interest on amount outstanding at 2%, if irregularity in loan account.
16.	United Bank of India	Loan agreement dated March 8, 2019	1,000.00	1007.11	Bank's MCLR	Repayment in 4 semi annual instalment after the initial moratorium of 3 years. No prepayment charges if the Company provides a notice of 15 days.	Additional interest rate of 2% on entire loan, leviable from the date of default, in case of any default.
17.	Oriental Bank of Commerce	Loan agreement dated March 1, 2019	750.00	755.39	1 year MCLR	Repayment in 8 equal semiannual installment at interval of 30/36/42/48/54/60/66/72 months. Initial moratorium of 2 years. No prepayment penalty.	Additional interest of 2% p.a. on amount then outstanding payable in the event of default in payment of interest, loan installment, or any other monies outstanding from their respective due dates.
18.	Oriental Bank of Commerce	Loan Agreement dated May 15, 2019	475.00	378.39	1 year MCLR	8 equal semi-annual installment of ₹59.375 Crore. Initial moratorium of 2 years. No prepayment penalty	Additional interest of 2% on outstanding amount of default in case of default in payment of interest, loan, installment or any other outstanding monies.

Sr. No.	Name of the Lender	Loan documentation	Facility/Amount Sanctioned (₹ Crores)	Amount outstanding, as on September 30, 2019 (₹ Crores)***	Rate of interest (% per annum)	Repayment Date/ Schedule and prepayment penalty if any	Penalty
19.	Oriental Bank of Commerce	Loan Agreement dated September 30, 2019	400	400.09	6 month MCLR	8 equal semi-annual installments. Initial moratorium of 2 years. No prepayment penalty.	Additional interest of 2% on outstanding amount of default in case of default in payment of interest, loan, installment or any other outstanding monies.
20.	Indian Overseas Bank	Loan Agreement dated July 31, 2019	400	200.05	1 year MCLR	4 equal semiannual installment. Initial moratorium of 3 years. No prepayment charges if the Company provides a notice of 30 days.	Additional interest of 2% pa in case of the following: (a) In case of default in payment of interest and principal on due the due date(s), on the amount in default from the date of default (b) In case the account becomes irregular or any other reasons whatsoever, on the amount outstanding from the date of default/ account becomes irregular.
21.	Syndicate Bank	Loan Agreement dated August 27, 2019	500	503.43	1 year MCLR	4 equal annual installments. Initial moratorium of 1 year. No prepayment charges.	Penal interest of 2% p.a. on the total outstanding amount for the period of default in case of any delay/default in payment of installment of principal/interest/other monies on their respective due dates.
22.	Union Bank of India	Loan agreement dated September 20, 2019	1,500.00	1,500	1 year MCLR	Repayable in 6 equal semi-annual instalments after the end of initial moratorium of 2 years. No prepayment charges.	Additional interest of 2% p.a. on amount then outstanding payable in the event of default in payment of three instalments on due dates.
	Total of unsecured term loan from banks and financial institutions			**21,891.59**			
B.	**Unsecured Long term loans availed by the Issuer from the Ministry of Finance, Government of India**						
	NSSF	Loan agreement dated	5,000.00	5,122.40	8.16% per annum	Bullet on maturity. Prepayment permitted with the prior approval of the	N/A

Sr. No.	Name of the Lender	Loan documentation	Facility/Amount Sanctioned (₹ Crores)	Amount outstanding, as on September 30, 2019 (₹ Crores)***	Rate of interest (% per annum)	Repayment Date/ Schedule and prepayment penalty if any	Penalty
		November 2, 2018				budget division, department of economic affairs.	
	Total of unsecured term loan from MoF			**5,122.40**			
C.	**Foreign currency borrowings(ECB+ODA lines)**						
1.	Japan Bank for International Cooperation	Loan Agreement No. ID-P169 dated March 31, 2006 (1)	JPY 16,949 Million (Revised with effect from August 29, 2012)	₹ 29.17 Crores i.e. JPY 291.59 Million	0.75%	15 years tenor with a moratorium of 5 years Repayable in semi-annual equal instalments beginning March 20, 2011 of JPY 982.34 Million, and instalment on March 20, 2018 of JPY 638.94 Million and Instalment of JPY 148.27 Million each from September 20, 2019 till March 20, 2021.	N/A
2.	Japan Bank for International Cooperation	Loan Agreement No ID-P190 dated March 10, 2008 (1)	JPY 11,809 Million (Revised with effect from March 31, 2016)	₹ 86.55 Crores i.e. JPY 1,320.05 Million	0.65%	15 years tenor with a moratorium of 5 years Repayable in semi-annual equal instalments beginning March 20, 2013 of JPY 995.34 Million, and instalment on Sep 20, 2017 of JPY 777.11 Million and Instalment of JPY 188.58 Million each from March 20, 2018 till March 20, 2023.	Additional interest accrues on unpaid amounts until the date of actual payment.
3.	KfW, Frankfurt am Main	Loan Agreement dated March 16, 2009 (1) (2)	Euro 70 Million	₹ 90.82 Crores i.e. Euro 11.67 Million	2.89%	12 years tenor with a moratorium of 3 years Repayable in 18 semi-annual instalments beginning June 30, 2012. Matures in 2020.	N/A
4.	KfW, Frankfurt am Main	Loan Agreement dated March 30, 2012 (1) (2)	Euro 100 Million	₹ 406.72 Crores i.e. Euro 52.63 Million	1.86%	12 years tenor with a moratorium of 3 years Repayable in 19 semi-annual instalments beginning June 30, 2015. Matures in 2024. Prepayment compensation payable for any losses, expense or costs occurring as a result of the prepayment.	Additional interest accrues on unpaid amounts until the date of actual payment.
5.	KfW, Frankfurt am Main	Loan Agreement dated August 13, 2018	USD 228 Million	₹ 467.17 Crores i.e. USD 65.88 Million	6 months USD LIBOR plus 0.13%	12 years tenor with a moratorium of 3 years Repayable in 19 semi-annual instalments beginning November 15, 2021. Matures in 2030. Prepayment compensation payable for any losses, expense or costs occurring	Additional interest accrues on unpaid amounts until the date of actual payment.

Sr. No.	Name of the Lender	Loan documentation	Facility/Amount Sanctioned (₹ Crores)	Amount outstanding, as on September 30, 2019 (₹ Crores)***	Rate of interest (% per annum)	Repayment Date/ Schedule and prepayment penalty if any	Penalty
						as a result of the prepayment.	
6.	Syndicated unsecured borrowings	Syndicated Facility Agreement dated July 17, 2015	USD 300 Million	₹2,124.48 Crores i.e. USD 300 Million	6 months USD LIBOR plus 1.00%	5 years tenor. Repayable USD 300 Million on July 29, 2020. Break costs and/or increased costs payable if the prepayment is made on any other day apart from the last day of the term of the loan.	Additional interest accrues on unpaid amounts until the date of actual payment.
7.	Syndicated unsecured borrowings	Syndicated Facility Agreement dated November 16, 2015	USD 300 Million	₹2,115.97 Crores i.e. USD 300 Million	1 month USD LIBOR plus 1.05%	5 years tenor. Repayable USD 300 Million on December 01, 2020. Break costs and/or increased costs payable if the prepayment is made on any other day apart from the last day of the term of the loan.	Additional interest accrues on unpaid amounts until the date of actual payment.
8.	Bilateral unsecured borrowings	Bilateral Facility Agreement dated September 26, 2016	USD 100 Million	₹ 696.24 Crores i.e. USD 100 Million	3 months USD LIBOR plus 0.80%	5 years tenor. Repayable USD 100 Million on Oct 05, 2021. No voluntary prepayment permitted.	Additional interest accrues on unpaid amounts until the date of actual payment.
9.	Syndicated unsecured borrowings	Syndicated Facility Agreement dated January 9, 2017	USD 230 Million	₹ 1,592.47 Crores i.e. USD 230 Million	1 month USD LIBOR plus 0.80%	5 years and 1 day tenor. Repayable on January 19, 2022. Break costs and/or increased costs payable if the prepayment is made on any other day apart from the last day of the term of the loan.	Additional interest accrues on unpaid amounts until the date of actual payment.
10.	Syndicated unsecured borrowings	Syndicated Facility Agreement dated June 30, 2017	USD 200 Million	₹ 1,398.21 Crores i.e. USD 200 Million	3 month USD LIBOR plus 0.65%	5 years and 1 day tenor. Repayable on July 28, 2022. Break costs and/or increased costs payable if the prepayment is made on any other day apart from the last day of the term of the loan.	Additional interest accrues on unpaid amounts until the date of actual payment.
11.	USD Green Reg-S bonds	10 Year USD green bonds under Reg-S	USD 450 Million	₹ 2,773.82 Crores i.e. USD 450 Million	3.875% (Fixed)	10 years tenor. Repayable on July 07, 2027.	--
12.	USD Reg-S bonds	3 Year USD bonds under Reg-S	USD 400 Million	₹2,819.83 Crores i.e. USD 400 Million	3.068% (Fixed)	3 years tenor. Repayable on December 18, 2020.	--
13.	Syndicated unsecured borrowings	Syndicated facility agreement	USD 240 Million	₹ 1,673.94	6 month USD	3 years tenor. Repayable on March 26, 2021.	Additional interest accrues on unpaid

Sr. No.	Name of the Lender	Loan documentation	Facility/Amount Sanctioned (₹ Crores)	Amount outstanding, as on September 30, 2019 (₹ Crores)***	Rate of interest (% per annum)	Repayment Date/ Schedule and prepayment penalty if any	Penalty
		dated March 14, 2018		Crores i.e. USD 240 Million	LIBOR plus 0.51%	Break costs and/or increased costs payable if the prepayment is made on any other day apart from the last day of the term of the loan.	amounts until the date of actual payment.
14.	Bilateral unsecured borrowings	Bilateral facility agreement dated March 14, 2018	USD 160 Million	₹ 1,116.30 Crores i.e. USD 160 Million	3 month USD LIBOR plus 0.60%	3 years tenor. Repayable on March 26, 2021. Break costs and/or increased costs payable if the prepayment is made on any other day apart from the last day of the term of the loan.	Additional interest accrues on unpaid amounts until the date of actual payment.
15.	USD Reg-S bonds	10 Year USD bonds under Reg-S	USD 300 Million	₹ 1,898.28 Crores i.e. USD 300 Million	4.625% (Fixed)	10 years tenor. Repayable on March 22, 2028.	--
16.	Bilateral unsecured borrowings	Bilateral facility agreement dated August 17, 2018	USD 250 Million	₹ 1,759.85 Crores i.e. USD 250 Million	6 month USD LIBOR plus 0.90%	5 years tenor. Repayable on August 8, 2023. Break costs and/or increased costs payable if the prepayment is made on any other day apart from the last day of the term of the loan.	Additional interest accrues on unpaid amounts until the date of actual payment.
17.	Bilateral unsecured borrowings	Bilateral facility agreement dated July 31, 2018	JPY 10327.12 Million	₹ 657.18 Crores i.e. JPY 10,327.12 Million	1 months JPY LIBOR plus 0.20%	5 years tenor. Repayable on August 31, 2023. Break costs and/or increased costs payable if the prepayment is made on any other day apart from the last day of the term of the loan.	Additional interest accrues on unpaid amounts until the date of actual payment.
18.	USD 144 A bonds	5 Year USD bonds under 144 A	USD 700 Million	₹ 4,991.59 Crores i.e. USD 700 Million	5.25% (Fixed)	5 years tenor. Repayable on November 13, 2023.	--
19.	Bilateral unsecured borrowings	Bilateral facility agreement dated March 25, 2019	USD 250 Million	₹1,736.82 Crores i.e. USD 250 Million	6 month USD LIBOR plus 0.90%	5 years tenor. Repayable on March 27, 2024. Break costs and/or increased costs payable if the prepayment is made on any other day apart from the last day of the term of the loan.	Additional interest accrues on unpaid amounts until the date of actual payment.
20.	Bilateral unsecured borrowings	Bilateral facility agreement dated March 25, 2019 and increase confirmation effective May 7, 2019	USD 150 Million	₹ 1,032.72 Crores i.e. USD 150 Million	3 month USD LIBOR plus 1.00%	5 years tenor. Repayable on March 29, 2024. Break costs and/or increased costs payable if the prepayment is made on any other day apart from the last day of the term of the loan.	Additional interest accrues on unpaid amounts until the date of actual payment.

Sr. No.	Name of the Lender	Loan documentation	Facility/Amount Sanctioned (₹ Crores)	Amount outstanding, as on September 30, 2019 (₹ Crores)***	Rate of interest (% per annum)	Repayment Date/ Schedule and prepayment penalty if any	Penalty
21.	Bilateral unsecured borrowings	Bilateral facility agreement dated June 24, 2019	USD 100 Million	₹ 701.97 Crores i.e. USD 100 Million	6 month USD LIBOR plus 1.35%	5 years tenor. Repayable on July 01, 2024. Break costs and/or increased costs payable if the prepayment is made on any other day apart from the last day of the term of the loan.	Additional interest accrues on unpaid amounts until the date of actual payment.
22.	USD Reg-S bonds	5 Year USD bonds under Reg-S	USD 650 Million	₹ 4,593.55 Crores i.e. USD 650 Million	3.375% (Fixed)	5 years tenor. Repayable on July 25, 2024.	--
23.	Syndicated unsecured borrowings	Syndicated facility agreement dated August 23, 2019	USD 150 Million	₹ 1,050.84 Crores i.e. USD 150 Million	6 month USD LIBOR plus 1.10%	3 years tenor. Repayable on September 11, 2021. Break costs and/or increased costs payable if the prepayment is made on any other day apart from the last day of the term of the loan.	Additional interest accrues on unpaid amounts until the date of actual payment.
	Total Unsecured Loans from Foreign Banks and other Institutions			**35,814.49**			
	(A+B+ C)			**62,828.48**			

(1) The loan shall be utilized only for such purposes for which the facility has been granted and is secured by a guarantee provided by the Republic of India, represented by its President for the entire amount.

(2) The Issuer has also entered into two financing agreements with KfW, dated March 16, 2009 and March 30, 2012, to be utilized for strengthening the power distribution companies by capacity building measures initiated by the Issuer. The amount received by the Issuer under this agreement is not repayable except in the event that (a) certain obligations cast upon the Issuer are violated, or (b) the said amount is not used for the stipulated purpose(s).

**** In accordance with IND-AS.*

Events of Default under our Term Loan Agreements

Set forth below, is a list of the key events that constitute a default of covenants under our facility agreements for our financing arrangements and also attract a penal interest in some cases. These include, but are not limited to:

(i) Any representations or statements or particulars made in our Company's proposal or application are found to be incorrect in any material respect when made or deemed to be made. In certain cases, we are required to comply with repeating representations that require the Government to maintain majority shareholding and exercise control over the affairs and composition of the board of the Company.
(ii) Any litigation, arbitration, investigation or administrative proceedings occurs or is pending or threatened against our Company which might have a material adverse effect.
(iii) Occurrence of any event or series of events which, in the opinion of the lenders, has or is reasonably likely to have a material adverse effect.
(iv) Our Company commits any breach or default in performance or observance of a loan.
(v) Any of our Company's financial indebtedness is not paid when due.
(vi) Our Company does not pay on the due date any amount payable by it under the loan documents.
(vii) Our Company commits a default in payment of principal or interest or any obligation of the Company to the lender, when due and payable.
(viii) The loan is utilized for any purpose other than the purpose for which it is applied by the Company and sanctioned by the lender.
(ix) Any attachment, distress, insolvency, failure in business, commission of an act of bankruptcy, general assignment for the benefit of creditors, if our Company suspends payments to any creditors or threatens to do so, filing of any petition in bankruptcy of by, or against our Company or filing of any petition for winding up of our Company and not being withdrawn within 30 days of being admitted.
(x) Our Company goes into liquidation for the purpose of amalgamation or reconstruction, except with the prior written approval of the lenders.
(xi) A receiver is appointed in respect of the whole or any part of the property or assets of the Company.
(xii) Our Company ceases or threatens to cease to carry on its business.

Secured and unsecured non convertible debentures issued by the Issuer

(All figures are in ₹ Crores, except in percentages)

S. No.	Nature of the Debentures and Series	Date of Allotment	Total value of bonds (₹ Crores)	Amount outstanding, As on September 30 2019***	Interest Coupon rate (%)	Tenor/ Period of maturity	Redemption Date/ Schedule	Credit Rating	Secured/ Unsecured	Security
A.	**Secured taxable bonds** Set forth below is a brief summary of our secured outstanding taxable bonds.									See Table Below
1.	Secured non-convertible redeemable 'taxable bonds – 2019' ('90 C Series- II') in the nature of debentures.	October 6, 2009	1,040.00	1,130.26	8.80% payable annually	10 years	Redeemable at par on the expiry of 10 years from the date of allotment. October 7, 2019.	CRISIL: AAA; CARE: CARE AAA; FITCH: AAA(ind) ICRA: LAAA	Secured	
2.	Secured non-convertible redeemable 'taxable bonds – 2019' ('91 Series-II') in the nature of debentures.	November 17, 2009	995.90	1,072.24	8.80% payable annually	10 years	Redeemable at par on the expiry of 10 years from the date of allotment. November 18, 2019.	CRISIL: AAA; CARE: CARE AAA; FITCH: AAA(ind) ICRA: LAAA	Secured	
3.	Secured non-convertible redeemable 'taxable bonds – 2020' ('92 Series-II') in the nature of debentures	January 22, 2010	945.30	1,001.71	8.65% payable annually	10 years	Redeemable at par on the expiry of 10 years from the date of allotment. January 22, 2020.	CRISIL: AAA; CARE: CARE AAA; FITCH: AAA(ind) ICRA: LAAA	Secured	
4.	Secured non-convertible redeemable 'taxable non-priority sector bonds – ('123 Series Tranche 1') in the nature of debentures.	July 17, 2014	1,515.00	1,544.28	9.40% payable annually	7 years	Redeemable at par on the expiry of 7 years from the date of allotment. July 17, 2021.	CRISIL: AAA; CARE:CARE AAA; ICRA: ICRA AAA; IRPL: IND AAA	Secured	
5.	Secured non-convertible redeemable 'taxable non-priority sector bonds – ('123 Series Tranche 3') Option II in the nature of debentures.	August 25, 2014	1,955.00	1,972.58	9.34% payable annually	10 years	Redeemable at par on the expiry of 10 years from the date of allotment. August 23, 2024.	CRISIL: AAA; CARE:CARE AAA; ICRA: ICRA AAA; IRPL: IND AAA	Secured	
Total Secured Bonds through Private Placement of Institutional Bond Series				**6,721.07**						
B.	**Capital gains tax exemption bonds under Section 54EC of the I.T. Act** Set forth below is a brief summary of our outstanding capital gains tax exemption bonds issued under Section 54EC of the I.T. Act, together with a brief description of certain significant terms of such financing arrangements. These bonds are not proposed to be listed on any stock exchange.									

S. No.	Nature of the Debentures and Series	Date of Allotment	Total value of bonds (₹ Crores)	Amount outstanding, As on September 30 2019***	Interest Coupon rate (%)	Tenor/ Period of maturity	Redemption Date/ Schedule	Credit Rating	Secured/ Unsecured	Security
1.	Secured non-convertible redeemable taxable – '54 EC long term capital gains tax exemption bond series X' issued in Fiscal 2017	On Tap Basis	7,662.92	4,174.37	6.00 payable annually (Up to 30.11.2017) and 5.25 from 01.12.2017 to 31.03.2017	3 years	Redemption at par on the expiry of 3 years from the deemed date of allotment. **	CRISIL: AAA; CARE: CARE AAA; FITCH: AAA(ind)	Secured	See Table Below
2.	Secured non-convertible redeemable taxable – '54 EC long term capital gains tax exemption bond series XI' issued in Fiscal 2018	On Tap Basis	9,565.23	9,686.77	5.25% payable annually	3 years	Redemption at par on the expiry of 3 years from the deemed date of allotment. **	CRISIL: AAA; CARE: CARE AAA; FITCH: AAA(ind)	Secured	See Table Below
3.	Secured non-convertible redeemable taxable –'54 EC long term capital gains tax exemption bond series XII' issued in Fiscal 2019	On Tap Basis	6,651.765	6,742.38	5.75% payable annually	5 years	Redemption at par on the expiry of 5 years from the deemed date of allotment. **	CRISIL: AAA; CARE: CARE AAA; FITCH: AAA(ind)	Secured	See Table Below
4.	Secured non-convertible redeemable taxable –'54 EC long term capital gains tax exemption bond series XIII' issued in Fiscal 2020	On Tap Basis	2,556.367	2,583.48	5.75% payable annually	5 years	Redemption at par on the expiry of 5 years from the deemed date of allotment	ICRA: AAA; Care Rating Limited: CARE AAA Stable/Care A1+ CRISIL: CRISIL AAA/Stable India Ratings and research private limited: Ind AAA/Stable	Secured	See Table Below
	Application money pending for allotment)			299.42						
Secured Capital Gains Tax Exemption Bonds U/S 54EC				**23,486.42**						
C.	**Secured Tax Free Bonds under Section 10(15)(iv)(h) of the I.T. Act**									

S. No.	Nature of the Debentures and Series	Date of Allotment	Total value of bonds (₹ Crores)	Amount outstanding, As on September 30 2019***	Interest Coupon rate (%)	Tenor/ Period of maturity	Redemption Date/ Schedule	Credit Rating	Secured/ Unsecured	Security
	Set forth below is a brief summary of our outstanding tax free bonds issued under Section 10(15)(iv)(h) of the I.T. Act, together with a brief description of certain significant terms of such financing arrangements. These bonds are listed on BSE and/or NSE.									
1.	Tax free secured redeemable non –convertible bonds, in the nature of debentures 2011-12 (Public Issue)	March 27, 2012	3,000.00	3,053.98	Category I & II – Series I 7.93%	10 years	Redemption at par on the expiry of 10 years from the date of allotment, March 28, 2022.	CRISIL: AAA; CARE: CARE AAA; FITCH: AAA(ind) ICRA: LAAA	Secured	See Table Below
					Category I & II – Series II 8.12 %	15 years	Redemption at par on the expiry of 15 years from the date of allotment, March 29, 2027.			
					Category III – Series I 8.13 %	10 years	Redemption at par on the expiry of 10 years from the date of allotment, March 28,2022.			
					Category III – Series II 8.32 %	15 years	Redemption at par on the expiry of 15 years from the date of allotment, March 29, 2027.			
2.	Series 2-A 2012-13 tax free secured redeemable non-convertible bonds on a private placement basis	November 21, 2012	500.00	531.21	7.21%	10 years	November 21, 2022	CRISIL: AAA; CARE: CARE AAA; FITCH: AAA(ind) ICRA: LAAA	Secured	
3.	Series 2-B 2012-13 tax free secured redeemable non-convertible bond on a private placement basis				7.38%	15 years	November 22, 2027	CRISIL: AAA; CARE: CARE AAA; FITCH: AAA(ind) ICRA: LAAA	Secured	
4.	Series 2012-13 Tranche – 1 I Series 1 tax free secured redeemable non-convertible bonds (public issue)	December 19, 2012	2,017.35	2,138.33	7.22%/7.72%	10years	December 19, 2022	CRISIL: AAA; CARE: CARE AAA; FITCH: AAA(ind) ICRA: LAAA	Secured	
5.	Series 2012-13 Tranche – 1I Series II tax free secured redeemable non-convertible bonds (public issue)				7.38%/7.88%	15years	December 20, 2027	CRISIL: AAA; CARE: CARE AAA; FITCH: AAA(ind) ICRA: LAAA	Secured	

S. No.	Nature of the Debentures and Series	Date of Allotment	Total value of bonds (₹ Crores)	Amount outstanding, As on September 30 2019***	Interest Coupon rate (%)	Tenor/ Period of maturity	Redemption Date/ Schedule	Credit Rating	Secured/ Unsecured	Security
6.	Series 2012-13 Tranche – 2 Series I tax free secured redeemable non-convertible bonds (public issue)	March 25, 2013	131.06	138.61	6.88%/7.38%.	10 years	March 27, 2023	CRISIL: AAA; CARE: CARE AAA; FITCH: AAA(ind) ICRA: LAAA	Secured	
7.	Series 2012-13 Tranche – 2 Series II tax free secured redeemable non-convertible bonds (public issue)				7.04%/7.54%	15 years	March 27, 2028	CRISIL: AAA; CARE: CARE AAA; FITCH: AAA(ind) ICRA: LAAA	Secured	
8.	Series 3A 2013-14 tax free secured redeemable non-convertible bonds on a private placement basis	August 29, 2013	1,350.00	1,358.34	8.01%	10 years	August 29, 2023	CRISIL: AAA; CARE: CARE AAA; FITCH: AAA(ind) ICRA: [ICRA]AAA	Secured	
9.	Series 3-B 2013-14 tax free secured redeemable non-convertible bonds on a private placement basis				8.46%	15 years	August 29, 2028	CRISIL: AAA; CARE: CARE AAA; FITCH: AAA(ind) ICRA: LAAA	Secured	
10.	*Series 1A - 2013-14 Tranche – 1 tax free secured redeemable non-convertible bonds (public issue)	September 24, 2013	3,440.60	3,670.05	8.01%	10 years	September 25, 2023	CRISIL: AAA; CARE: CARE AAA; FITCH: AAA(ind) ICRA: LAAA	Secured	
11.	Series 2A - 2013-14 Tranche – 1 tax free secured redeemable non-convertible bonds (public issue)				8.46%	15 years	September 25, 2028	CRISIL: AAA; CARE: CARE AAA; FITCH: AAA(ind) ICRA: LAAA	Secured	
12.	Series 3A - 2013-14 Tranche – 1 tax free secured redeemable non-convertible bonds (public issue)				8.37%	20 years	September 26, 2033	CRISIL: AAA; CARE: CARE AAA; FITCH: AAA(ind) ICRA: LAAA	Secured	
13.	Series 1B - 2013-14 Tranche – 1				8.26%	10 years	September 25, 2023	CRISIL: AAA;	Secured	

S. No.	Nature of the Debentures and Series	Date of Allotment	Total value of bonds (₹ Crores)	Amount outstanding, As on September 30 2019***	Interest Coupon rate (%)	Tenor/ Period of maturity	Redemption Date/ Schedule	Credit Rating	Secured/ Unsecured	Security
	tax free secured redeemable non-convertible bonds (public issue)							CARE: CARE AAA; FITCH: AAA(ind) ICRA: LAAA		
14.	Series 2B - 2013-14 Tranche – 1 tax free secured redeem-able non-convertible bonds (public issue)				8.71%	15 years	September 25, 2028	CRISIL: AAA; CARE: CARE AAA; FITCH: AAA(ind) ICRA: LAAA	Secured	
15.	Series 3B -2013-14 Tranche – 1 tax free secured redeemable non-convertible bonds (public issue)				8.62%	20 years	September 26, 2033	CRISIL: AAA; CARE: CARE AAA; FITCH: AAA(ind) ICRA: LAAA	Secured	
16.	Series 4A Tranche – II 2013- 14 tax free secured redeemable non-convertible bonds on a private placement basis	October 11, 2013	150.00	161.89	8.18%	10 years	October 11, 2023	CRISIL: AAA; CARE: CARE AAA; FITCH: AAA(ind) ICRA: LAAA	Secured	
17.	Series 4B Tranche – II 2013- 14 tax free secured redeemable non-convertible bonds on a private placement basis				8.54%	15 years	October 11, 2028	CRISIL: AAA; CARE: CARE AAA; FITCH: AAA(ind) ICRA: LAAA	Secured	
18.	#Series 1A – 2013-14 Tranche 2 tax free secured redeemable non-convertible bonds (public issue)	March 24, 2014	1,059.40	1,130.56	8.19%	10 years	March 22, 2024	CRISIL: AAA; CARE: CARE AAA; FITCH: AAA(ind) ICRA: LAAA	Secured	
19.	Series 2A – 2013-14 Tranche 2 tax free secured redeemable non-convertible bonds (Public Issue)				8.63%	15 years	March 23, 2029	CRISIL: AAA; CARE: CARE AAA; FITCH: AAA(ind) ICRA: LAAA	Secured	
20.	Series 3A – 2013-14 Tranche 2 tax free secured redeemable non-				8.61%	20 years	March 24, 2034	CRISIL: AAA; CARE: CARE AAA;	Secured	

S. No.	Nature of the Debentures and Series	Date of Allotment	Total value of bonds (₹ Crores)	Amount outstanding, As on September 30 2019***	Interest Coupon rate (%)	Tenor/ Period of maturity	Redemption Date/ Schedule	Credit Rating	Secured/ Unsecured	Security
	convertible bonds (Public Issue)							FITCH: AAA(ind) ICRA: LAAA		
21.	Series 1B – 2013-14 Tranche 2 tax free secured redeemable non-convertible bonds (Public Issue)				8.44%	10 years	March 22, 2024	CRISIL: AAA; CARE: CARE AAA; FITCH: AAA(ind) ICRA: LAAA	Secured	
22.	Series 2B – 2013-14 Tranche 2 tax free secured redeemable non-convertible bonds (Public Issue)				8.88%	15 years	March 23, 2029	CRISIL: AAA; CARE: CARE AAA; FITCH: AAA(ind) ICRA: LAAA	Secured	
23.	Series 3B – 2013-14 Tranche 2 tax free secured redeemable non-convertible bonds (public Issue)				8.86%	20 years	March 24, 2034	CRISIL: AAA; CARE: CARE AAA; FITCH: AAA(ind) ICRA: LAAA	Secured	
24.	Series 5-A 2015-16 tax free secured redeemable non-convertible bonds on a private placement basis	July 23, 2015	300.00	317.71	7.17%	10 years	July 23, 2025	CRISIL: AAA; CARE: CARE AAA; FITCH: AAA(ind) ICRA: LAAA	Secured	
25.	^Series 1A – 2015-16 Tranche 1 tax free secured redeemable non-convertible bonds (public issue)	November 05, 2015	696.56	739	7.43%	10 years	November 05, 2025	CRISIL: AAA; CARE: CARE AAA; FITCH: AAA(ind) ICRA: LAAA	Secured	
26.	Series 2A – 2015-16 Tranche 1 tax free secured redeemable non-convertible bonds (public issue)				7.09%	15 years	November 05, 2030	CRISIL: AAA; CARE: CARE AAA; FITCH: AAA(ind) ICRA: LAAA	Secured	
27.	Series 3A – 2015-16 Tranche 1 tax free secured redeemable non-convertible bonds (public issue)				7.18%	20 years	November 05, 2035	CRISIL: AAA; CARE: CARE AAA; FITCH: AAA(ind) ICRA: LAAA	Secured	

S. No.	Nature of the Debentures and Series	Date of Allotment	Total value of bonds (₹ Crores)	Amount outstanding, As on September 30 2019***	Interest Coupon rate (%)	Tenor/ Period of maturity	Redemption Date/ Schedule	Credit Rating	Secured/ Unsecured	Security
28.	Series 1B – 2015-16 Tranche 1 tax free secured redeemable non-convertible bonds (public issue)				7.14%	10 years	November 05, 2025	CRISIL: AAA; CARE: CARE AAA; FITCH: AAA(ind) ICRA: LAAA	Secured	
29.	Series 2B – 2015-16 Tranche 1 tax free secured redeemable non-convertible bonds (public issue)				7.34%	15 years	November 05,2030	CRISIL: AAA; CARE: CARE AAA; FITCH: AAA(ind) ICRA: LAAA	Secured	
30.	Series 3B – 2015-16 Tranche 1 tax free secured redeemable non-convertible bonds (public issue)				7.43%	20 years	November 05,2035	CRISIL: AAA; CARE: CARE AAA; FITCH: AAA(ind) ICRA: LAAA	Secured	
Secured Tax Free Bonds				**13,239.70**						

REC Power Distribution Company Limited (RECPDCL) is a wholly owned subsidiary of REC-
*Tax Free Bonds of face value of Rs.5 crores are held by RECPDCL as on 30.09.2019
Tax Free Bonds of face value of Rs.2 crores are held by RECPDCL as on 30.09.2019
^ Tax Free Bonds of face value of Rs.3.4351 crores are held by RECPDCL as on 30.09.2019
The above bonds should not be taken into account while calculating consolidated indebtedness of REC.

Security Details of the Secured Borrowings

- The bond series 90 C-II, 91 II, 92 II of Institutional bonds are secured by a charge on (a) mortgage of Flat no. 640, Asian Games Village, New Delhi 110 049, India and (b) pari-passu charge on the receivables of the Issuer, both present and future, save and except receivables hypothecated to Vistra ITCL (India) Limited (formerly known as IL&FS Trust Company Limited) on the basis of joint hypothecation agreement dated September 24, 2010 in favour of IDBI Trusteeship Services Ltd.
- The bond series 123-1 and 123-3 of institutional bonds are secured by mortgage way of first pari-passu charge on (a) mortgage of premises at Sub Plot No. 8, TPS No 2, FP No. 584P, situated at Village Subhanpura, Distt. Vadodara and (b) the book debts of the Issuer which are charged to other lender / trustee and as may be agreed between the Issuer and the trustee, pursuant to the terms of the bond trust deed with a minimum security cover of one time of the aggregate face value of amount of bonds outstanding at all times and amount of interest due thereon in favor of IDBI Trusteeship Services Ltd.
- The bond series X and XI and XII and XIII of 54EC Capital Gain Tax Exemption Bonds and tax free bonds issued during FY 2015-16, 2016-17, 2017-18 and 2018-19 are secured by first pari passu charge on (a) mortgage of premises at Sub Plot No. 8, TPS No 2, FP No. 584P, situated at Village Subhanpura, Distt Vadodara and (b) hypothecation of receivables (other than those that are exclusively charged/earmarked to any other lenders / trustees) in favour of SBICAP Trustee Company Ltd.
- The tax free bonds (issued during FY 2011-12) are secured by first pari-passu charge on premises at Shop no. 12, Ground floor, Block No. 35, Church road, Mylapore, Chennai and hypothecation of receivables of ₹ 4,998.66 Crores of MSEDCL in favour of IL&FS Trust Co. Ltd.
- The tax free bonds issued during FY 2012-13 & 2015-16 are secured by first pari passu charge on (a) mortgage of premises at Sub Plot No. 8, TPS No 2, FP No. 584P, situated at Village Subhanpura, Distt Vadodara and (b) hypothecation of receivables (other than those that are exclusively charged/ earmarked to lenders / other trustees) in favour of SBICap Trustee Company Ltd.
- The tax free bonds issued during FY 2013-14 are secured by first pari passu charge on the book debts (other than those that are exclusively charged/earmarked to lenders / other trustees) of the Company in favour of SBICap Trustee Company Ltd.

D. Unsecured bonds issued by the Issuer

Set forth below is a brief summary of certain of our other outstanding unsecured bonds. These bonds are listed on the wholesale debt market segment in the NSE/BSE.

1.	Bond series 94 'taxable non-	June 8, 2010	1,250.00	1,284.37	8.75%per annum	15 years	June 9, 2025	CRISIL: AAA;	Unsecured	-

S. No.	Nature of the Debentures and Series	Date of Allotment	Total value of bonds (₹ Crores)	Amount outstanding, As on September 30 2019***	Interest Coupon rate (%)	Tenor/ Period of maturity	Redemption Date/ Schedule	Credit Rating	Secured/ Unsecured	Security
	priority sector bond'.				payable yearly.			CARE: CARE AAA; FITCH: AAA(ind) ICRA: LAAA		
2.	Bond series 95-II'taxable non-priority sector bond'.	July 12, 2010	1,800.00	1,834.86	8.75% per annum payable yearly.	15 years	July 14, 2025	CRISIL: AAA; CARE: CARE AAA; FITCH: AAA(ind) ICRA: LAAA	Unsecured	-
3.	Bond series 96 'taxable non-priority sector bond'.	October 25, 2010	1,150.00	1,244.55	8.80% per annum payable yearly.	10 years	October 26, 2020	CRISIL: AAA; CARE: CARE AAA; FITCH: AAA(ind) ICRA: LAAA	Unsecured	-
4.	Bond series 97 'taxable non-priority sector bond'.	November 29, 2010	2,120.50	2,276.74	8.80 % per annum payable yearly.	10 years	November 30, 2020	CRISIL: AAA; CARE: CARE AAA; FITCH: AAA(ind) ICRA: LAAA	Unsecured	-
5.	Bond series ZCB-I 'taxable non-priority sector bond'.	December 15, 2010	533.21 at issue price	1,070.37	8.25% (yield)	10 years	December 15, 2020	CRISIL: AAA; CARE: CARE AAA; FITCH: AAA(ind) ICRA: LAAA	Unsecured	-
6.	Bond series ZCB-II 'taxable non-priority sector bond'.	February 3, 2011	116.07 at issue price	239.84	8.75 (yield)	10 years	February 3, 2021	CRISIL: AAA; CARE: CARE AAA; FITCH: AAA(ind) ICRA: LAAA	Unsecured	-
7.	Bond series 98 `taxable non-priority sector bond'.	March 15, 2011	3,000.00	3,150.49	9.18% per annum payable yearly.	10 years	March 15, 2021	CRISIL: AAA; CARE: CARE AAA; FITCH: AAA(ind) ICRA: LAAA	Unsecured	-
8.	Bond series 100 'taxable non-priority sector bond'.	July 15, 2011	1,500.00	1,530.78	9.63% per annum payable yearly.	10 years	July 15, 2021	CRISIL: AAA; CARE: CARE AAA; FITCH: AAA(ind)	Unsecured	-

S. No.	Nature of the Debentures and Series	Date of Allotment	Total value of bonds (₹ Crores)	Amount outstanding, As on September 30 2019***	Interest Coupon rate (%)	Tenor/ Period of maturity	Redemption Date/ Schedule	Credit Rating	Secured/ Unsecured	Security
								ICRA: LAAA		
9.	Bond series101-III 'taxable non-priority sector bond'.	August 10, 2011	3,171.80	3,213.82	9.48% per annum payable yearly.	10 years	August 10, 2021	CRISIL: AAA; CARE: CARE AAA; FITCH: AAA(ind) ICRA: LAAA	Unsecured	-
10.	Bond series105 'taxable non-priority sector bond'.	November 11, 2011	3,922.20	4,261.03	9.75 % per annum payable yearly.	10 years	November 11, 2021	CRISIL: AAA; CARE: CARE AAA; FITCH: AAA(ind) ICRA: LAAA	Unsecured	-
11.	Bond series 107 'taxable non-priority sector bond'.	June 15, 2012	2,378.20	2,443.17	9.35% per annum payable yearly.	10 years	June 15, 2022	CRISIL: AAA; CARE: CARE AAA; FITCH: AAA(ind)	Unsecured	-
12.	Bond series 111–I 'taxable non-priority sector bond'.	November 19, 2012	452.80	488.15	9.02% per annum payable yearly	7 years	November 19, 2019	CRISIL: AAA; CARE: CARE AAA; FITCH: AAA(ind) ICRA: LAAA	Unsecured	-
13.	Bond series 111 – II 'taxable non-priority sector bond'.	November 19, 2012	2,211.20	2,383.19	9.02% per annum payable yearly	10 years	November 19, 2022	CRISIL: AAA; CARE: CARE AAA; FITCH: AAA(ind) ICRA: LAAA	Unsecured	-
14.	Bond series 113 'taxable non-priority sector bond'.	March 8, 2013	1,542.00	1,619.29	8.87% per annum payable yearly	7 years	March 9, 2020	CRISIL: AAA; CARE: CARE AAA; FITCH: AAA(ind) ICRA: LAAA	Unsecured	-
15.	Bond series 114 'taxable non-priority sector bond'.	April 12, 2013	4,300.00	4,476.77	8.82% per annum payable yearly	10 years	April12, 2023	CRISIL: AAA; CARE: CARE AAA; FITCH: AAA(ind) ICRA: LAAA	Unsecured	-
16.	Bond series 115 'taxable non-priority sector bond'.	May 31, 2013	2,500.00	2,566.95	8.06% per annum payable yearly	10 years	May 31, 2023	CRISIL: AAA; CARE: CARE AAA;	Unsecured (Subordinate	-

S. No.	Nature of the Debentures and Series	Date of Allotment	Total value of bonds (₹ Crores)	Amount outstanding, As on September 30 2019***	Interest Coupon rate (%)	Tenor/ Period of maturity	Redemption Date/ Schedule	Credit Rating	Secured/ Unsecured	Security
								FITCH: AAA(ind) ICRA: LAAA	d Debt)	
17.	Bond series 125 'taxable non-priority sector bond'.	October 13, 2019	3,000.00	3,260.78	9.04% per annum payable yearly	5 years	October 11, 2019	CRISIL: AAA; CARE: CARE AAA; FITCH: AAA(ind) ICRA: LAAA	Unsecured	-
18.	Bond series 126 'taxable non-priority sector bond'.	November 13, 2014	1,700.00	1,828.34	8.56% per annum payable yearly	5 years	November 13, 2019	CARE: CARE AAA; CRISIL: AAA; ICRA: ICRA AAA; IR&RPL: IND AAA	Unsecured	-
19.	Bond series127 'taxable non-priority sector bond'.	December 4, 2014	1,550.00	1,599.28	8.44% per annum payable yearly	7 years	December 4, 2021	CARE: CARE AAA; CRISIL: AAA; ICRA: ICRA AAA; IR&RPL: IND AAA	Unsecured	-
20.	Bond series128 'taxable non-priority sector bond'.	December 22, 2014	2,250.00	2,322.03	8.57% per annum payable yearly	10 years	December 21, 2024	CARE: CARE AAA; CRISIL: AAA; ICRA: ICRA AAA; IR&RPL: IND AAA	Unsecured	-
21.	Bond series129 'taxable non-priority sector bond'.	January 23, 2015	1,925.00	1,984.11	8.23% per annum payable yearly	10 years	January 23, 2025	CRISIL:CARE: CARE AAA; CRISIL: AAA; ICRA: ICRA AAA; IR&RPL: IND AAA	Unsecured	-
22.	Bond series130 'taxable non-priority sector bond'.	February 6, 2015	2,325.00	2,396.77	8.27% per annum payable yearly	10 years	February 6, 2025	CRISIL: CARE: CARE AAA; CRISIL: AAA; ICRA: ICRA AAA; IR&RPL: IND AAA	Unsecured	-
23.	Bond series131 'taxable non-priority sector bond'.	February 23, 2015	2,285.00	2,398.8	8.35%per annum payable yearly	10 years	February 21, 2025	CRISIL:CARE: CARE AAA; CRISIL: AAA; ICRA: ICRA AAA; IR&RPL: IND AAA	Unsecured	-

S. No.	Nature of the Debentures and Series	Date of Allotment	Total value of bonds (₹ Crores)	Amount outstanding, As on September 30 2019***	Interest Coupon rate (%)	Tenor/ Period of maturity	Redemption Date/ Schedule	Credit Rating	Secured/ Unsecured	Security
24.	Bond series132 'taxable non-priority sector bond'.	March 9, 2015	700.00	721.73	8.27%per annum payable yearly	7 years	March 9, 2022	CARE: CARE AAA; CARE: CARE AAA; IR&RPL: IND AAA	Unsecured	-
25.	Bond series 133 'taxable non-priority sector bond'.	April 10, 2015	2,396.00	2,552.68	8.30%per annum payable yearly	10 years	April 10, 2025	CARE: CARE AAA; CRISIL: AAA; ICRA: ICRA AAA; IR&RPL: IND AAA	Unsecured	-
26.	Bond series 134'taxable non-priority sector bond'.	August 14, 2015	2,675.00	2,852.55	8.37%per annum payable yearly	5 years	August 14, 2020	CARE: CARE AAA; CRISIL: AAA; ICRA: ICRA AAA; IR&RPL: IND AAA	Unsecured	-
27.	Bond series 135'taxable non-priority sector bond'.	September 22, 2015	2,750.00	2,932.47	8.36%per annum payable yearly	5 years	September 22, 2020	CARE: CARE AAA; CRISIL: AAA; ICRA: ICRA AAA; IR&RPL: IND AAA	Unsecured	-
28.	Bond series 136 'taxable non-priority sector bond'.	October 7, 2015	2,585.00	2,775.89	8.11% per annum payable yearly	10 years	October 7, 2025	CARE: CARE AAA; CRISIL: AAA; ICRA: ICRA AAA; IR&RPL: IND AAA	Unsecured	-
29.	Bond series 139 'taxable non-priority sector bond'.	October 21, 2016	2,500.00	2,665.40	7.24% per annum payable yearly	5 years	October 21, 2021	CARE: CARE AAA; CRISIL: AAA; ICRA: ICRA AAA; IR&RPL: IND AAA	Unsecured	-
30.	Bond series 140 'taxable non-priority sector bond'.	November 7, 2016	2,100.00	2,231.12	7.52%	10 years	November 7, 2026	CARE: CARE AAA; CRISIL: AAA; ICRA: ICRA AAA; IR&RPL: IND AAA	Unsecured	-
31.	Bond series 141 'taxable non-priority sector bond'.	December 9, 2016	1,020.00	1,074.29	7.14% per annum payable yearly	5 years	December 9, 2021	CARE: CARE AAA; CRISIL: AAA; ICRA: ICRA AAA; IR&RPL: IND AAA	Unsecured	-

S. No.	Nature of the Debentures and Series	Date of Allotment	Total value of bonds (₹ Crores)	Amount outstanding, As on September 30 2019***	Interest Coupon rate (%)	Tenor/ Period of maturity	Redemption Date/ Schedule	Credit Rating	Secured/ Unsecured	Security
32.	Bond series 142 'taxable non-priority sector bond'.	December 30, 2016	3,000.00	3,169.17	7.54% per annum payable yearly	10 years	December 30, 2026	CARE: CARE AAA; CRISIL: AAA; ICRA: ICRA AAA; IR&RPL: IND AAA	Unsecured	-
33.	Bond series 143 'taxable non-priority sector bond'.	January 31, 2017	1,275.00	1,332.83	6.83% per annum payable yearly	3 years and 5 months	June 29, 2020	CARE: CARE AAA; CRISIL: AAA; ICRA: ICRA AAA; IR&RPL: IND AAA	Unsecured	-
34.	Bond series 144 'taxable non-priority sector bond'.	February 20, 2017	835.00	869.92	7.13% per annum payable yearly	3 years and 7 months and 1 day	September 21, 2020	CARE: CARE AAA; CRISIL: AAA; ICRA: ICRA AAA; IR&RPL: IND AAA	Unsecured	-
35.	Bond series 145 'taxable non-priority sector bond'.	February 28, 2017	625.00	652.10	7.46% per annum payable yearly	5 years	February 28, 2022	CARE: CARE AAA; CRISIL: AAA; ICRA: ICRA AAA; IR&RPL: IND AAA	Unsecured	-
36.	Bond series 147 'taxable non-priority sector bond'.	March 14, 2017	2,745.00	2,854.41	7.95% per annum payable yearly	10 years	March 12, 2027	CARE: CARE AAA; CRISIL: AAA; ICRA: ICRA AAA; IR&RPL: IND AAA	Unsecured	-
37.	Bond series 148 'taxable non-priority sector bond'.	March 17, 2017	1,200.00	1,248.03	7.42% per annum payable yearly	3 years and 3 months	June 17, 2020	CARE: CARE AAA; CRISIL: AAA; ICRA: ICRA AAA; IR&RPL: IND AAA	Unsecured	-
38.	Bond series 149 'taxable non-priority sector bond'.	August 24, 2017	2,485.00	2,487.90	6.87% per annum payable yearly	3 years and 1 month	September 24, 2020	CARE: CARE AAA; CRISIL: AAA; ICRA: ICRA AAA; IR&RPL: IND AAA	Unsecured	-

S. No.	Nature of the Debentures and Series	Date of Allotment	Total value of bonds (₹ Crores)	Amount outstanding, As on September 30 2019***	Interest Coupon rate (%)	Tenor/ Period of maturity	Redemption Date/ Schedule	Credit Rating	Secured/ Unsecured	Security
39.	Bond series 150 'taxable non-priority sector bond'.	September 7, 2017	2,670.00	2,681.23	7.03% per annum payable yearly	5 years	September 7, 2022	CARE: CARE AAA; CRISIL: AAA; ICRA: ICRA AAA; IR&RPL: IND AAA	Unsecured	-
40.	Bond series 152 'taxable non-priority sector bond'.	October 17, 2017	1,225.00	1,307.45	7.09% per annum payable yearly	5 years	October 17, 2022	CARE: CARE AAA; CRISIL: AAA; ICRA: ICRA AAA; IR&RPL: IND AAA	Unsecured	-
41.	Bond series153 'taxable non-priority sector bond'.	October 31, 2017	2,850.00	2,999.05	6.99% per annum payable yearly	3 years and 2 months	December 31, 2020	CARE: CARE AAA; CRISIL: AAA; ICRA: ICRA AAA; IR&RPL: IND AAA	Unsecured	-
42.	Bond series 154 'taxable non-priority sector bond'.	November 21, 2017	600.00	615.43	7.18% per annum payable yearly	3 years and 6 months	May 21, 2021	CARE: CARE AAA; CRISIL: AAA; ICRA: ICRA AAA; IR&RPL: IND AAA	Unsecured	-
43.	Bond series 155 'taxable non-priority sector bond'.	November 30, 2017	1,912.00	2,030.16	7.45% per annum payable yearly	5 years	November 30, 2022	CARE: CARE AAA; CRISIL: AAA; ICRA: ICRA AAA; IR&RPL: IND AAA	Unsecured	-
44.	Bond series 156 'taxable non-priority sector bond'.	December 12, 2017	3,533.00	3,750.47	7.70% per annum payable yearly	10 years	December 10, 2027	CARE: CARE AAA; CRISIL: AAA; ICRA: ICRA AAA; IR&RPL: IND AAA	Unsecured	-
45.	Bond series 157 'taxable non-priority sector bond'.	January 17, 2018	1,055.00	1,091.28	7.60% per annum payable yearly	3 years and 3 months	April 17, 2021	CARE: CARE AAA; CRISIL: AAA; ICRA: ICRA AAA; IR&RPL: IND AAA	Unsecured	-

S. No.	Nature of the Debentures and Series	Date of Allotment	Total value of bonds (₹ Crores)	Amount outstanding, As on September 30 2019***	Interest Coupon rate (%)	Tenor/ Period of maturity	Redemption Date/ Schedule	Credit Rating	Secured/ Unsecured	Security
46.	Bond series 158 'taxable non-priority sector bond'.	February 12, 2018	2,465.00	2,568.19	7.70% per annum payable yearly	3 years, 1 month and 3 days	March 15, 2021	CARE: CARE AAA; CRISIL: AAA; ICRA: ICRA AAA; IR&RPL: IND AAA	Unsecured	-
47.	Bond series 159 'taxable non-priority sector bond'.	February 23, 2018	950.00	995.20	7.99% per annum payable yearly	5 years	February 23, 2023	CARE: CARE AAA; CRISIL: AAA; ICRA: ICRA AAA; IR&RPL: IND AAA	Unsecured	-
48.	Bond series 161 – Option (A) 'taxable non-priority sector bond'.	March 15, 2018	3,000.00	3,124.34	7.59% per annum payable yearly	2 years	March 13, 2020	CARE: CARE AAA; CRISIL: AAA; ICRA: ICRA AAA; IR&RPL: IND AAA	Unsecured	-
49.	Bond series 161 – Option (B) 'taxable non-priority sector bond'.	March 15, 2018	800.00	818.03	7.73% per annum payable yearly	3 years and 3 months	June 15, 2021	CARE: CARE AAA; CRISIL: AAA; ICRA: ICRA AAA; IR&RPL: IND AAA	Unsecured	-
50.	Bond series 162 'taxable non-priority sector bond'.	August 9, 2018	2,500.00	2,530.66	8.55% per annum payable yearly	10 years	August 9, 2028	CARE: CARE AAA; CRISIL: AAA; ICRA: ICRA AAA; IR&RPL: IND AAA	Unsecured	-
51.	Bond series 163 'taxable non-priority sector bond'.	August 27, 2018	2,500.00	2,520.31	8.63% per annum payable yearly	10 years	August 25, 2028	CARE: CARE AAA; CRISIL: AAA; ICRA: ICRA AAA; IR&RPL: IND AAA	Unsecured	-
52.	Bond series 165 'taxable non-priority sector bond'.	October 22, 2018	2,171.00	2,303.15	8.83% per annum payable yearly	3 years and 3 months	January 21, 2022	CARE: CARE AAA; CRISIL: AAA; ICRA: ICRA AAA; IR&RPL: IND AAA	Unsecured	-

S. No.	Nature of the Debentures and Series	Date of Allotment	Total value of bonds (₹ Crores)	Amount outstanding, As on September 30 2019***	Interest Coupon rate (%)	Tenor/ Period of maturity	Redemption Date/ Schedule	Credit Rating	Secured/ Unsecured	Security
53.	Bond series 167 'taxable non-priority sector bond'.	November 22, 2018	2,571.80	2,576.90	8.45% per annum payable semi annually	3 years and 4 months	March 22, 2022	CARE: CARE AAA; CRISIL: AAA; ICRA: ICRA AAA; IR&RPL: IND AAA	Unsecured	-
54.	Bond series 168 'taxable non-priority sector bond'.	November 29, 2018	2,552.40	2,626.60	8.56% per annum payable semi annually	10 years	November 29, 2028	CARE: CARE AAA; CRISIL: AAA; ICRA: ICRA AAA; IR&RPL: IND AAA	Unsecured	-
55.	Bond series 169 'taxable non-priority sector bond'	December 7, 2018	2,554.00	2,621.28	8.37% per annum payable semi annually	10 years	December 07, 2028	CARE: CARE AAA; CRISIL: AAA; ICRA: ICRA AAA; IR&RPL: IND AAA	Unsecured	-
56.	Bond series 172 'taxable non-priority sector bond'	February 20, 2019	1,790.00	1,807.38	8.57% per annum payable yearly	1 year 6 months	August 20, 2020	CARE: CARE AAA; CRISIL: AAA; ICRA: ICRA AAA; IR&RPL: IND AAA	Unsecured	-
57.	Bond series 173 'taxable non-priority sector bond'	March 13, 2019	2,500.00	2,614.46	8.35% per annum payable yearly	3 years	March 11, 2022	CARE: CARE AAA; CRISIL: AAA; ICRA: ICRA AAA; IR&RPL: IND AAA	Unsecured	-
58.	Bond Series 174 'taxable non-priority sector bond'	March 18, 2019	2,720.00	2,783.03	8.15% per annum payable yearly	02 years 3 months	June 18, 2021	CARE: CARE AAA; CRISIL: AAA; ICRA: ICRA AAA; IR&RPL: IND AAA	Unsecured	-
59.	Bond series 175 'taxable non-priority sector bond'	March 28, 2019	2,151.20	2,248.29	8.97% per annum payable yearly	10 years	March 28,2029	CARE: CARE AAA; CRISIL: AAA; ICRA: ICRA AAA; IR&RPL: IND AAA	Unsecured (Subordinated Debt)	-

S. No.	Nature of the Debentures and Series	Date of Allotment	Total value of bonds (₹ Crores)	Amount outstanding, As on September 30 2019***	Interest Coupon rate (%)	Tenor/ Period of maturity	Redemption Date/ Schedule	Credit Rating	Secured/ Unsecured	Security
60.	Bond series 176 'taxable non-priority sector bond'	April 16, 2019	1,600.70	1,664.73	8.85% per annum payable yearly	10 years	April 16, 2029	CARE: CARE AAA; CRISIL: AAA; ICRA: ICRA AAA; IR&RPL: IND AAA	Unsecured	-
61.	Bond series 177 'taxable non-priority sector bond'	May 6, 2019	1,245.00	1,287.43	8.50% per annum payable yearly	2 years 7 months	December 20, 2021	CARE: CARE AAA; CRISIL: AAA; ICRA: ICRA AAA; IR&RPL: IND AAA	Unsecured	-
62.	Bond series 178 'taxable non-priority sector bond'	May 14, 2019	1,097.00	1,118.98	8.80% per annum payable yearly	10 years	May 14, 2029	CARE: CARE AAA; CRISIL: AAA; ICRA: ICRA AAA; IR&RPL: IND AAA	Unsecured	-
63.	Bond series 179 'taxable non-priority sector bond'	June 10, 2019	1,000.00	1,024.80	8.15% per annum payable yearly	3 years	June 10, 2022	CARE: CARE AAA; CRISIL: AAA; ICRA: ICRA AAA; IR&RPL: IND AAA	Unsecured	-
64.	Bond series 180-A 'taxable non-priority sector bond'	June 25, 2019	1,018.00	1,028.12	8.10% per annum payable yearly	5 years	June 25, 2024	CARE: CARE AAA; CRISIL: AAA; ICRA: ICRA AAA; IR&RPL: IND AAA	Unsecured	-
65.	Bond series 180-B 'taxable non-priority sector bond'	June 25, 2019	2,070.90	2,076.16	8.30% per annum payable yearly	10 years	June 25, 2029	CARE: CARE AAA; CRISIL: AAA; ICRA: ICRA AAA; IR&RPL: IND AAA	Unsecured	-
66.	Bond series 182 'taxable non-priority sector bond'	August 22, 2019	5,063.00	5,109.14	8.18% per annum payable yearly	15 years	August 22, 2034	CARE: CARE AAA; CRISIL: AAA; ICRA: ICRA AAA; IR&RPL: IND AAA	Unsecured	-

S. No.	Nature of the Debentures and Series	Date of Allotment	Total value of bonds (₹ Crores)	Amount outstanding, As on September 30 2019***	Interest Coupon rate (%)	Tenor/ Period of maturity	Redemption Date/ Schedule	Credit Rating	Secured/ Unsecured	Security
67.	Bond series 183 'taxable non-priority sector bond'	September 16, 2019	3,028.00	3,038.71	8.29% per annum payable yearly	15 years	September 16, 2034	CARE: CARE AAA; CRISIL: AAA; ICRA: ICRA AAA; IR&RPL: IND AAA	Unsecured	-
68.	Bond series 184-A 'taxable non-priority sector bond'	September 26, 2019	290.20	290.18	8.25% per annum payable yearly	10 years	September 26, 2029	CARE: CARE AAA; CRISIL: AAA; ICRA: ICRA AAA; IR&RPL: IND AAA	Unsecured	-
69.	Bond series 184-B (A) 'taxable non-priority sector bond'	September 26, 2019	300.00	300.19	7.55% per annum payable yearly	1 year	September 28, 2020	CARE: CARE AAA; CRISIL: AAA; ICRA: ICRA AAA; IR&RPL: IND AAA	Unsecured	-
70.	Bond series 184-B (B) 'taxable non-priority sector bond'	September 26, 2019	300.00	300.19	7.55% per annum payable yearly	2 years	September 27, 2021	CARE: CARE AAA; CRISIL: AAA; ICRA: ICRA AAA; IR&RPL: IND AAA	Unsecured	-
71.	Bond series 184-B (C) 'taxable non-priority sector bond'	September 26, 2019	300.00	300.19	7.55% per annum payable yearly	3 years	September 27, 2022	CARE: CARE AAA; CRISIL: AAA; ICRA: ICRA AAA; IR&RPL: IND AAA	Unsecured	-
72.	Bond series 184-B (D) 'taxable non-priority sector bond'	September 26, 2019	300.00	300.19	7.55% per annum payable yearly	4 years	September 26, 2023	CARE: CARE AAA; CRISIL: AAA; ICRA: ICRA AAA; IR&RPL: IND AAA	Unsecured	-
Total Un-secured Bonds through Private Placement of Institutional Bond Series				**1,44,746.87**						
E.	**Unsecured infrastructure bonds issued by the Issuer** Set forth below is a brief summary of certain of our other outstanding unsecured bonds. Some of bonds are listed on the whole sale debt market segment in the NSE									
1.	u/s 80CCF of I.T. Act 1961 taxable, non-convertible bonds.	March 31, 2011	218.73	83.67	8%, 8.1% and 8.2% payable annually	10 years	Redeemable at par on the expiry of 10 years with put option after 5/6/7/8/9 years from the date of allotment	CRISIL: AAA; CARE: CARE AAA; FITCH: AAA(ind) ICRA: LAAA	Unsecured	-

S. No.	Nature of the Debentures and Series	Date of Allotment	Total value of bonds (₹ Crores)	Amount outstanding, As on September 30 2019***	Interest Coupon rate (%)	Tenor/ Period of maturity	Redemption Date/ Schedule	Credit Rating	Secured/ Unsecured	Security
2.	u/s 80CCF of I.T. Act 1961 taxable, non-convertible bonds.	February 15, 2012	157.59	19.19	8.95% and 9.15% payable annually and cumulative	10 years 15 years	Redeemable at par on the expiry of 10/15 years with buyback option after 5/7 years respectively from the date of allotment. February 15, 2022; February 15, 2027	CRISIL: AAA; CARE: CARE AAA; FITCH: AAA(ind) ICRA: LAAA	Unsecured	-
				102.86						
Total of Bonds - (3) (A to E)				**1,88,296.92**						

** The bonds have been issued on private placement basis and are currently listed on the 'whole sale debt market segment' in the NSE.
*** In accordance with IND-AS.

II. Servicing behaviour on existing debt securities, payment of due interest on due dates on financing facilities or securities

In the past 5 years preceding the date of this Draft Shelf Prospectus, there has been no delay and /or defaults in servicing of debt/interest or in payment of principal or interest on any financing facilities or term loan or debt security including corporate guarantee or other financial indebtedness issued by the Company.

III. The amount of corporate guarantee issued by the Issuer along with the name of the Counter party on behalf of whom it has been issued as on September 30, 2019

The Issuer has not issued any corporate guarantee as on September 30, 2019.

IV. Details of Commercial Paper (CP) as on September 30, 2019

The Issuer has not issued commercial paper for the quarter ended September 30, 2019. Commercial paper of face value of ₹5850 Crore was outstanding as on September 30, 2019, the details of which are set out below:

S.No.	Date of Issue/Value Date	Face Value of CP (₹) in Crore	Amount Outstanding (₹) in Crore	Maturity Date	Number of (CP/s) issued	Face Value per CP (₹)	Discount Per CP (₹)
1.	February 15, 2019	2,350	2,308.09	December 30, 2019	47,000	5,00,000	31,510
2.	March 5, 2019	1,000	968.91	March 4, 2020	20,000	5,00,000	36,608
3.	May 9,2019	1,825	1,777.47	February 7, 2020	36,500	5,00,000	27,657
4.	June 24 2019	675	640.79	June 19, 2020	13,500	5,00,000	34,913

V. Working Capital Demand Loan from Banks as on September 30, 2019

The Issuer has no working capital demand loan outstanding as on September 30, 2019.

VI. Short Term Loan from Banks as on September 30, 2019

The Issuer has an outstanding short term loan (against auto swap) of Rs. 375 Crore from HDFC Bank as on September 30, 2019.

VII. FCNR(B) Loans from Banks as on September 30, 2019

The Issuer has raised foreign currency non-resident (B) ("**FCNR(B)**") loans from banks amounting to USD 850.00 Million. As at end of September 30, 2019, ₹6015.71 Crores is outstanding on account of FCNR(B) loans.

VIII. Details of Rest of the Borrowings (if any including hybrid debt like FCCB, Optionally Convertible Debentures/Preference Shares) as on September 30, 2019.

The Issuer has no outstanding borrowings in form of hybrid debt like FCCB, Optionally Convertible Debentures/Preference Shares as on September 30, 2019.

IX. Other disclosures

Other than debt securities issued by the Issuer, outstanding as on September 30, 2019 as detailed below, the Issuer has not issued or taken any debt securities or outstanding borrowings:

- for consideration other than cash, whether in whole or in part;
- at a premium or a discount; and/or
- in pursuance of an option.

(i) Zero Coupon Bonds

Sr. No.	Instrument Type	Date of Issuance	Number of bonds/instruments	Face value per bond (₹)	Discount per bond (₹)
1.	Zero Coupon Bonds	December 15, 2010	3,92,700	30,000	16,422
2.	Zero Coupon Bonds	February 3, 2011	89,510	30,000	17,033

(ii) Foreign Currency Bonds

Sr. No.	Instrument Type	Date of Issuance	Issue Size	Issue value (%)	Discount (%)
1.	International Bonds	July 7, 2017	USD 450 Million	99.263	0.737
2.	International Bonds	December 18,2017	USD 400 Million	100.00	0.000
3.	International Bonds	March 22, 2018	USD 300 Million	98.506	1.494
4.	International Bonds	November 13,2018	USD 700 Million	99.437	0.563
5.	International Bonds	July 25, 2019	USD 650 Million	99.463	0.537

(iii) Bonds issued at Premium

Sr. No.	Date Of Issue/Value Date	Number of Bonds/ instrument	Face Value per bond (₹)	Premium per bond (₹)
1.	November 21, 2012	500	10,00,000	1,000
2.	August 29,2013	13,500	10,00,000	726
3.	October 11, 2013	1,500	10,00,000	1,727
4.	July 23, 2015	3,000	10,00,000	954

The figures in this chapter as on September 30, 2019, are yet to be subjected to a limited review by the Statutory Auditors.

SIGNIFICANT DIFFERENCES BETWEEN INDIAN GAAP AND IND-AS

The Reformatted Summary Financial Statements included in this Draft Shelf Prospectus have been prepared by the Company from the financial statements prepared in accordance with Indian GAAP, which differs from Indian Accounting Standards ("**IND-AS**") in certain respects.

The Ministry of Corporate Affairs ("MCA") in its press release dated January 18, 2016, issued a roadmap for implementation of IND-AS converged with IFRS for non-banking financial companies, scheduled commercial banks, insurers, and insurance companies, which was subsequently confirmed by RBI through its circular dated February 11, 2016. The notification further explains that NBFCs having a net worth of ₹ 50,000 Lakh or more as of March 31, 2016 shall comply with IND-AS for accounting periods beginning on or after April 1, 2018, with comparatives for the periods ending on March 31, 2018. Therefore, the Company would be subject to this notification.

"Summary of Significant Differences among Indian GAAP and IND-AS", does not present all differences between Indian GAAP and IND-AS which are relevant to the Company. Consequently, there can be no assurance that those are the only differences in the accounting principles that could have a significant impact on the financial information included in this Draft Shelf Prospectus. Furthermore, the Company has made no attempt to identify or quantify the impact of these differences or any future differences between Indian GAAP and IND-AS which may result from prospective changes in accounting standards. The Company has not considered matters of Indian GAAP presentation and disclosures, which also differ from IND-AS. In making an investment decision, investors must rely upon their own examination of the Issuer's business, the terms of the offerings and the financial information included in this Draft Shelf Prospectus. Potential investors should consult with their own professional advisors for a more thorough understanding of the differences between Indian GAAP and IND-AS and how those differences might affect the financial information included in this Draft Shelf Prospectus. The Issuer cannot assure that it has completed a comprehensive analysis of the effect of IND-AS on future financial information or that the application of IND-AS will not result in a materially adverse effect on the Issuer's future financial information.

Topic	Indian GAAP	IND-AS
Presentation of Financial Statements — Components of financial statements	The requirements for the presentation of financial statements are set out in Schedule III, Division I to the Companies Act, 2013 and the accounting standards notified thereunder are applicable to the preparation of financial statements of respective years. The components of financial statements are: (a) balance sheet; (b) statement of profit and loss; (c) cash flow statement; and explanatory notes and accounting policies.	The requirements for the presentation of financial statements, and the guidelines for their structure and content are set out in IND-AS 1. A complete set of financial statements under IND-AS comprises: (a) a statement of financial position; (b) a statement of profit or loss and other comprehensive income (presented as a single statement or by presenting the profit and loss section in a separate statement of profit or loss, immediately followed by a statement presenting comprehensive income beginning with profit or loss); (c) statement of cash flow; (d) statement of changes in equity; and (e) notes comprising a summary of significant accounting policies and explanatory notes. Further, Schedule III, Division II, to the Companies Act, 2013 sets out the requirements for the presentation of financial statements which are in conformity with IND-AS 1. Disclosure requirements specified in Schedule III are in

Topic	Indian GAAP	IND-AS
		addition to and not in substitution of the disclosure requirements specified in IND-AS.
Presentation of Financial Statements — Disclosure of Reclassification	A disclosure is made in financial statements that comparative amounts have been reclassified to conform to the presentation in the current period without additional disclosure for the nature, amount and reason for reclassification.	The disclosure of reclassification of comparative amounts includes the nature, amount and reason for reclassification, if material.
Presentation of Financial Statements — Balance sheet/statement of financial position.	All items of assets and liabilities are to be bifurcated between current and non-current portions and presented separately on the cover of the balance sheet. Schedule III of the Companies Act, 2013 sets out the minimum requirements for disclosure required in the balance sheet and statement of profit and loss account and notes.	An entity is required to present financial and non-financial assets and liabilities, as separate classifications on the face of the statement of financial position. Minimum line item requirements are set out in Division III to Schedule III to the Companies Act, 2013.
Presentation of Financial Statements — Presentation of income statement	Schedule III to the Companies Act, 2013 only permits an analysis of expense by nature.	Entities should present an analysis of expenses recognised in profit or loss using a classification based only on the nature of the expense.
Presentation of Financial Statements — Statement of changes in equity	Statement of changes in equity is not presented. Movements in share capital, retained earnings and other reserves are presented in the notes to financial statements.	A statement of changes in equity is presented.
Presentation of Financial Statements — Critical Judgments	The disclosure of critical judgments made by the management is not specifically required.	The critical judgements made by the management in applying accounting policies are to be disclosed separately as part of accounting policies.
Presentation of Financial Statements — Disclosure of Capital	The information regarding management of capital is not required to be disclosed.	The disclosure of information about management of capital and compliance with externally imposed capital requirements, if any, is required.

Topic	Indian GAAP	IND-AS
Presentation of Financial Statements — Extraordinary items	Extraordinary items are disclosed separately in the statement of profit and loss and are included in determination of net profit or loss. Items of income or expense to be disclosed as extraordinary should be distinct from the ordinary activities and are determined by the nature of the event or transaction in relation to the business ordinarily carried out by an entity.	No concept of Extraordinary Items
Cash Flow Statement — Bank overdrafts	Bank overdrafts are considered to be financing activities.	Bank overdrafts are included in cash & cash equivalents if they form an integral part of an entity's cash management.
Cash Flow Statement — Cash flows from extraordinary items	Cash flows from items disclosed as extraordinary are classified as arising from operating, investing or financing activities and are disclosed separately.	As presentation of items as extraordinary is not permitted in accordance with IAS 1, a cash flow statement does not reflect any items of cash flow as extraordinary.
Changes in Accounting Policies and Errors	Changes in accounting policies are not applied retrospectively. The cumulative impact arising from such change is made in the financial statements in the period of change. If the impact of the change is not ascertainable, this should be disclosed. Material prior year errors are included in determination of profit or loss in the period in which the error is discovered and are separately presented in the profit and loss, so that the impact on current profit or loss can be perceived.	Retrospective application of changes in accounting policies is made by adjusting the opening balance of the affected component of equity for the earliest prior period presented and the other comparative amounts for each period presented as if the new accounting policy were always applied. If retrospective application is impracticable for a particular prior period, or for a period before those presented, the circumstances that led to the existence of that condition and a description of how and from when the change in accounting policy has been applied needs to be stated. Material prior year errors are corrected retrospectively by restating the comparative amounts for prior periods presented in which the error occurred , or if the error occurred before the earliest period presented, by restating the opening statement of financial position.
New accounting pronouncements	Not required to be disclosed	New accounting pronouncements that have been issued but which are not effective on the date of the statement of financial position are disclosed. Known or reasonably estimable information relevant to assessing the possible impact of the

Topic	Indian GAAP	IND-AS
		new accounting pronouncements on initial application on the financial statements is disclosed.
Income Taxes — Recognition of deferred tax assets and liabilities	Deferred taxes are recognised for all timing differences in respect of recognition of items of profit or loss for the purposes of financial reporting and for income taxes.	Deferred taxes are computed for temporary differences between the carrying amount of an asset or liability in the statement of financial position and its tax base. Deferred tax shall be recognised for all taxable temporary differences except to the extent they arise from initial recognition of: (a) goodwill; or (b) an asset or liability in a transaction which is not a business combination, and, at the time of the transaction, affects neither the accounting nor the tax profit
Income Taxes — Recognition of taxes on items recognised in other comprehensive income or directly in equity	No specific guidance in AS 22. However, an announcement made by the Institute of Chartered Accountants of India (the "ICAI") requires any expense charged directly to reserves and/or securities premium accounts to be net of tax benefits expected to arise from the admissibility of such expenses for tax purposes. Similarly, any income credited directly to a reserve account or a similar account should be net of its tax effect.	Current tax and deferred tax is recognised outside profit or loss if the tax relates to items that are recognised in the same or a different period, outside profit or loss. Therefore the tax on items recognised in other comprehensive income, or directly in equity, is also recorded in other comprehensive income or in equity, as appropriate.
Income Taxes — Investments in subsidiaries, associates, and interests in joint ventures	No deferred tax is recognised. Deferred tax expense is an aggregation from separate financial statements of each group entity and no adjustment is made on consolidation	Deferred tax liability for all taxable temporary differences are recognized except to the extent the parent, the investor, the venture or joint operator is able to control timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.
Income Taxes — Deferred tax on unrealised intra-group profits	Deferred tax expense is an aggregation from separate financial statements of each group entity and no adjustment is made on consolidation.	Deferred tax on unrealised intra-group profits is recognised at the buyer's rate, in the consolidated financial statements.
Determining whether an arrangement contains a lease	There is no such requirement.	An arrangement that does not take the legal form of a lease, but the fulfilment of which is dependent on the use of identified assets and which conveys the right to control the use the assets, is accounted for as a lease in accordance with IND-AS 116.

Topic	Indian GAAP	IND-AS
Operating Leases commitments	Operating lease commitments are not recognised.	Operating lease commitments and corresponding right of use assets are recognised in the financial statements in all cases other than low value assets and short term leases.
Revenues — Definition	Revenue is the gross inflow of cash, receivables or other consideration arising in the course of the ordinary activities. Revenue is measured by the charges made to customers for goods supplied and services rendered to them and by the charges and rewards arising from the use of resources by them.	Income arising in the course of an entity's ordinary activities.
Revenues — Measurement	Revenue is recognised as the nominal amount of consideration receivable.	Transaction price is consideration which is expected from transferring goods & services excluding amounts collected for third parties.
Revenues — Interest Provision for Loans	Interest is recognised on a time proportion basis, taking into account the amount outstanding and the rate applicable. Prudential Norms issued by Reserve Bank of India provided specific guidance for provisions to be created against loan assets, including minimum rates of provision to be created against each category of loans i.e., standard, sub-standard and doubtful.	Interest income is recognised using the effective interest method as per IND-AS 109. IND-AS 109 has introduced a concept of Expected Credit Loss (ECL) which is calculated taking into consideration Exposure at default (EAD), Probability of Default (PD) and Loss Given Default (LGD). The guidance given in the standard specifies that PD and LGD shall be calculated considering the history of losses experienced by the company, and also consider forward looking macroeconomic information, which are relevant to the Company.
Employee benefits — Actuarial gains and losses	Actuarial gains and losses should be recognised immediately in the statement of profit and loss as income or expense.	Actuarial gains and losses arising on post retirement defined benefit obligations shall be recognised in other comprehensive income and not reclassified to profit or loss in a subsequent period.
Employee benefits — Discount rate	Market yields at the balance sheet date on government bonds are used as discount rates.	The rate used to discount shall be determined by reference to market yields at the end of the reporting period on government bonds.

Topic	Indian GAAP	IND-AS
Effects of Changes in Foreign Exchange Rates — Functional and presentation currency	Foreign currency is a currency other than the reporting currency, which is the currency in which financial statements are presented. An enterprise normally uses the currency of the country in which it is domiciled to present its financial statements. If it uses a different currency, disclosure of the reason for using that currency is required. There is no concept of functional currency.	Functional currency is the currency of the primary economic environment in which the entity operates. Foreign currency is a currency other than functional currency. Presentation currency is the currency in which the financial statements are presented.
Effects of Changes in Foreign Exchange Rates — Exchange differences (other than the first time adoption exemption)	Exchange differences arising on translation or settlement of foreign currency monetary items are recognised in profit or loss in the period in which they arise. However, an irrevocable option is provided in Para 46 of Accounting Standard 11 (AS-11) wherein exchange differences arising on reporting of long-term foreign currency monetary items at rates different from those at which they were initially recorded during the period, or reported in previous financial statements, in so far as they relate to the acquisition of a depreciable capital asset, can be added to or deducted from the cost of the asset and shall be depreciated over the balance life of the asset and, in other cases, can be accumulated in a "Foreign Currency Monetary Item Translation Difference Account" and amortised over the balance period of such long-term asset/liability by recognition as income or expense in each of such periods.	Exchange differences arising on translation or settlement of foreign currency monetary items are recognised in profit or loss in the period in which they arise.
Related Party Disclosures — Post employment benefit plans	Post-employment benefit plans are not included as related parties.	Compensation includes post employment benefit plans for the benefit of employees of the reporting entity or any entity that is a related party of the reporting entity.
Related Party Disclosures — Key management personnel	Key management personnel do not include non-executive directors.	Key management personnel include both executive and non-executive directors.

Topic	Indian GAAP	IND-AS
Related Party Disclosures — Government related entities	No disclosure is required in the financial statements of state-controlled enterprises as regards related party relationships with other state-controlled enterprises and transactions with such enterprises.	Government related entities require disclosure of the name of the government and its relationship with the reporting entity and the nature and amount of each significant transaction and a qualitative or quantitative indication of other transactions which are significant collectively.
Consolidated Financial Statements — Definition of control of investee	Control is: (a) The ownership, directly or indirectly through a subsidiary (or subsidiaries), of more than one-half of the voting power of an enterprise; or (b) control of the composition of the board of directors in the case of a company or of the composition of the corresponding governing body in the case of any other enterprise so as to obtain economic benefits from its activities.	An investor controls an investee when the investor is exposed, or has the right, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.
Consolidated Financial Statements — Potential voting rights	Potential voting rights are not considered when assessing control.	Potential voting rights are considered only if they are substantive. For a right to be substantive it must give the holder the current ability to direct the relevant activities of an investee when necessary and the holder must have the practical ability to exercise that right.
Consolidated Financial Statements — Exclusion of subsidiaries	Excluded from consolidation if the subsidiary was acquired with intent to dispose of it within 12 months or if it operates under severe long-term restrictions which significantly impair its ability to transfer funds to the parent.	If the acquisition of a subsidiary meets the criteria to be classified as held for sale in accordance with IND-AS 105, it is included in the consolidation but is accounted for under that standard.
Consolidated Financial Statements — Reporting dates	The difference between the reporting date of the subsidiary and that of the parent shall be no more than six months.	The difference between the reporting date of the subsidiary and that of the parent shall be no more than three months.
Consolidated Financial Statements — Uniform Accounting policies	Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. except if it is impracticable to use uniform accounting policies, which fact should be disclosed together with the proportions of the items in the consolidated financial	Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

Topic	Indian GAAP	IND-AS
	statements to which different policies have been applied.	
Consolidated Financial Statements — Disposals	No specific guidance.	Partial disposal of a subsidiary where control is retained is accounted for as an equity transaction, and gain or loss is not recognised. Partial disposal of a subsidiary resulting in loss of control triggers re-measurement of the residual holding to fair value. Any difference between the fair value and the carrying value is recognised as gain or loss in profit or loss.
Separate Financial Statements — Accounting for investments in subsidiaries in separate financial statements of the parent	Accounted at cost less impairment loss.	Accounted for either at cost less impairment loss in accordance with IND-AS 27 or measured at fair value through other comprehensive income as per IND-AS 109. If applicable, accounted as held for sale in accordance with IND-AS 105. However, Equity method is not permitted in separate financial statements.
Investments in Associates and Joint Ventures — Significant influence	Potential voting rights are not considered when assessing significant influence.	The existence and effect of potential voting rights that are currently exercisable or convertible, including potential voting rights held by another entity, are considered when assessing significant influence.
Investments in Associates and Joint Ventures — Capital Reserve/Negative Goodwill	Capital reserve is included in the carrying amount of investment in the associate but is disclosed separately.	Any excess of the entity's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is recognised directly in equity as capital reserve in the period in which the investment is acquired.
Investments in Associates and Joint Ventures — Reporting date	The maximum difference between the reporting date of the associate and that of the parent is not specified.	The difference between the reporting date of the associate and that of the parent shall be no more than three months.
Investments in Associates and Joint Ventures — Method of Accounting	Investments in associates are accounted for using the equity method whereas investments in joint ventures are accounted for using the proportionate consolidation method.	Investments in associates or joint ventures are to be accounted for using the equity method in consolidated financial statements.
Financial Instruments: Presentation —	Classified as debt based on its legal form and any interest expense is recognised based on the coupon rate.	Split the instrument into its liability and equity components at issuance., except for conversion option embedded in a foreign currency convertible bond under certain circumstances.

Topic	Indian GAAP	IND-AS
Classification of convertible debts		
Financial Instruments: Presentation — Treasury shares	Acquiring own shares is permitted only in limited circumstances. Shares repurchased should be cancelled immediately and cannot be held as treasury shares.	If an entity reacquires its own shares (treasury shares), these are shown as a deduction from equity.
Earnings per share — Disclosure	AS 20 requires disclosure of basic and diluted EPS information both in separate and consolidated financial statements.	IND-AS 33 requires separate disclosures for EPS from continuing and discontinued operations. Disclosure is also required for instruments (including contingently issuable shares) that could potentially dilute basic earnings per share in the future, but were not included in the calculation of diluted earnings per share because they are anti-dilutive for the periods presented.
Impairment of Assets — Reversal of impairment loss for goodwill	Impairment loss for goodwill is reversed if the impairment loss was caused by a specific external event of an exceptional nature that is not expected to recur and subsequent external events have occurred that reverse the effect of that event.	Impairment loss recognised for goodwill is prohibited from reversal in a subsequent period.
Provisions, Contingent Liabilities and Contingent Assets — Discounting	Discounting of liabilities is not permitted and provisions are carried at their full values, other than provision for capitalised decommissioning liabilities.	Where the effect of time value of money is material, the amount of provision is the present value of the expenditure expected to be required to settle the obligation. The discount rate is a pre-tax rate that reflects the current market assessment of the time value of money and risks specific to the liability. The discount rate does not reflect risk for which future cash flow estimates have been adjusted.
Provisions, Contingent Liabilities and Contingent Assets — Contingent assets	Contingent assets are not disclosed in the financial statements.	Contingent assets are disclosed in the financial statements where an inflow of economic benefits is probable.
Intangible assets — Measurement	Measured only at cost.	Intangible assets can be measured at either cost or revalued amount.
Intangible assets — Useful life	Useful life may not be indefinite. There is a rebuttable presumption that the useful life of an intangible asset will not exceed ten years from the date when the asset is available for use.	Useful life may be either finite or indefinite.

Topic	Indian GAAP	IND-AS
Financial Instruments: Recognition and Measurement — Investments, loans and receivables	Investments are classified as long-term or current. Long-term investments are carried at cost less provision for diminution in value which is other than temporary. Current investments are carried at the lower of cost and fair value. Loans and receivables are measured at cost less valuation allowance.	Financial assets are classified as at fair value through profit and loss, fair value through OCI, and amortised cost. Financial assets are classified as fair value through profit and loss if they are acquired principally for the purpose of selling and are part of a portfolio that is managed together and for which there is evidence of a recent actual pattern of short-term profit taking. Financial assets are classified as fair value through OCI when an entity's business model's objective is achieved both by collecting cash flows and by selling financial assets. Financial assets at amortised cost are assets which meet the SPPI criteria. These instruments are measured at amortised cost using the effective interest method.
Financial Instruments: Recognition and Measurement — Impairment	Impairment losses recognised in profit or loss for equity investments are reversed through profit or loss.	Impairment losses recognised in profit or loss for equity investments cannot be reversed through profit or loss.
Financial Instruments: Recognition and Measurement — Foreign currency contracts	Premium or discount on forward exchange contracts is amortised and recognised in the statement of profit and loss over the period of such contracts. Exchange differences on such a contract should be recognised in the statement of profit and loss in the reporting period in which the exchange rates change.	A forward exchange contract is measured at fair value as at the statement of financial position date, unless the rules for hedge accounting are applied.
Financial Instruments: Recognition and Measurement — Derivatives and embedded derivatives	There is no equivalent standard on derivatives however; guidance note state all the derivatives, except those covered in AS 11 are to be recognized at fair value.	Measured at fair values.
Non-current assets held for sale — Recognition and measurement	There is no standard dealing with non-current assets held for sale, though AS 10 deals with assets held for disposal. Items of fixed assets that have been retired from active use and are held for disposal are stated at the lower of their net book value	Non-current assets to be disposed of are classified as held for sale when the asset is available for immediate sale and the sale is highly probable. Depreciation ceases on the date when the assets are classified as held for sale. Non-current assets classified as held for sale are measured at the

Topic	Indian GAAP	IND-AS
	and net realisable value and are shown separately in the financial statements. Any expected loss is recognised immediately in the statement of profit and loss.	lower of their carrying value and fair value less costs to sell.
Non-current assets held for sale and discontinued operations — Classification	An operation is classified as discontinued at the earlier of: (a) a binding sale agreement for sale of the operation; and (b) on approval by the board of directors of a detailed formal plan and announcement of the plan.	An operation is classified as discontinued when it has either been disposed of or is classified as held for sale.
Operating Segments — Determination of segments	AS 17 requires an enterprise to identify two sets of segments (business and geographical), using a risks and rewards approach.	Operating segments are identified based on the financial information that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance.
Operating Segments — Measurement	Segment information is prepared in conformity with the accounting policies adopted for preparing and presenting the financial statements of the enterprise as a whole. Segment revenue, segment expense, segment result, segment asset and segment liability have been defined. A reconciliation is presented between the information disclosed for reportable segments and the aggregated information in the enterprise's financial statements.	Segment profit or loss is reported on the same measurement basis as that used by the chief operating decision maker. There is no definition of segment revenue, segment expense, segment result, segment asset or segment liability. Requires reconciliation of segment performance measures, and segment assets and liabilities with the corresponding amounts reported in the financial statements.
Operating Segments — Entity-wide disclosures	Disclosures are required based on the classification of segments as primary or secondary. Disclosure requirements for secondary reporting formats are less detailed than those required for primary reporting formats.	Requires disclosure of: (a) external revenues from each product or service; (b) revenues from customers in the country of domicile and from foreign countries; and (c) geographical information on non-current assets located in the country of domicile and foreign countries. Information on major customers including total revenues from each major customer is disclosed if revenues from each customer are 10 per cent. or more of total segment revenues.

Topic	Indian GAAP	IND-AS
Presentation of Financial Statements – Classification of Financial Liabilities upon breach of covenants.	There is no guidance in the existing standards. Schedule III Specifies that financial liabilities where the company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date will be classified as current liabilities. The Guidance Notes on revised Schedule VI to the companies Act, 1956 (Schedule VI has now been superseded by Schedule III under the Companies Act, 2013) issued by the ICAI states that "In the Indian context, the criteria of a loan becoming repayable on demand on breach of a covenant, is generally added in the terms and conditions as a matter of abundant caution. Also, banks generally do not demand repayment of loans on such minor defaults of debt covenants. Therefore, in such situations, the company generally continue to repay the loan as per its original terms and conditions. Hence, considering that the practical implications of such minor breach are negligible in the Indian scenario, an entity could continue to classify the loan as "non-current" as on the Balance Sheet date since the loan is not actually demanded by the bank at any time prior to the date on which the Financial Statements are approved.	Where there is a breach of a material provision of a long-term arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand on the reporting date, if the lender has agreed, after the reporting period and before the approval of the financial statements for issue, not to demand payment as a consequence of the breach, the loan will not be classified as current.
Income Taxes – disclosure	Certain additional disclosures like rate reconciliation, tax holidays and their expiry and unrecognised deferred tax liability on undistributed earnings of subsidiaries, branches, associates and joint ventures are not required.	Additional disclosures required under IND-AS include: • A reconciliation between the income tax expense (income) reported and the product of accounting profit multiplied by the applicable tax rate. Either a numerical reconciliation or tax rate reconciliation is required to be presented. • Details of tax holidays and expiry.

Topic	Indian GAAP	IND-AS
		• Unrecognised deferred tax liability on undistributed earnings of subsidiaries, branches, associates and joint ventures.
Deferred taxes – recognition on foreign currency denominated non-monetary assets/ liabilities when the tax reporting currency is not the functional currency	Not applicable as there is no concept of functional currency.	The non-monetary assets and liabilities of an entity are measured in its functional currency. If the entity's taxable profit or tax loss (and, hence, the tax base of its non-monetary assets and liabilities) is determined in a different currency, changes in the exchange rate give rise to temporary differences that result in a recognised deferred tax liability or asset.
Property, Plant and Equipment – scope	There is no exemption in AS 10 for property under development for future use as investment property.	Property under construction or development for future use as investment property is excluded from the scope of IND-AS 16 and is within the scope of IND-AS 40, Investment Property. Biological assets that meet the definition of a bearer plant i.e. a living plant that is used in the production or supply of agricultural produce, is expected to bear produce for more than one period and which will not be sold as agricultural produce are included in property, plant and equipment (effective from 1 January 2016 with earlier application permitted).
Property, Plant and Equipment – presentation of capital advances	Schedule III requires capital advances to be presented separately under the head 'Long-term loans and advances', as part of non-current assets.	As per IND-AS Schedule III, capital advances should be included under other non- current assets.
Evaluating the Substance of Transactions Involving the Legal Form of a Lease	No specific guidance	If a series of transactions involves the legal form of a lease and the economic effect can only be understood with reference to the series as a whole, then the series is accounted for as a single transaction.

Topic	Indian GAAP	IND-AS
Intangible Assets – goodwill	Goodwill arising on amalgamation in the nature of purchase is amortised over a period not exceeding five years (as per AS 14).	Not amortised but subject to annual impairment test or more frequently whenever there is an impairment indication.
Investment Property – definition and scope	AS 13 defines investment property as an investment in land or buildings that are not intended to be occupied substantially for use by, or in the operations of, the investing enterprise.	Investment property is land or building (or part thereof) or both held (whether by owner or by a lessee under a finance lease) to earn rentals or for capital appreciation or both. IAS 40 does not apply to owner occupied property or property that is being constructed or developed on behalf of third parties or property held for sale in the ordinary course of business, or property that is leased to another entity under a finance lease.
Investment Property – measurement	Classified as long-term investments and measured at cost less impairment. As per Schedule III to the Companies Act, 2013, they are classified as non-current investments.	Investment properties are measured using the cost model. Fair value model is not permitted. Detailed disclosures pertaining to fair value have to be given.
First Time Adoption		
Previous GAAP	No specific guidance.	IND-AS 101 defines previous GAAP as the basis of accounting that a first-time adopter used for its reporting requirement in India immediately before adopting IND-AS.
Treatment of Changes in Retained Earnings	No specific guidance.	The first-time adopter shall account for the resulting change in the retained earnings as at the transition date. In specific instances, IND-AS allowed adjustment to be made with capital reserve to the extent such adjustment amount does not exceed the balance available in capital reserve.

Topic	Indian GAAP	IND-AS
Additional Exemptions	No specific guidance.	IND-AS 101 provides certain optional exemptions relating to the long-term foreign currency monetary items and service concession arrangements relating to toll roads. An entity may continue the policy adopted for accounting for exchange differences arising from the translation of long term foreign currency monetary items recognised in the financial statements for the period ending immediately after the beginning of the first IND-AS financial reporting period as per previous GAAP.
Transitional Relief — Property, Plant and Equipment	No specific guidance.	Paragraph D7AA provides the option to use carrying values of all of its property, plant and equipment as at the date of transition to IND-AS, measured as per previous GAAP and to use them at its deemed cost as at the date of transition.

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SECTION VI – LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATION

Except as disclosed below, there are no pending proceedings relating to:

- Outstanding litigation involving the Company, the Promoter, the Company's Directors, subsidiaries, group companies or any other person, whose outcome could have material adverse effect on the Company;

- Outstanding litigations which are criminal in nature involving the Company, the Promoter, the Company's Directors, subsidiaries, group companies;

- Litigation or legal action pending or taken by any Ministry or Department of the Government or a statutory authority against the Promoter during the last five years immediately preceding the date of this Draft Shelf Prospectus and /or any direction issued by such Ministry or Department or statutory authority upon conclusion of such litigation or legal action;

- Pending Proceedings initiated against the Company for economic offences;

- Material regulatory proceedings against the Company or the Promoter and tax litigations resulting in material liabilities at the time of the Issue which may affect the Issue or an investor's decision to invest / continue to invest in the NCDs;

- Acts of material frauds committed against the Company in the last five years, if any, and if so, the action taken by the Company;

- Matters pertaining to default and non-payment of statutory dues;

- Any inquiry, inspections or investigations initiated or conducted under the Companies Act, 2013 or any previous companies' law in the last five years in the case of the Company and its subsidiaries; and

- Fines imposed or compounding of offences in the last five years under the Companies Act, 2013 or any previous companies' law in the last five years in the case of the Company and its subsidiaries.

Further, save and except as disclosed herein there are no matters likely to affect operations and finances of the Company including disputed tax liabilities of any nature and there is no such litigation whose outcome could have material adverse effect on the position of the Company.

Further from time to time, the Company has been and continues to be involved in legal proceedings filed by and against us, arising in the ordinary course of our business. These legal proceedings are both in the nature of civil and criminal proceedings. The Company believes that the number of proceedings in which it is / was involved is not unusual for a company of our size doing business in India.

For the purpose of determining and disclosing material civil litigation involving the Company, all outstanding litigations which are civil in nature, where the amount involved to the extent quantifiable is Rs. 57.64 Crores (being 1 % of the profit after tax of the Company for FY 18-19, as disclosed in the Standalone Financial Information under IND-AS) shall be considered as material litigation for the Company, and accordingly have been disclosed in this Draft Shelf Prospectus.

As regards our group companies and subsidiaries, except as mentioned below, there are no matters whose outcome will have a material adverse effect on the Company.

In respect of PFC, except as mentioned below in point N "*Proceedings Involving PFC*", there is no other litigation, economic or securities related offences, civil or criminal prosecutions for any offences, or regulatory proceedings (irrespective of whether they are covered under Part I of Schedule V of the Companies Act, 2013, as amended), tax liabilities, disputes, non-payment of statutory dues not any defaults or arrears claimed against or otherwise involving PFC, whether in India or outside India, whose outcome could have a material adverse effect on the financial position, credit quality, operations or prospects of the Company.

A. *Proceedings involving our Company*

I. *Criminal litigation*

Please refer point M of the "*Outstanding Litigation*"

II. *Income Tax and Service Tax Matters*

(a) Assessment Year 2006-07

The Assessing Officer, Income Tax Department by order dated December 07, 2011 raised a demand of Rs.0.94 crore after reopening the earlier assessment under Section 143 (3) of the Income Tax Act for the assessment year 2006-07. Aggrieved by the demand raised by the Income Tax Department, we filed an appeal before the CIT (Appeals) on January 18, 2012 challenging the assessment order dated December 07, 2011 on the grounds, *inter alia,* of addition of income by treating the interest income earned on special reserve fund created by cooperative societies out of the interest forgone by us as our income. The CIT (Appeals) vide its order dated February 26, 2014 has given the decision partially in our favour. We filed an appeal before ITAT, New Delhi on May 19, 2014 challenging the order of the CIT (Appeals) and the Income Tax Department has also filed an appeal before ITAT, New Delhi on May 15, 2014 challenging the order of CIT (Appeals). The ITAT New Delhi vide its order dated March 26, 2018 has accorded partial relief to our company. We have filed an appeal before Hon'ble High Court of Delhi, New Delhi (ITA No. 927/2018) and the Income Tax Department has also filed an appeal before Hon'ble High Court of Delhi, New Delhi (ITA no. 1032/18) challenging the order of ITAT, New Delhi. The appeals were admitted by Hon'ble High Court of Delhi and are currently pending for adjudication before High Court of Delhi, New Delhi.

(b) Assessment Year 2008-09

The Assessing Officer, Income Tax Department by order dated December 28, 2010 raised a demand of Rs.8.15 crore under Section 143 (3) of the Income Tax Act for the assessment year 2008-09. Aggrieved by the demand raised by the Income Tax Department, we filed an appeal before the CIT (Appeals) on February 01, 2011, challenging the assessment order dated December 28, 2010 on the grounds, *inter alia*, of disallowance of deduction under Section 36(1)(viii) of the Income Tax Act in respect of bridge Loan, disallowance of expenditure towards provision for post-retirement medical benefit and addition of income by treating the interest income earned on special reserve fund created by Cooperative societies out of the interest forgone by us as our income. The CIT (Appeals) vide order dated March 24, 2015 has given the decision partially in our favour. Our Company filed an appeal before ITAT, New Delhi on June 09, 2015 challenging the order of the CIT (Appeals). The Income Tax Department has also filed an appeal before ITAT, New Delhi on May 29, 2015 challenging the order of CIT (Appeals). The matter is currently pending before ITAT, New Delhi**.**

The Assessing Officer, Income Tax Department by order dated December 28, 2010 raised a demand of Rs. 0.48 crore under Section 115WE (3) of the Income Tax Act for the assessment year 2008-2009. Aggrieved by the demand raised, our company has filed an appeal dated February 01, 2011 challenging the order dated December 28, 2010 on the ground that the Assessing Officer erred in making an addition in the value of fringe benefits returned by us on account of differences in expenses recorded in the profit and loss account and the return of fringe benefits filed by our company. The matter is currently pending before CIT (Appeals).

(c) Assessment Year 2009-10

The Assessing Officer, Income Tax Department by order dated December 14, 2011 raised a demand of Rs. 2.17 crore under Section 143 (3) of the Income Tax Act for the assessment year 2009-10. Aggrieved by the demand raised by the Income Tax Department, we filed an appeal before the CIT (Appeals) on January 18, 2012 challenging the assessment order dated December 14, 2011 on the grounds, *inter alia*, (i) of disallowance of expenditure towards provision for Post-Retirement Medical Benefit; (ii) disallowance of expenditure for earning exempt income under Section 14A of Income Tax Act and (iii) addition of income by treating the interest income earned on special reserve fund created by cooperative societies out of the interest forgone by us as our income. The CIT (Appeals) vide order dated February 26, 2014 has given the decision partially in our favour. We filed an appeal before ITAT, New Delhi on May 19, 2014 challenging the order of the CIT (Appeals). The Income Tax Department also filed an appeal before ITAT New Delhi on May 15, 2014 challenging the order of CIT (Appeals). The ITAT New Delhi vide its order dated March 26, 2018 accorded partial relief to our company on the issue of disallowance under section 14A. We have filed an appeal before Hon'ble High Court of Delhi, New Delhi (ITA No. 926/2018) and the Income Tax Department has also filed an appeal before Hon'ble High Court of Delhi, New Delhi (ITA no. 1026/18) challenging the order of ITAT, New Delhi. The appeals were admitted by Hon'ble High Court of Delhi and the matters are currently pending for adjudication before Hon'ble High Court of Delhi, New Delhi.

(d) Assessment Year 2010-11

The Assessing Officer, Income Tax Department vide order dated February 28, 2013 raised a demand of Rs. 3.21 crore under Section 143 (3) of the Income Tax Act for the assessment year 2010-11. Aggrieved by the demand raised by the Income Tax Department, we filed an appeal before the CIT (Appeals) on April 5, 2013 challenging the assessment order dated February 28, 2013 on the grounds, inter alia, (i) of disallowance of expenditure towards provision for post-retirement benefit; (ii) disallowance of expenditure for earning exempt income under Section 14A of Income Tax Act and (iii) addition of income by treating the interest income earned on special reserve fund created by cooperative societies out of the interest forgone by us as our income. Further, the IT Department vide order dated March 21, 2014 under Section 154/ 143(3) increased the earlier demand to Rs. 3.41 crore. The CIT (Appeals) vide order dated July 11, 2014 has given the decision partially in our favour. Our Company filed an appeal before ITAT New Delhi on September 18, 2014 challenging the order of the CIT (Appeals). The Income Tax Department also filed an appeal before ITAT New Delhi on September 12, 2014 challenging the order of CIT (Appeals). The ITAT New Delhi vide its order dated March 29, 2019 accorded partial relief to our company. We have filed an appeal before the Hon'ble High Court of Delhi on August 22, 2019 (ITA No. 821 of 2019) challenging the order of the ITAT, New Delhi. The matter is currently pending for adjudication before Hon'ble High Court of Delhi.

(e) Assessment Year 2011-12

The Assessing Officer, Income Tax Department vide order dated January 30, 2014 raised a demand of Rs. 5.67 crore under Section 143 (3) of the Income Tax Act for the assessment year 2011-12. Aggrieved by the demand raised by the Income Tax Department, our Company filed an appeal before the CIT (Appeals) on March 10, 2014 challenging the assessment order dated January 30, 2014 on the grounds, inter alia, (i) of disallowance of expenditure towards provision for post-retirement benefit; (ii) disallowance of expenditure for earning exempt income under Section 14A of Income Tax Act and (iii) addition of income by treating the interest income earned on special reserve fund created by cooperative societies out of the interest forgone by us as our income. The CIT (Appeals) vide order dated September 10, 2014 has given the decision partially in our favour. We filed an appeal before ITAT Delhi on November 19, 2014 challenging the order of the CIT (Appeals). The IT Department also filed an appeal before ITAT Delhi on November 19, 2014. The ITAT New Delhi vide its order dated March 29, 2019 accorded partial relief to our company. We have filed an appeal before the Hon'ble High Court of Delhi on August 22, 2019 (ITA No. 822 of 2019) challenging the order of the ITAT, New Delhi. The matter is currently pending for adjudication before Hon'ble High Court of Delhi.

The Assessing Officer, Income Tax Department by a rectification order dated September 20, 2016 rectified the assessed income of our company under section 154 / 143(3) of the Income Tax Act and made an addition of Rs. 4.78 Crores on the ground that the prior period expenses are not allowable expenditure under the Income Tax Act and should be disallowed. We filed an appeal before CIT (Appeals) on October 17, 2016 challenging the said order of the Assessing Officer. The matter is currently pending before CIT (Appeals).

(f) Assessment Year 2012-13

The Assessing Officer, Income Tax Department issued assessment order under Section 143 (3) of the Income Tax Act dated March 20, 2015 for the assessment year 2012-13 (i) disallowing the expenditure towards provision for post-retirement benefit; (ii) disallowing the expenditure related to exempt income under section 14A of Income Tax Act and (iii) addition of income by treating the interest income earned on special reserve fund created by cooperative societies out of the interest forgone by us as our income. Accordingly, the Assessing Office reduced the refund due to us by Rs. 4.05 crore. Aggrieved by the said order dated March 20, 2015 we filed an appeal before the CIT (Appeals) on April 15, 2015. The CIT (Appeals) vide order dated August 09, 2016 has given the decision partially in our favour. We thereafter filed an appeal before ITAT, New Delhi on October 20, 2016 challenging the order of the CIT (Appeals). The Income Tax Department also filed an appeal before ITAT, New Delhi on November 03, 2016 challenging the order of CIT (Appeals). The matter is currently pending before ITAT, New Delhi.

The Assessing Officer, Income Tax Department issued a show cause notice dated February 05, 2018 in respect of levy of penalty under section 271(1)(c) of the Income Tax Act. We thereafter requested the Assessing Officer vide our reply dated February 12, 2018 and a letter dated March 6, 2018 to keep the penalty proceedings in abeyance since we preferred an appeal before the ITAT, New Delhi. However, despite our multiple requests the Assessing Officer vide its order dated March 16, 2018 levied penalty upon us amounting to Rs. 3.35 Crores under section 271(1)(c) of the Income Tax Act. We have filed an appeal before CIT (Appeals) on May 03, 2018 challenging the order of the Assessing Officer. The matter is currently pending before CIT (Appeals).

(g) Assessment Year 2013-14

The Assessing Officer, Income Tax Department issued an assessment order dated February 19, 2016 for the assessment year 2013-14 under Section 143 (3) of the Income Tax Act (i) disallowing the expenditure towards provision for post-retirement medical benefit; (ii) disallowing the expenditure for earning exempt income under Section 14A of Income Tax Act; (iii) addition of income by treating the interest income earned on special reserve fund created by cooperative societies out of the interest forgone by us as our income; and (iv) disallowing the amount spent on corporate social responsibility. Accordingly, the Assessing Officer reduced the refund due to us by Rs. 8.08 crores. Aggrieved by the said order dated February 19, 2016 we filed an appeal before the CIT (Appeals) on March 17, 2016. The CIT (Appeals) vide order dated May 31, 2019 has given the decision partially in our favour. We have filed an appeal before ITAT, Delhi on August 13, 2019 challenging the order of CIT(Appeals). The matter is currently pending before ITAT, Delhi.

(h) Assessment Year 2014-15

The Assessing Officer, Income Tax Department by order dated December 07, 2016 raised a demand of Rs. 33.19 crore under Section 143 (3) of the Income Tax Act for the assessment year 2014-15. The said demand was rectified to Rs. 12.39 crore vide order dated December 09, 2016. Aggrieved by the demand raised by the Income Tax Department, we filed an appeal before the CIT (Appeals) on January 6, 2017, challenging the assessment order dated December 07, 2016 (read with rectification order dated December 09, 2016) on the grounds of, (i) disallowance of expenditure towards provision for post-retirement medical benefit; (ii) disallowance of expenditure for earning exempt income under Section 14A of Income Tax Act; (iii) addition of income by treating the interest income earned on special reserve fund created by cooperative societies out of the interest forgone by us, as our income; (iv) disallowance of amount spent on corporate social responsibility. (v) disallowance of deduction under section 36(1)(viii) of the Income Tax Act by not considering the loan processing fees, upfront fees, lead financier fees, underwriting fee, security trustee fee and letter of consent fee as income derived from the business of long term financing. Further that the Assessing Officer erred in not considering the methodology adopted by us to compute the deduction of special reserve u/s 36(1)(viii) of the Income Tax Act on eligible income before deduction for provision for bad and doubtful debts u/s 36(1)(viia)(c). The CIT (Appeals) vide order dated April 30, 2019 has given the decision partially in our favour. We have filed appeal before ITAT, Delhi on July 24, 2019 challenging the order of CIT(Appeals). The matter is currently pending before ITAT, Delhi.

(i) Assessment Year 2015-16

The Assessing Officer, Income Tax Department by order dated December 22, 2017 raised a demand of Rs. 12.14 crore under Section 143 (3) of the Income Tax Act for the assessment year 2015-16. The said demand was rectified to Rs. 7.44 crores vide order dated June 25, 2018. Aggrieved by the demand raised by the Income Tax Department, we filed an appeal before the CIT (Appeals) on January 25, 2018, challenging the assessment order dated December 22, 2017 (read with rectification order dated June 25, 2018) on the grounds, inter alia, (i) of disallowance of expenditure towards provision for post-retirement medical benefit; (ii) disallowance of expenditure for earning exempt income under Section 14A of Income Tax Act; (iii) addition of income by treating the interest income earned on special reserve fund created by cooperative societies out of the interest forgone by us as our income; (v) disallowance of deduction under section 36(1)(viii) of the Income Tax Act by not considering the loan processing fees, upfront fees, lead financier fees, underwriting fee, security trustee fee and letter of consent fee as income derived from the business of long term financing. Further that the Assessing Officer erred in not considering the methodology adopted by us to compute the deduction of special reserve u/s 36(1)(viii) of the Income Tax Act on eligible income before deduction for provision for bad and doubtful debts u/s 36(1)(viia)(c). The CIT (Appeals) vide order dated May 31, 2019 has given the decision partially in our favour. We have filed appeal before ITAT, Delhi on August 06, 2019 challenging the order of CIT(Appeals). The matter is currently pending before ITAT, Delhi.

(j) Assessment Year 2016-17

The Assessing Officer, Income Tax Department issued assessment order under Section 143 (3) of the Income Tax Act dated December 24, 2018 for the assessment year 2016-17 (i) disallowing the expenditure towards provision for post-retirement medical benefit; (ii) disallowing the expenditure for earning exempt income under Section 14A of Income Tax Act; (iii) addition of income by treating the interest income earned on special reserve fund created by cooperative societies out of the interest forgone by us as our income; (iv) disallowing the deduction under section 36(1)(viii) of the Income Tax Act by not considering the loan processing fees, upfront fees, lead financier fees, underwriting fee, security trustee fee and letter of consent fee as income derived from the business of long term financing. Further that the Assessing Officer erred in not considering the methodology adopted by us to compute the deduction of special reserve u/s 36(1)(viii) of the Income Tax Act on eligible income before deduction for provision for bad and doubtful debts u/s 36(1)(viia)(c) Accordingly, reduced the refund due to us by Rs. 30.47 crores. Aggrieved by the said order dated December 24, 2018 we filed an appeal before the CIT (Appeals) on January 21, 2019. The CIT (Appeals) vide order dated May 31, 2019 has given the decision partially in our favour. We have filed appeal before ITAT, Delhi on August 06, 2019 challenging the order of CIT(Appeals). The matter is currently pending before ITAT, Delhi.

III. *Others Income Tax and Service Tax Matters*

(a) The Commissioner of Income Tax (Large Taxpayer Unit) has filed Writ petitions in Hon'ble High Court of Delhi (ITA 1393, 1397, 1401 and 1402 of 2010) for Assessment year 1997-1998 to 2000-2001 challenging the ITAT decision of allowing deduction under section 36 (1) (viii) of Income Tax Act in respect of lease rental income in their consolidated order dated July 17, 2009. The matter is currently pending for adjudication before Hon'ble High Court of Delhi, New Delhi.

(b) The Assessing Officer, Income Tax Department vide separate notices under section 148 of the Income Tax Act dated March 39, 2010, March 21, 2011 and March 23, 2011 has proposed to reopen the assessment for the assessment year 1999-2000, 2000-2001, 2001-2002, 2002-2003, 2003-04 and 2004-2005 for making addition of income by treating the interest income earned on , special reserve fund created by cooperative societies out of the interest forgone by us as our income and for disallowing bond or debt issue expenses for assessment year 2004-05. Our Company filed Writ petitions W.P.(C)7944/2011, W.P.(C)7945/2011, W.P.(C)7946/2011, W.P.(C)7947/2011 and W.P.(C)7943/2011, in the Hon'ble High Court of Delhi. The Delhi High court disposed off the case in our favour vide separate orders dated April 23, 2013 and January 11, 2016 by setting aside the reopening notices u/s 148 of the Income Tax Act as well as all the proceedings including assessment order that have been passed. The Commissioner of Income Tax, Large Taxpayer Unit New Delhi filed SLP (C) No. 24882/14 (converted into CA 8625/14), SLP (C) No. 15904/2016 (converted into CA 10989/2016) and SLP (C) No. 9164/14 (converted into CA 8253/2014) before the Supreme Court of India challenging the order of Hon'ble High Court of Delhi. The matters are pending before the Supreme Court of India.

(c) The Commissioner, Central Excise and Service Tax, LTU, Delhi issued demand cum show cause notice dated October 9, 2013 for levying service tax, interest and penalty on transactions with subsidiary companies for the period 2008-09 to 2011-12. We have deposited the service tax amounting Rs. 1.63 crore and interest amounting Rs. 0.67 crore on March 28, 2013 in order to avoid litigation. Subsequently, the Commissioner passed an order dated January 21, 2015 confirming the levying of service tax along with interest and also appropriated the service tax and interest already deposited by us. Further, commissioner also imposed penalty applicable u/s 73 (4A) and 77(2) of the Finance Act, 1994. Aggrieved by this order, an appeal has been filed by us before CESTAT Delhi on May 28, 2015. The issue is pending before CESTAT, Delhi.

(d) Income Tax Department has raised various demands amounting to 0.07 crores on account of default in TDS returns filed by our company till 30.06.2019. The said defaults are currently reflected on the TDS Reconciliation Analysis and Correction Enabling System ("**TRACES**") portal. The company is in the process of settling the dues by rectifying the returns.

IV. *Civil Cases*

There are eight civil cases filed against our Company, pending before various courts in India. Brief details of these cases are as follows:

(a) Mr. K. Rajaiah has filed a civil suit (O.S. No. 25660/2007) before the City Civil Judge, Bengaluru against RCMC Share Registry Private Limited, our Company and others. Mr. K. Rajaiah disputed the validity of the will dated September 27, 2006 in favour of certain other beneficiaries who were also impleaded as parties to the suit, who invested about Rs.8.00 crore in the capital gains exempted bonds of our Company, from the money received pursuant to the will. Mr. K. Rajaiah had sought a declaration that the nominations pursuant to the will are illegal and void and for an injunction restraining our Company from dispatching the interest/dividend warrants or paying any amount either accrued or invested by way of various bonds until further order. The City Civil Court has passed an order dated April 08, 2008, wherein M/s RCMC and our Company were directed to maintain proper accounts of dividend, interest etc. disbursed to other defendant in respect of bond and produce said account before the Court as and when disbursing such dividend and interest. Aggrieved by the said order, the Plaintiff had filed an appeal MFA No.6118/2008 before Hon'ble High Court of Karnataka, Bengaluru, to set aside order dated April 08, 2008 and grant order of temporary injunction to protect estate of Late Shri Kuppu Swamy till disposal of suit. The MFA No. 6118/2008 was disposed off by the Hon'ble High Court of Karnataka vide its order dated June 4, 2013. The civil suit is currently pending before the City Civil Judge, Bengaluru.

(b) AREVA T&D India Limited has filed a Writ Petition (W.P. No. 12358 of 2009) before the Hon'ble Madras High Court against the Union of India, the Assistant Commissioner of Income Tax, Chennai, the Central Board of Direct Taxes, New Delhi and our Company. AREVA T&D India Limited has challenged the constitutionality of explanation (b) of sub-Section (3) to Section 54 EC of the Income Tax Act, 1961 and the proviso thereto introduced by the Finance Act of 2007, and sought directions that our Company make available bonds to it for subscription to the extent of Rs.10.18 crore. On September 1, 2009, the Hon'ble High Court passed interim order. AREVA T&D India Limited challenged the interim order by filing Writ Appeals (W.A. Nos. 1327 and 1328 of 2009) before the Hon'ble Madras High Court. Our Company has been made a *pro forma* Respondent in this case. The matter is currently pending before the Hon'ble Madras Court.

(c) Mr. Padam Kumar Shantilal Jain has filed a Public Interest Litigation (PIL No. 95 of 2016) before the Hon'ble High Court of Bombay titled as Padam Kumar Shantilal Jain v. Union of India and others. Our company is one of the respondents in the matter. The petitioner Mr. Padam Kumar Shantilal Jain is seeking directions from the court to direct some of the answering respondents (including our company) to follow the guidelines and directions for procuring and installing fire protection or prevention systems in electricity generation, transmitting and distribution stations and sub stations as are contained in the Cenral Electricty Authority (Technical Standards for Construction of Electricity Plans and Electric Lines) Regulations, 2010 to prevent loss of life, limb and property in addiditon to revenue loss due to non-generation. It is further prayed that some of the answering respondents (including our company) should constitute a committee of technical experts and should take steps to investigate into the cause and reasons of the fire accidents in stations and substations of the electricity utility companies, among others. Our company has filed our written submissions dated February 27, 2018 stating that our company is in the business of financing power projects by granting loan facility and the reliefs sought by the petitioner are not associated with our companies business. We have therefore prayed to be deleted as a party from the PIL. The matter is pending for adjudication before the Hon'ble High Court of Bombay.

(d) Karnataka State Industrial Areas Development Board ("**KSIADB**"), a statutory body established under the Karnataka Industrial Areas Development Act, 1996, has filed a Writ petition (W.P. No. 23232 of 2017) before the Hon'ble High Court of Karnataka titled as Karnataka State Industrial Areas Development Board V. Union of India and others. Our company is one of the respondents in the case. Kudgi Transmission Limited and L&T Infrastructure Development Project Limited (respondents in the case) were in the process of laying a transmission line on the land owned by KSIADB. KSIADB has alleged that the project has to be exercised in conformity with the Indian Telegraph Act, 1885 and that the respondents in the case should refrain from laying the lines and erecting towers. It was further submitted that instead of treating the objections under the provisions of the Indian Telegraph Act, 1885 and referring the matter to the jurisdictional district magistrate, the respondents in the case have continued the work of laying the lines and erection of towers. KSIADB has prayed to restrain the respondents in the case from placing any electrical lines or transmission tower in its industrial area. The matter is pending for adjudication before the Hon'ble High Court of Karnataka.

(e) K.T. Enterprises has filed a Special Leave Petition (SLP No. 24766 of 2018) against Union of India represented by the executive director, Deen Dayal Upadhayay Gram Jyoti Yojana ("**DDUGJY**") Rural Electrification Corporation, Ministry of Power and others before the Supreme Court of India. The matter relates to rural electrification works of Tirap district in Arunachal Pradesh under DDUGJY, wherein tender was invited by the department of power, Arunachal Pradesh as employer and government of Arunachal Pradesh as owner. In the bidding process conducted for the tender, the bid of one of the respondents, Mega Electricals, was rejected and the bid of KT Enterprises was accepted. The said bidding process was challenged by Mega Electricals before the single bench of Hon'ble Gauhati High Court, which upheld the decision taken by the authorities. Thereafter, Mega Electricals filed writ appeal before division bench of Hon'ble Gauhati High Court, wherein the order of single judge was set aside and the state respondents were directed to take steps for re initiating the bidding process. Aggrieved by the said order the present SLP is filed by KT Enterprises. The matter is pending for adjudication before the Supreme Court of India.

(f) Mr. Hanuman along with other petitioners has filed a Writ petition (W.P. No. 10404 of 2018) before the Hon'ble High Court of Rajasthan titled as Hanuman and others V. Union of India and others. Our company is one of the respondents in the case. The respondent in the case are laying down a 33KV GSS electric line at village Kotdi Luharwas, near Kandela, Rajasthan under the DDUGJY. It is alleged by the petitioners that the electricity line is being established parallel to the public road, but the concerned contractor in an illegal and arbitrary manner, is trying to establish the 33KV electric line through the residential and agricultural land of the petitioners and other residents. It is further alleged that the prior to erecting the electric line through the residential and agricultural land of the petitioners, the competent authorities should have declared compensation under the provisions of the Land Acquisition Act. The petitioner also alleged that the contractor has failed to comply with any of the provisions of the Indian Telegraph Act 1885 as well as Indian Electricity Act, 2003. The petitioners have therefore prayed to the court to restrain the respondents from erecting any electrical lines through their residential and agricultural lands. The matter is pending for adjudication before Hon'ble High Court of Rajasthan.

(g) Joseph Tajet has filed a Writ petition (W.P. No. 35003 of 2018) before the High Court of Kerala titled Joseph Tajet V. Union of India and others. Our company was instructed by the ministry of power to take requisite steps to defend the case on behalf of the government of India. The petitioner in the case Mr. Joseph Tajet has challenged the action of government of India renaming the scheme name from "Rajiv Gandhi Grameen Vaidyuthikaran Yojana" to "Deen Dayal Upadhyaya Grameen Jyoti Yojana". It is alleged that the said change of the name of the scheme implemented in the name of Ex-Prime Minister without any criteria or norms is illegal, unjust, unreasonable, unfair and arbitrary and hence violative of Article 14 of the Constitution of India. The matter is pending for adjudication before Hon'ble High Court of Kerala.

(h) Mr. Ghulam Mohammad Lone along with other petitioners have filed a Writ Petition (OWP No. 1770 of 2018) before the Hon'ble High Court of Jammu and Kashmir titled Ghulam Mohammad Lone and others V. Union of India and Others. Our company is one of the respondents in the case. Rural Electrification Transmission Projects Corporation Limited and Power Grid Corporation of India (respondents in the case) are executing the project relating to installation of towers and overhead 440 KV DC transmission lines. The proposed transmission lines are being carried out through Jammu and Kashmir forests and wildlife area, state land and private propriety lands. The petitioners allege that with the execution of such project their landed property has been rendered useless to the extent that no construction can be undertaken within the affected area of the corridor and that they will not be able to enjoy the usufructs of the well-established orchids through which transmission lines are being installed. The petitioners therefore pray that a fair compensation should be paid to them as per the market value according to the provisions of law and to resettle and rehabilitate some of the petitioners because of serious health concerns and side effects of electric and magnetic fields. The matter is pending for adjudication before Hon'ble High Court of Jammu and Kashmir.

V. *Arbitration Matters*

There are no Arbitration matters pending as of the date of filing of draft shelf prospectus.

VI. *Debt Recovery Matters*

(a) Our Company along with other lenders have filed an application against Corporate Power Limited ("**CPL**") and others, (O.A. No. 705 of 2016) before the DRT, Kolkata seeking repayment of outstanding loan amount of Rs. 1169.77 crores along with interest and costs out of a total sanctioned term loan of Rs. 846 Crores. The said term loan was extended to CPL under a consortium lending for the purpose of setting up of Phase I of 1080 MW coal based power plant at Chandwa village, Lather district, Jharkhand. The matter is pending for adjudication before the DRT, Kolkata.

(b) Our Company has filed an application against JAS Infrastructure & Power Limited ("**JAS**") and others, (O.A. No. 608 of 2016) before the DRT, New Delhi seeking repayment of outstanding loan amount of Rs. 49.20 crores along with interest and costs out of a total sanctioned term loan of Rs. 1150 Crores. The said term loan was extended to JAS under a consortium lending for the purpose of construction, development and implementation of 2X660 MW coal based captive thermal power plant with super critical parameter at Siriya village, Banka district, Bihar. The matter is pending for adjudication before the DRT, New Delhi.

(c) Power Finance Corporation Limited acting as our lead agent have filed an application against Mukul S. Kasliwal and others, (O.A. No. 648 of 2016) before the DRT, New Delhi seeking repayment of outstanding loan amount of Rs. 541.20 crores along with interest and costs out of a total sanctioned term loan of Rs. 250 Crores. The said term loan was extended to Shree Maheshwar Hydel Power Corporation Limited along with other lenders for the purpose of setting up of 10X40 MW Maheshwar Hydro Electric Project at Mandleshwar, Khargone district, Madhya Pradesh. The matter is pending for adjudication before the DRT, New Delhi.

(d) Our Company has filed An application against FACOR Power Limited ("**FACOR**") and others, (O.A. No. 146 of 2017) before the DRT, New Delhi seeking repayment of outstanding loan amount of Rs. 710.43 crores along with interest and costs out of a total sanctioned term loan of Rs. 517.90 crores. The said term loan was extended to FACOR for the purpose of developing, owning, designing, financing, constructing, commissioning, operating and maintain the 45MW coal based captive thermal power project at Randia, district Bhadrak, Odisha. The matter is pending for adjudication before the DRT, New Delhi. Our company also issued notice to FACOR under Section 13(4) of the SARFAESI Act. Aggrieved by our notice a securitization application (S.A. No. 340 of 2017) was filed under section 17 of the SARFAESI Act. The said application is also pending for adjudication before DRT, New Delhi.

(e) Our Company has filed an application against Essar Power M P Limited (**"EPMPL"**) and others (O.A no. 993 of 2018) before the DRT, New Delhi seeking repayment of an outstanding rupee facility amount of Rs. 2169.48 crores along with interest and costs. Our company had extended the said rupee facility to EPMPL for the purpose of setting up of 1200 MW pit head coal based thermal power project at Sidhi District of Madhya Pradesh. The matter is pending for adjudication before the DRT, New Delhi.

(f) Our Company along with other consortium lenders has filed an application against Lanco Vidarbha Thermal Power Limited ("**LVTPL**") and others, (O.A. No. 1048 of 2018) before the DRT, New Delhi seeking repayment of outstanding loan amount of Rs. 684.28 crores along with interest and costs out of a total sanctioned term loan of Rs. 1128 Crores. The said term loan was extended to LVTPL under a consortium lending for the purpose of setting up of 1320 MW coal based thermal power project at Mandva, Wardha district, Maharashtra. The matter is pending for adjudication before the DRT, New Delhi.

(g) IDBI Bank Limited and others have filed an application against Konaseema Gas Power Limited ("**KGPL**") and others (O.A. No. 339 of 2018) before the DRT, Hyderabad seeking repayment of their outstanding loan amount. Our company was one of the consortium lenders having sanctioned a total term loan amount of Rs. 262 crores. In the OA no. 339 of 2018 filed by IDBI Bank Limited and others, our company was made a *pro forma* party and as such no relief was claimed from us. We filed a transposition application (IA No. 2837/2018 and IA No. 2955/2018) before the DRT, Hyderabad praying to transpose us from defendant in the case to applicant in the case. The said transposition application was allowed by DRT, Hyderabad dated July 03, 2019. The application (O.A. No. 339 of 2018) is pending for adjudication before DRT, Hyderabad.

(h) Our Company has filed an application against Lanco Babandh Power Limited ("**LBPL**") and others, (O.A. No. 345 of 2019) before the DRT, New Delhi seeking repayment of outstanding loan amount of Rs. 1549.80 crores along with interest and costs out of a total sanctioned term loan of Rs. 1505 crores. The said loan was extended to LBPL for the purpose of setting up of 320MW coal based power project at village Kurunti, district Dhenkanal, Odisha. The matter is pending for adjudication before the DRT, New Delhi.

(i) Power Finance Corporation Limited acting as our lead agent have filed an application against M/s. Lanco Amarkantak Power Ltd. & Ors. ("**LAPL**"), before the DRT, New Delhi seeking repayment of outstanding loan amount of Rs. 2891.88 crores along with interest and costs. The said loan was extended to LAPL along with other lenders for the purpose of setting up of various units of its thermal power project at village Pathadi, district Korba, Chattisgarh. The matter is pending for adjudication before the DRT, New Delhi.

(j) Punjab National Bank has filed an application before DRT, Hyderabad against Meenakshi Energy Ltd. (OA No. 514 of 2019) claiming a relief of Rs.139.73 crores. Our company is a defendant in the said matter and has accordingly received summons from the tribunal. We are yet to receive the paper-book of the application and the written statements will be filed after the receipt of the same. The matter is pending for adjudication before the DRT, Hyderabad.

(k) Punjab National Bank has filed an application before DRT, Hyderabad against KSK Mahanadi Power Company Ltd. (OA No. 458 of 2019) claiming a relief of Rs.916.31 crores. Our company is a defendant in the said matter and has accordingly received summons from the tribunal. We are yet to receive the paper-book of the application and the written statements will be filed after receipt of the same. The matter is pending for adjudication before the DRT, Hyderabad.

VII. *Insolvency and Bankruptcy Code*

(a) Our Company has initiated IBC proceedings against Ferro Alloys Corporation Limited (C.P. (IB) No. 251/KB/2017) before the NCLT, Kolkata seeking the initiation of corporate insolvency resolution process under section 7 of the Insolvency and Bankruptcy Code 2016. The matter was admitted and a moratorium period was declared by the NCLT vide its order dated July 6, 2017. An appeal was preferred by Ferro Alloys Corporation Limited (Company Appeal (AT) (Insolvency) No. 92 of 2017) before the NCLAT, New Delhi challenging the NCLT, Kolkata order dated July 6, 2017. The said appeal was dismissed by NCLAT dated January 08, 2019. The NCLAT order dismissing the appeal was thereafter challenged before the Supreme Court of India, which also got dismissed. The matter is now transferred to the NCLT, Cuttack bench and is pending adjudication.

(b) Our company sanctioned Rs. 390 Crores to Lanco Teesta Hydro Power Limited ("**LTHPL**") with ICICI Bank as lead lender. ICICI Bank has initiated IBC proceedings against LTHPL (C.P. No. 117/7/HDB/2018) before the NCLT, Hyderabad seeking the initiation of corporate insolvency resolution process under section 7 of the Insolvency and Bankruptcy Code 2016. The said proceedings were admitted by the NCLT, Hyderabad and a moratorium was declared vide its order dated on March 16, 2018. Our company have submitted its claim amounting to Rs. 359.96 crores before the resolution professional. COC approved the resolution plan submitted by National Hydro Power Corporation Limited. NCLT has approved the Resolution Plan and in this regard a definitive agreement has been signed amongst the consortium lenders, Resolution Applicant and Resolution Professional.

(c) A financial creditor of LBPL initiated a corporate insolvency resolution process under the provisions of the Insolvency and Bankruptcy Code 2016 against LBPL. Our company, upon receiving a notice of the same, has filed a claim of Rs. 1470.5 crores before the resolution professional. The matter is currently pending.

(d) A financial creditor of Ind Barath Power (Madras) Limited ("**IBPML**") initiated a corporate insolvency resolution process under the provisions of the Insolvency and Bankruptcy Code 2016 against IBPML. Our company, upon receiving a notice of the same, has filed a claim of Rs. 649.05 crores before the resolution professional. The matter is currently pending.

(e) A financial creditor of Ind Barath Energy (Utkal) Limited ("**IBEUL**") initiated a corporate insolvency resolution process under the provisions of the Insolvency and Bankruptcy Code 2016 against IBEUL. Our company, upon receiving a notice of the same, has filed a claim of Rs. 1147.60 crores before the resolution professional. The matter is currently pending.

(f) A financial creditor of KGPL initiated a corporate insolvency resolution process under the provisions of the Insolvency and Bankruptcy Code 2016 against KGPL. Our company, upon receiving a notice of the same, has filed a claim of Rs. 672.30 crores before the resolution professional. The matter is currently pending.

(g) A financial creditor of Jhabua Power Limited ("**JPL**") initiated a corporate insolvency resolution process under the provisions of the Insolvency and Bankruptcy Code 2016 against JPL. Our company, upon receiving a notice of the same, has filed a claim of Rs. 417.80 crores before the resolution professional. The matter is currently pending.

(h) A financial creditor of Amrit Jal Ventures Private Limited ("**AJVPL**") initiated a corporate insolvency resolution process under the provisions of the Insolvency and Bankruptcy Code 2016 against AJVPL. Our company, upon receiving a notice of the same, has filed a claim of Rs. 4.62 crores before the resolution professional. Further, our Company has also filed claim of Rs.212.83 crores in respect of corporate guarantee executed by AJVPL for financial assistance granted to GATI Infrastructure Ltd. The matter is currently pending.

(i) Our Company has filed five different claims in the corporate insolvency resolution process instituted under the provisions of the Insolvency and Bankruptcy Code 2016 by financial creditors of Lanco Thermal Power Limited ("**LTPL**"). Such claims relates to various securities executed by LTPL. The matter is currently pending.

(j) A financial creditor of LAPL initiated a corporate insolvency resolution process under the provisions of the Insolvency and Bankruptcy Code 2016 against LAPL. Our company, upon receiving a notice of the same, has filed a claim of Rs. 2927.51 crores before the resolution professional. The matter is currently pending.

(k) An operational creditor of VS Lignite Power Private Limited ("**VSLPPL**") initiated a corporate insolvency resolution process under the provisions of the Insolvency and Bankruptcy Code 2016 against VSLPPL. Our Company, upon receiving a notice of the same, has filed a claim of Rs. 76.59 crores before the resolution professional. The matter is currently pending.

VIII. *Miscellaneous proceedings*

Our company sanctioned a term loan of Rs. 1880 Crores to R.K.M. Powergen Private Limited ("**RKMPPL**") under a consortium lending for setting up of a 1440 MW coal based mega power plant at Janjgir Champa district, Chhatisgarh. RKMPPL's account was classified as Non-Performing Asset ("**NPA**") by Power Finance Corporation Limited. RKMPPL challenged the decision of classifying its account as NPA before the Hon'ble High Court of Madras (W.P. 27159 of 2015) and have obtained an ad-interim order from the court on September 18, 2015 directing the respondents not to classify the account as NPA. An application has been filed by our company for vacation of stay order issued by Hon'ble High Court of Madras. The matter is pending for adjudication before the Hon'ble High Court of Madras.

B. *Proceedings initiated against our Company for economic offences.*

There are no proceedings initiated against our Company for any economic offences.

C. *Details of past penalties imposed on our Company by the authorities concerned.*

Except as stated in this section, there are no past penalties imposed on our Company by the authorities concerned.

D. *Potential Litigation against our Company*

Except as stated in this section, there are no potential litigations against our Company that we are currently aware of or in connection with which, we have received notice.

E. *Adverse findings against our Company as regards compliance with the securities laws*

There are no adverse findings against our Company as regards compliance with the securities laws.

F. *Proceedings involving our Subsidiaries*

Apart from cases below there is no pending litigation against our Subsidiaries, which may have material adverse effect.

"REC Transmission Projects Company Limited"

RECTPCL was appointed as the BPC for the purpose of selecting the Transmission Service Provider for the Vemagiri transmission system. Accordingly, Vemagiri Transmission System ("**VTSL**") was incorporated and Samalkot Power Limited ("**SPL**") and Spectrum Power Generation Limited ("**Spectrum**") were identified as the beneficiaries to the said transmission project. A Transmission Service Agreement ("**TSA**") was also signed amongst the beneficiaries and VTSL. Subsequently, PGCIL won the bid for construction of the transmission corridor. As per the requirements of the request for proposal, PGCIL furnished contract performance guarantee and acquired 100% shareholding of VTSL. Thereafter, PGCIL filed petition no. 127/2012 for adoption of transmission charges and petition no. 128/2012 for grant of transmission license to VTSL before the Central Electricity Regulatory Commission ("**CERC**"). Due to non-availability of gas, Spectrum filed a petition with CERC for cancellation of already signed TSA and requested PGCIL not to take further action regarding the project. Thereafter, the matters were heard in CERC and it was ordered that the transmission system is no longer required. Subsequently, PGCIL filed a petition before the CERC for recovery of expenditure incurred on the project specific SPV including charges or fee paid to RECTPCL as Bid Process Coordinator ("**BPC**") due to cancellation of project. In response to the same, CERC by its order dated April 6, 2015 passed the order mandating that 80% of acquisition price incurred by SPV shall be reimbursed by two Long Term Transmission Customers i.e. SPL and SPGL to PGCIL. The balance 20% and expenditure incurred by SPV from the date of acquisition till liquidation of company should be borne by PGCIL. In response to above order, PGCIL has filed a review petition in CERC. Further, SPL and SPGL have also filed appeals before Appellate Tribunal for Electricity, New Delhi against the said CERC order. CERC vide its order dated October 10, 2016 partly allowed the review petition filed by PGCIL and directed that the liability of the payment of 20% of the acquisition price should be decided afresh by taking a holistic view in the matter. PGCIL filed an appeal before the Appellate Tribunal for Electricity, New Delhi challenging the order of CERC dated October 10, 2016. The matter is pending for adjudication before the Appellate Tribunal for Electricity, New Delhi.

G. *Criminal proceedings involving our Subsidiaries*

NIL

H. *Material civil litigation involving our Subsidiaries*

NIL

I. *Litigation involving our Directors*

There is no pending litigation against our Directors.

J. ***Litigation involving Joint Ventures or Associate Companies***

There is no outstanding litigation against our Joint Ventures or Associate Companies, whose outcome could have material adverse effect on the position of our Company.

K. ***Inquiry, inspections or investigations initiated or conducted under the Companies Act***

NIL

L. ***Legal action pending or taken by a Government Department or a statutory body***

NIL

M. ***Material frauds committed against our Company in the last five years***

Apart from cases below there are no Material frauds committed against our company in last five years:

(a) The Company came across an instance of fraudulent encashment through forged documents of money invested by one of the investors in 54EC Capital Gains tax Exemption Bonds by some impersonator during the year 2016-17.
Action Taken – Based on the complaint filed by our Company, the police filed an FIR against the impersonator and the officials of then Registrar and Transfer Agent ("**R&TA**").The matter was duly reported to the RBI. A criminal case (FIR No. 204/2017) has also been filed by the police against the suspected culprits. REC has also filed a civil suit on 1st March, 2018 against the erstwhile R&TA (M/s RCMC Share Registry Pvt. Ltd.) for recovery of the dues. The matters are pending for adjudication.

(b) Our company have sanctioned a term loan under a consortium lending facility to IBPML for developing 660MW Coal based Thermal Project in Tuticorin District, Tamil Nadu. Power Finance Corporation Limited is the lender's agent (Lead) as well as Security Trustee for the consortium. The project has been classified as 'Non-Performing Asset' by our company. In the forensic audit report, instances of mis-utilisation of project funds by the borrower to meet the shortfall in cash flows of its other group companies were reported. Further, some part of the project funds were paid by the borrower company to some of the project contractors as advances which were also reported to have been diverted to group companies through the creation of fixed deposits.

Action taken - The matter was duly reported to the RBI and Law Enforcement Agencies. A joint civil suit for the claim amount has also been instituted against the TRA Banker by the lenders in Hon'ble High Court of Delhi on April 02, 2019. The said matter is pending for adjudication before the Hon'ble High Court of Delhi. Insolvency proceedings were initiated against IBPML vide order of NCLT, Hyderabad dated August 14, 2017. However, no viable plan was finalized to the acceptance of the committee of creditors till the expiry of corporate insolvency resolution process period on October 11, 2018. Subsequently, the resolution professional filed a petition in the NCLT for liquidation of the company which was thereafter approved by NCLT. REC has filed its claim with the liquidator and the liquidation proceeding have commenced.

(c) Our company sanctioned a term loan to KGPL under consortium lending facility with IDBI Bank Ltd. The project has been classified as 'Doubtful Asset' by our company since June, 2013. In the forensic audit report, instances were reported regarding misrepresentation by the borrower in terms of equity contribution in the project and certain instances of diversion or misutilisation of project funds.

Action taken - The matter was duly reported to the RBI. Insolvency proceedings were initiated by IDBI Bank Limited against KGPL vide order of NCLT dated December 18, 2018. The IBC proceeding is currently undergoing.

N. *Proceedings involving PFC*

Income Tax Appeals filed by PFC

(a) Assessment Year 1996-97

ITAT vide its order dated April 11, 2006 gave a decision in favor of PFC by allowing the deduction claimed in respect of special reserve under section 36(1)(viii) on lease rentals, provision for bad and doubtful debts under section 36(1)(viia)(c) and allocation of expenses on interest on deposits for the purpose of computing deduction under section 36(1)(viii). The Income Tax Department filed an appeal before the Hon'ble High Court of Delhi, New Delhi challenging the order of ITAT. The said appeal before the Hon'ble High Court of Delhi was dismissed since Income Tax Department was denied the approval to pursue the litigation by the Committee on Disputes ("**CoD**"). Subsequently, the CoD got dissolved and the Income Tax Department filed a revival petition before the Hon'ble High Court of Delhi which was admitted vide an order dated September 19, 2012. Against the said order, PFC filed a review petition in Hon'ble High Court of Delhi in May, 2013 which got dismissed on July 19, 2013. Against the order of the Hon'ble High Court of Delhi, PFC has filed a special leave petition ("**SLP**") on October 29, 2013 in the Supreme Court on the following issues: (i) grant special leave to appeal against the order dated July 19, 2013, passed by the Hon'ble High Court of Delhi in review petition No. 343 of 2013 in ITA No. 573 of 2007, (ii) grant ad-interim stay of the operation of the impugned order dated 19th July 2013, (iii) Restrain the Income Tax Department from taking or initiating recovery proceeding for the recovery of demand for the assessment year under consideration. The Hon'ble Supreme Court of India on February 17, 2014 tagged the SLP filed by PFC with the case of CIT vs. GAIL in view of common issues being involved. The disputed amount in this matter amounts to Rs. 12.78 crores. The matter is currently pending for adjudication before the Hon'ble Supreme Court of India.

(b) Assessment Year 2001-02

PFC had claimed deduction of special reserve under section 36(1)(viii) on the upfront fees which was not allowed by the Assessing Officer, Income Tax Department, CIT (Appeals) and ITAT. PFC has filed an appeal before the Hon'ble High Court of Delhi, New Delhi on December 22, 2011 challenging the order of ITAT for which CoD approval was also granted. The disputed amount in this matter amounts to Rs. 1.01 crores. The matter is currently pending for adjudication before the Hon'ble High Court of Delhi, New Delhi.

(c) Assessment Year 2002-03

PFC had claimed deduction of special reserve under section 36(1)(viii) on upfront fees, interest on deposits, guarantee fees, management fees and agency fees which were not allowed by the Assessing Officer, CIT (Appeals) and ITAT. PFC has filed an appeal before the Hon'ble High Court of Delhi, New Delhi on January 19, 2010 challenging the order of ITAT for which CoD granted its approval only in respect of special reserve on upfront fees. The Cabinet Secretariat issued a O.M. dated February 04, 2013 which requires that the grounds in respect of special reserve on interest on deposits, guarantee fee and management & agency fee should not be pressed at the time of hearing of the matter in the Hon'ble High Court of Delhi since CoD's approval to pursue on these issues in the court was denied and only the issue relating to special reserve on upfront fee should be contested. The disputed amount in this matter amounts to Rs. 0.14 crores. The matter is currently pending for adjudication before the Hon'ble High Court of Delhi, New Delhi.

(d) Assessment Year 2003-04

PFC had claimed deduction of special reserve under section 36(1)(viii) on upfront fees, interest on deposits, guarantee fees, management fees and agency fees which were not allowed by the Assessing Officer, CIT (Appeals) and ITAT. PFC has filed an appeal before the Hon'ble High Court of Delhi, New

Delhi on January 19, 2010 challenging the order of ITAT for which CoD granted its approval only in respect of special reserve on upfront fees. The Cabinet Secretariat issued a O.M. dated February 04, 2013 which requires that the grounds in respect of special reserve on interest on deposits, guarantee fee and management & agency fee should not be pressed at the time of hearing of the matter in the Hon'ble High Court of Delhi since CoD's approval to pursue on these issues in the court was denied and only the issue relating to special reserve on upfront fee should be contested. The disputed amount in this matter amounts to Rs. 1.47 crores. The matter is currently pending for adjudication before the Hon'ble High Court of Delhi.

(e) Assessment Year 2004-05

The Assessing Officer, Income Tax Department during the course of regular assessment disallowed special reserve on interest on deposits, guarantee fees, management & agency fees and upfront fees and made addition of disputed income not accounted for in the books of accounts. On an appeal filed by PFC, CIT (Appeals) upheld the order of Assessing Officer. PFC filed an appeal before ITAT challenging the order of CIT (Appeals) which was dismissed with the right of revival on receipt of CoD approval. However, pursuant to the Hon'ble Supreme Court's judgment in the 'Electronics Corporation' case pronounced in February 2011, CoD's approval was no longer required. Therefore, PFC has filed an application before ITAT for revival of appeal on the grounds of (i) disallowance of deduction under section 36(1)(viii) of special reserve on fee incomes and interest on deposits, and (ii) addition made in respect of income not accounted for in the books of accounts in financial year 2003-04 but disclosed in the notes on accounts. The disputed amount in this matter amounts to Rs. 7.38 crores. The matter is currently pending for adjudication before the ITAT.

(f) Assessment Year 2005-06

The Assessing Officer during the course of regular assessment disallowed special reserve on interest on deposits, guarantee fees, management & agency fees and upfront fees and allocation of expenses on income from bill discounting etc. On an appeal filed by PFC, CIT(Appeals) upheld the order of Assessing Officer. PFC has filed an appeal on September 1, 2010 before ITAT challenging the order of CIT (Appeals) on the ground of (i) disallowance of deduction under section 36(1)(viii) on interest on deposits, guarantee fees, agency fees and upfront fees and (ii) disallowance of allocation of expenses on income from bill discounting and advances to employees for the purpose of computing special reserve. The disputed amount in this matter amounts to Rs. 8.70 crores. The matter is currently pending for adjudication before the ITAT.

(g) Assessment Year 2006-07

PFC filed an appeal before CIT(Appeals) challenging the order of the Assessing Officer, Income Tax Department for allowing special reserve on management & agency fees, upfront fees, guarantee fees & interest on bank deposits and also for allowing allocation of expenses on income from bill discounting and advances to employees for the purpose of computing special reserve. CIT(Appeals) vide order dated July 25, 2014 did not allow the special reserve on the said fee incomes and interest on deposits and also did not allow the allocation of expenses on income from bill discounting and advances to employees for the purpose of computing special reserve. PFC has filed an appeal before ITAT on September 1, 2010 challenging the said order of CIT (Appeals) on the grounds of (i) disallowance of deduction under section 36(1)(viii) of special reserve on interest on deposits, guarantee fees, agency fees and upfront fees and (ii) disallowance of allocation of expenses on income from bill discounting and advances to employees for the purpose of computing special reserve. The disputed amount in this matter amounts to Rs. 5.56 crores. The matter is currently pending for adjudication before the ITAT.

(h) Assessment Year 2007-08

PFC filed an appeal before CIT(Appeals) for allowing special reserve on management & agency fees, upfront fees, guarantee fees & interest on bank deposits. CIT (Appeals) vide its order dated July 25, 2014 did not allow the special reserve on the said fee incomes and interest on deposits. PFC has filed an appeal before ITAT on September 23, 2014 challenging the said order of CIT (Appeals) on the grounds of disallowance of deduction under section 36(1)(viii) of special reserve on management & agency fees, upfront fees, guarantee fees & interest on bank deposits. The disputed amount in this matter amounts to Rs. 3.68 crores. The matter is currently pending for adjudication before the ITAT.

(i) Assessment Year 2008-09

PFC filed an appeal before CIT (Appeals) for allowing the special reserve on management and agency fees, upfront fees, guarantee fees and interest on deposits. CIT (Appeals) vide its order dated June 09, 2015 did not allow the special reserve on said fee incomes and interest on deposits. PFC has filed an appeal before ITAT on July 30, 2015 challenging the said order of CIT (Appeals) on the ground of disallowance of deduction under section 36(1)(viii) of special reserve on management & agency fees and upfront fees, guarantee fees & interest on deposits. The disputed amount in this matter amounts to Rs. 5.60 crores. The matter is currently pending for adjudication before the ITAT.

(j) Assessment Year 2009-10

PFC filed an appeal before CIT(Appeals) for allowing special reserve on interest on deposit, guarantee fees, management & agency fees and upfront fees. CIT (Appeals) vide order dated May 18, 2015 did not allow the special reserve on above fee incomes and interest on deposits. PFC has filed an appeal before ITAT on July 30, 2015 challenging the said order of CIT (Appeals) on the ground of disallowance of deduction under section 36(1)(viii) of special reserve on interest on deposit, guarantee fees, management & agency fees and upfront fees. The disputed amount in this matter amounts to Rs. 6.00 crores. The matter is currently pending for adjudication before the ITAT.

(k) Assessment Year 2010-11

CIT(Appeals) vide its order dated October 05, 2015 did not allow the special reserve on fee incomes and interest on deposits and also did not allow the grants to borrowers and provision for post-retirement benefits to employees as a deductible expense. PFC has filed an appeal before ITAT on December 14, 2015 challenging the said order of CIT(Appeals) on the grounds of (i) disallowance of deduction under section 36(1)(viii) of special reserve on interest on deposit, guarantee fees, management & agency fees and upfront fees and (ii) disallowance of grants to borrowers and provision for retirement benefits to employees. The disputed amount in this matter amounts to Rs. 9.87 crores. The matter is currently pending for adjudication before the ITAT.

(l) Assessment Year 2011-12

CIT (Appeals) vide its order dated November 20, 2015 did not allow the special reserve on fee incomes and interest on deposits and also did not allow the grants to borrowers, CSR expenses and provision for post-retirement benefits to employees as deductible expense. PFC has filed an appeal before ITAT on January 18, 2016 challenging the said order of CIT (Appeals) on the grounds of (i) disallowance of deduction under section 36(1)(viii) of special reserve on fee incomes and interest on deposits, (ii) disallowance of CSR expenses, (iii) disallowance of grants to borrowers for their reform and restructuring as business expenditure, and (iv) disallowance of provision for PRMS and economic rehabilitation benefits. The disputed amount in this matter amounts to Rs. 11.20 crores. The matter is currently pending for adjudication before the ITAT.

(m) Assessment Year 2012-13

CIT(Appeals) vide its order dated July 01, 2016 did not allow the special reserve on fee incomes and interest on deposits and also did not allow the grants to borrowers, CSR Expenses and provision for post-retirement benefits to employees as deductible expense. PFC has filed an appeal before ITAT on September 06, 2016 challenging the said order of CIT (Appeals) on the grounds of (i) disallowance of deduction under section 36(1)(viii) of special reserve on fee incomes and interest on deposits, (ii) disallowance of CSR expenses, (iii) disallowance of grants to borrowers and (iv) disallowance of provision for PRMS and economic rehabilitation benefits. The disputed amount in this matter amounts to Rs. 11.07 crores. The matter is currently pending for adjudication before the ITAT.

PFC filed an appeal against the penalty order of Assessing Officer, Income Tax Department before CIT (Appeals) on April 17, 2018. CIT (Appeals) vide its order dated December 31, 2018 allowed substantial relief to PFC by cancelling the penalty on majority of the items but confirmed the penalty on disallowance of grants to borrowers. Aggrieved by the said order of CIT(Appeals), PFC has filed an appeal before ITAT on March 05, 2019, on the issue of confirmation of penalty of 100% of tax sought to be evaded on disallowance confirmed by CIT(A) on grants to borrowers of Rs. 0.16 crore. The disputed amount in this matter amounts to Rs. 0.04 crores. The matter is currently pending for adjudication before the ITAT.

(n) Assessment Year 2013-14

CIT(Appeals) vide its order dated October 24, 2016 did not allow the special reserve on fee incomes and interest on deposits and also did not allow the grants to borrowers, CSR expenses, provision for post-retirement benefits to employees as deductible expense and confirmed disallowance u/s 14A read with Rule 8D of Income Tax Rules 1962. PFC has filed an appeal before ITAT on December 06, 2016 challenging the said order of CIT (Appeals) on the ground of (i) disallowance of deduction under section 36(1)(viii) of special reserve on fee incomes and interest on deposits, (ii) disallowance of CSR expenses, (iii) disallowance of grants to borrowers, (iv) disallowance of provision for PRMS and ERS, (v) disallowance of provision for baggage allowance and long service award, and (vi) disallowance under section 14A read with rule 8D(2)(ii). The disputed amount in this matter amounts to Rs. 14.29 crores. The matter is currently pending for adjudication before the ITAT.

PFC filed an appeal against the penalty order of the Assessing Officer, Income Tax Department before CIT(Appeals) on April 17, 2018. CIT(Appeals) vide its order dated December 31, 2018 allowed substantial relief by cancelling the penalty on majority of the items but confirmed the penalty on disallowance of grants to borrowers. Aggrieved by the said order of CIT(Appeals), PFC has filed an appeal before ITAT on March 05, 2019 on the issue of confirmation of penalty of 100% of tax sought to be evaded on disallowance confirmed by CIT(A) on grants to borrowers of Rs. 1.00 crore. The disputed amount in this matter amounts to Rs. 0.25 crores. The matter is currently pending for adjudication before the ITAT.

(o) Assessment Year 2014-15

CIT(Appeals) vide order dated December 29, 2017 did not allow the special reserve on fee incomes and interest on deposits and also did not allow the CSR expenses, provision for post-retirement benefits to employees as deductible expense, club membership expenses and confirmed disallowance u/s 14A read with Rule 8D of Income Tax Rules 1962. PFC has filed an appeal before ITAT on March 27, 2018 challenging the said order of CIT (Appeals) on the grounds of (i) disallowance of deduction under section 36(1)(viii) of special reserve on fee incomes and interest on deposits, (ii) disallowance of CSR expenses, (iii) disallowance of provision for PRMS and ERS, (iv) disallowance of provision for baggage allowance and long service award, (v) disallowance under section 14A read with rule 8D(2)(ii), and (vi) disallowance of club expenses. The disputed amount in this matter amounts to Rs. 23.19 crores. The matter is currently pending for adjudication before the ITAT.

PFC filed an appeal against the penalty order of the Assessing Officer, Income Tax Department under section 271(1)(c) on April 18, 2019 with respect to disallowances confirmed by the CIT(Appeals) in its earlier order. The issues involved in the appeal relates to (i) CSR expenditure, (ii) provision for post-retirement benefits, (iii) part disallowance of special reserve under section 36(1)(viii), (iv) club membership expenses. The disputed amount in this matter amounts to Rs. 25.91 crores. The matter is currently pending for adjudication before the CIT (Appeals).

(p) Assessment Year 2015-16

PFC filed an appeal before CIT (Appeals) on January 19, 2018 against the various disallowances made by the Assessing Officer, Income Tax Department during the course of regular assessment vide its order dated December 26, 2017. PFC has filed an appeal before ITAT on March 05, 2019 challenging the said order of CIT (Appeals) on the grounds of (i) disallowance of deduction under section 36(1)(viii) of special reserve on fee incomes and interest on deposits, (ii) disallowance of grants to borrowers, (iii) disallowance of provision for PRMS and ERS, (iv) disallowance of provision for baggage allowance and long service award. (v) disallowance under section 14A read with rule 8D(2)(ii), and (vi) disallowance of club expenses. The disputed amount in this matter amounts to Rs. 11.56 crores. The matter is currently pending for adjudication before the ITAT.

(q) Assessment Year 2016-17

PFC filed an appeal before CIT (Appeals) on January 22, 2019 against the various disallowances made by the Assessing Officer, Income Tax department during the course of regular assessment vide its order dated December 19, 2018. Out of total demand of Rs. 71.91 crore, refund of Rs. 54.27 crore (as per income tax return) was adjusted during the assessment. Hence, a net demand of Rs. 17.64 crore was raised on PFC. The appeal was filed before CIT (Appeals) on the grounds of (i) disallowance of deduction under section 36(1)(viii) of special reserve on fee incomes and interest on deposits (ii) change in manner of computation of deductions under section 36(1)(viia)(c) and 36(1)(viii), (iii) not considering allocation of direct expenses on interest on deposits while computing special reserve under section 36(1)(viii), (iv) disallowance of grants to the borrowers, (v) disallowance of provision for PRMS and ERS, (vi) disallowance of provision for baggage allowance and long service award, (vii) additional disallowance of expenditure under section 14A on the exempted income by applying Rule 8D (viii) disallowance of Hindi promotion and club expenses (ix) disallowance of software expenses, and (x) addition on account of special reserve claimed as deduction in earlier years on loans prepaid before 5 years under UDAY scheme. The disputed amount in this matter amounts to Rs. 71.91 crores. The matter is currently pending for adjudication before the CIT(Appeals).

Income Tax Appeals filed by Income Tax Department

(a) Assessment Year 1996-97

ITAT vide its order dated April 11, 2006 gave a decision in favor of PFC by allowing the deduction claimed in respect of special reserve under section 36(1)(viii) on lease rentals, provision for bad and doubtful debts under section 36(1)(viia)(c) and allocation of expenses on interest on deposits for the purpose of computing deduction under section 36(1)(viii). The Income Tax Department filed an appeal before the Hon’ble High Court of Delhi, New Delhi challenging the order of ITAT. The said appeal before the Hon’ble High Court of Delhi was dismissed since Income Tax Department was denied the approval to pursue the litigation by the Committee on Disputes (“**CoD**”). Subsequently, the CoD got dissolved and Income Tax Department filed a revival petition before the Hon’ble High Court of Delhi on April 28, 2012 which was admitted vide an order dated September 19, 2012. Against the said order, PFC filed a review petition in Hon’ble High Court of Delhi in May, 2013 which got dismissed on July 19, 2013. The disputed amount in this matter amounts to Rs. 12.78 crores (which is same as mentioned at paragraph number (N) (a). of income tax appeals filed by PFC, *supra*). The matter is currently pending for adjudication before the Hon’ble High Court of Delhi.

(b) Assessment Year 1996-97, 2000-01 and 2001-02

The CIT(Appeals) allowed allocation of expenses on interest on deposits to PFC. Against the said order of CIT (Appeals), the Income Tax Department filed an appeal before ITAT. This appeal has been consolidated with the departmental appeal for Assessment Year 1996-97 as issue involved is same. The appeal was heard by ITAT on January 16, 2017 and the matter was restored back to CIT(Appeals) on January 20, 2017 for further fact finding. The disputed amount in this matter amounts to Rs. 6.87 crores. The matter is now pending before CIT(Appeals).

(c) Assessment Year 2004-05

The CIT(Appeals) allowed allocation of expenses on certain fee incomes on loans for less than five years and interest on deposits for the purpose of computing special reserve. Against the said order, Income Tax Department has filed an appeal before ITAT on June 09, 2010. The disputed amount in this matter amounts to Rs. 22.22 crores. The matter is currently pending for adjudication before the ITAT.

(d) Assessment Year 2005-06

The CIT(Appeals) allowed allocation of expenses on certain fee incomes on loans for less than five years and interest on deposits for the purpose of computing special reserve. Against the said order, Income Tax Department has filed an appeal before ITAT on September 10, 2010. The disputed amount in this matter amounts to Rs. 21.13 crores. The matter is currently pending for adjudication before the ITAT.

(e) Assessment Year 2006-07

The CIT(A) allowed allocation of expenses on certain fee incomes on loans for less than five years and interest on deposits for the purpose of computing special reserve. Against the said order, Income Tax Department has filed an appeal before ITAT on September 10, 2010. The disputed amount in this matter amounts to Rs. 21.68 crores. The matter is currently pending for adjudication before the ITAT.

(f) Assessment Year 2008-09

The CIT (Appeals) allowed allocation of expenses on interest on deposits for the purpose of computing special reserve and computation of deduction under section 36(1)(viia)(c) and 36(1)(viii) as per the methodology followed by PFC. Against the said order, Income Tax Department has filed an appeal before ITAT on August 17, 2015. The disputed amount in this matter amounts to Rs. 6.71 crores. The matter is currently pending for adjudication before the ITAT.

(g) Assessment Year 2009-10

The CIT (Appeals) allowed allocation of expenses on interest on deposits for the purpose of computing special reserve and computation of deduction under section 36(1)(viia)(c) and 36(1)(viii) as per the methodology followed by PFC. Against the said order, Income Tax Department has filed an appeal before ITAT on August 03, 2015. The disputed amount in this matter amounts to Rs. 14.46 crores. The matter is currently pending for adjudication before the ITAT.

(h) Assessment Year 2010-11

The CIT (Appeals) allowed allocation of expenses on interest on deposits for the purpose of computing special reserve and computation of deduction under section 36(1)(viia)(c) and 36(1)(viii) as per the methodology followed by PFC. Against the said order, Income Tax Department has filed an appeal before ITAT on January 01, 2016 . The disputed amount in this matter amounts to Rs. 10.43 crores. The matter is currently pending for adjudication before the ITAT.

(i) Assessment Year 2011-12

The CIT (Appeals) allowed allocation of expenses on interest on deposits for the purpose of computing special reserve and computation of deduction under section 36(1)(viia)(c) and 36(1)(viii) as per the methodology followed by PFC. Against the said order, Income Tax Department has filed an appeal before ITAT on February 01, 2016. The disputed amount in this matter amounts to Rs. 14.40 crores. The matter is currently pending for adjudication before the ITAT.

The Assessing Officer, Income Tax Department reopened the case of Assessment Year 2011-12 under section 147 and disallowed Rs. 10.79 crores prepayment premium which was shown in notes to account being disputed by KPTCL. The prepayment premium was received, accounted for and offered for tax in financial year 2011-12. The appeal filed by PFC to CIT (Appeals) against the said order of Assessing Officer was adjudged in its favor. The Income Tax Department has filed an appeal before ITAT on August 28, 2018 challenging the order of CIT(Appeals). The disputed amount in this matter amounts to Rs. 3.99 crores. The matter is currently pending for adjudication before the ITAT.

(j) Assessment Year 2012-13

The CIT (Appeals) allowed allocation of expenses on interest on deposits for the purpose of computing special reserve and computation of deduction under section 36(1)(viia)(c) and 36(1)(viii) as per the methodology followed by PFC. Against the said order, Income Tax Department has filed an appeal before ITAT on September 29, 2016 . The disputed amount in this matter amounts to Rs. 22.01 crores. The matter is currently pending for adjudication before the ITAT.

The Assessing Officer, Income Tax Department levied penalty on disallowances confirmed by CIT(Appeals) on the issues of (i) actual expenses on CSR, (ii) provision for post-retirement employee benefits, (iii) part disallowance of special reserve under section 36(1)(viii), and (iv) grants to borrowers. On an appeal filed by PFC before CIT(Appeals) against the penalty order, the CIT(Appeals) cancelled the penalty on the first three issues. The Assessing Officer, Income Tax Department has filed an appeal before ITAT on March 25, 2019 challenging the said order of CIT(Appeals) on the grounds of deleting the penalty on following disallowances (i) actual expenses on CSR, (ii) post-retirement employee benefits, and (iii) part disallowances under section 36(1)(viii). The disputed amount in this matter amounts to Rs. 12.69 crores. The matter is currently pending for adjudication before the ITAT.

(k) Assessment Year 2013-14

The CIT (Appeals) allowed allocation of expenses on interest on deposits for the purpose of computing special reserve, computation of deduction under section 36(1)(viia)(c) and 36(1)(viii) as per the methodology followed by PFC. Additionally, CIT (Appeals) deleted the disallowance under section 14A read with rule 8D(2)(ii). Against the said order, Income Tax Department has filed an appeal before ITAT on January 02, 2017. The disputed amount in this matter amounts to Rs. 23.13 crores. The matter is currently pending for adjudication before the ITAT.

The Assessing Officer, Income Tax Department levied penalty on disallowances confirmed by CIT(Appeals) on the issues of (i) actual expenses on CSR, (ii) provision for post-retirement employee benefits, (iii) part disallowance of special reserve under section 36(1)(viii), and (iv) grants to borrowers. On an appeal filed by PFC before CIT(Appeals) against the penalty order, the CIT(Appeals) cancelled the penalty on the first three issues. The Assessing Officer, Income Tax Department has filed an appeal before ITAT on March 25, 2019 challenging the said order of CIT(Appeals) on the grounds of deleting the penalty on following disallowances (i) actual expenses on CSR, (ii) post-retirement employee benefits, and (iii) part disallowances under section 36(1)(viii). The disputed amount in this matter amounts to Rs. 17.47 crores. The matter is currently pending for adjudication before the ITAT.

(l) Assessment Year 2014-15

The CIT (Appeals) allowed allocation of expenses on interest on deposits for the purpose of computing special reserve, computation of deduction under section 36(1)(viia)(c) and 36(1)(viii) as per the methodology followed by PFC. Additionally, CIT (Appeals) deleted the disallowance under section 14A read with rule 8D(2)(ii). Against the said order, Income Tax Department has filed an appeal before ITAT on March 12, 2018. The disputed amount in this matter amounts to Rs. 36.53 crores. The matter is currently pending for adjudication before the ITAT.

(m) Assessment Year 2015-16

The CIT (Appeals) allowed allocation of expenses on interest on deposits for the purpose of computing special reserve, computation of deduction under section 36(1)(viia)(c) and 36(1)(viii) as per the methodology followed by PFC. Additionally, CIT (Appeals) deleted the disallowance under section 14A read with rule 8D(2)(ii). Against the said order, Income Tax Department has filed an appeal before ITAT on March 25, 2019. The disputed amount in this matter amounts to Rs. 51.28 crores. The matter is currently pending for adjudication before the ITAT.

Service Tax Matters

Filed by PFC

(a) PFC has filed an appeal (No. ST/50753/2017) before CESTAT on April 10, 2017 against the order of Commissioner, Large Taxpayers Unit, wherein the demand raised under the show cause notice relating to the issue of availment of CENVAT Credit on CSR expenses for the period from Financial Year 2011-12 till December, 2015 was confirmed. Further for the period from January, 2016 till November, 2016, a show cause notice for Rs 15,37,653/- was also issued on January 31, 2017 on the same issue for which a reply was filed on April 13, 2017 stating that PFC has already filed an appeal against the original show cause notice and requested that the proceedings may be kept in abeyance till the disposal of the appeal before CESTAT. The disputed amount in this matter is Rs. 0.87 crores. The matter is currently pending for adjudication before the CESTAT.

(b) PFC has filed an appeal before CESTAT (No. ST/52442/2016) on August 22, 2016 against the order of Commissioner (Appeal) wherein he has upheld the order of Dy. Commissioner, CE&ST in levying service tax on the reimbursement of salary and sharing of expenses from the subsidiary of PFC i.e PFC Consulting Limited ("**PFCCL**"). The amount of Rs 0.40 crores is the interest amount involved in the matter. The matter is currently pending for adjudication before the CESTAT.

Filed by the Department:

(a) The Commissioner, CE&ST had dropped the show cause notice in regard to levy of service tax on the interest restructuring premium. But the committee of chief commissioners did not agree with the Commissioner's order and filed an appeal before the CESTAT (No. ST/370/2012). This departmental appeal has been referred to a larger bench of the CESTAT which has yet not been constituted. The matter has thus been adjourned till the disposal of the issue by the larger bench. The disputed amount of tax in this matter is Rs. 1.11 crores. The matter is currently pending for adjudication before the CESTAT.

(b) A show cause notice was issued on the basis of a departmental audit made for the period FY 2011-12 upto FY 2015-16 (upto December '15). Replies for the show cause notice were filed and hearing in the matter was also held before Commissioner (CE&ST), Large Taxpayers Unit. The matter was subsequently heard and the order dated January 16, 2018 was issued by Principal Commissioner, GST wherein the said show cause notice was dropped. However based on the decision of the Committee of Chief Commissioners vide their order dated May 25, 2018, an appeal has been filed before CESTAT (No. ST/52924/2018) on May 28, 2018 by the department against order of the Principal Commissioner. The disputed amount of tax in this matter amounts to Rs. 20.43 crores. The matter is currently pending before CESTAT.

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MATERIAL DEVELOPMENTS

There have been no material developments since March 31, 2019 and there have not arisen any circumstances that would materially or adversely affect the operations, or financial condition or profitability of our Company or the value of its assets or its ability to pay its liabilities within the next 12 months.

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OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

The Issue is being made pursuant to the resolutions passed by the Board on March 20, 2019 and August 13, 2019, and the resolution passed by the Bond Committee for the Public Issue approving the Draft Shelf Prospectus at its meeting held on October 16, 2019.

Further, the present borrowing is within the borrowing limits under Section 180(1)(c) of the Companies Act, 2013 duly approved by the shareholders of the Company at the Annual General Meeting of the Company on September 25, 2018.

Eligibility to make the Issue

Our Company, the persons in control of our Company, our Directors or our Promoter have not been restrained, prohibited or debarred by SEBI from accessing the securities market or dealing in securities and no such order or direction is in force. Neither our Company nor our Promoter nor Directors is a wilful defaulter or it is in default of payment of interest or repayment of principal amount in respect of debt securities issued by it to the public, if any, for a period of more than six months.

Consents

Consents in writing of the Directors, the Chief Financial Officer / Director (Finance), the Compliance Officer of the Company, the Compliance Officer to the Issue, the Statutory Auditors, Bankers to the Company, Lead Managers, Registrar to the Issue, legal counsel to the Issue, Credit Rating Agencies, CARE Ratings Limited for the use of their reports in the 'Industry' section, and the Debenture Trustee, to act in their respective capacities, have been obtained and shall be filed along with a copy of the Shelf Prospectus and the relevant Tranche Prospectus with the RoC.

Our Company has appointed Catalyst Trusteeship Limited as the Debenture Trustee under regulation 4(4) of the SEBI Debt Regulations. Catalyst Trusteeship Limited has by its letter dated July 15, 2019 given its consent to our Company for its appointment as Debenture Trustee to the Issue, pursuant to regulation 4(4) of the SEBI Debt Regulations and for its name to be included in this Draft Shelf Prospectus, Shelf Prospectus, Tranche Prospectus, and in all related advertisements, communications or filings pursuant to the Issue, which is enclosed as Annexure B.

Disclaimer Clause of SEBI

IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF OFFER DOCUMENT TO THE SECURITIES AND EXCHANGE BOARD OF INDIA (SEBI) SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE OFFER DOCUMENT. THE LEAD MERCHANT BANKERS, A.K. CAPITAL SERVICES LIMITED AND AXIS BANK LIMITED AND EDELWEISS FINANCIAL SERVICES LIMITED AND ICICI BANK AND JM FINANCIAL LIMITED AND SBI CAPITAL MARKETS LIMITED AND TRUST INVESTMENT ADVISORS PRIVATE LIMITED HAVE CERTIFIED THAT DISCLOSURES MADE IN THE OFFER DOCUMENT ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SEBI (ISSUE AND LISTING OF DEBT SECURITIES) REGULATIONS, 2008, AS AMENDED AND IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ISSUER IS PRIMARILY RESPONSIBLE FOR CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE OFFER DOCUMENT, THE LEAD MERCHANT BANKERS ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ISSUER DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE LEAD MERCHANT BANKERS, EDELWEISS FINANCIAL SERVICES AND A. K. CAPITAL SERVICES LIMITED AND AXIS BANK LIMITED AND ICICI BANK AND JM FINANCIAL LIMITED AND SBI CAPITAL MARKETS LIMITED AND TRUST INVESTMENT ADVISORS PRIVATE LIMITED HAVE FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED [●] **WHICH READS AS FOLLOWS:**

[●]

Disclaimer Clause of BSE

BSE HAS GIVEN, VIDE ITS LETTER DATED [●] **PERMISSION TO THIS COMPANY TO USE THE BSE'S NAME IN THIS OFFER DOCUMENT AS THE STOCK EXCHANGE ON WHICH THIS COMPANY'S SECURITIES ARE PROPOSED TO BE LISTED. THE BSE HAS SCRUTINIZED THIS OFFER DOCUMENT FOR ITS LIMITED INTERNAL PURPOSE OF DECIDING ON THE MATTER OF GRANTING THE AFORESAID PERMISSION TO THIS COMPANY. THE BSE DOES NOT IN ANY MANNER:**

A. **WARRANT, CERTIFY OR ENDORSE THE CORRECTNESS OR COMPLETENESS OF ANY OF THE CONTENTS OF THIS OFFER DOCUMENT; OR**

B. **WARRANT THAT THIS COMPANY'S SECURITIES WILL BE LISTED OR WILL CONTINUE TO BE LISTED ON THE BSE; OR**

C. **TAKE ANY RESPONSIBILITY FOR THE FINANCIAL OR OTHER SOUNDNESS OF THIS COMPANY, ITS PROMOTERS, ITS MANAGEMENT OR ANY SCHEME OR PROJECT OF THIS COMPANY;**

AND IT SHOULD NOT FOR ANY REASON BE DEEMED OR CONSTRUED THAT THIS OFFER DOCUMENT HAS BEEN CLEARED OR APPROVED BY THE BSE. EVERY PERSON WHO DESIRES TO APPLY FOR, OR OTHERWISE ACQUIRES ANY SECURITIES OF THIS COMPANY MAY DO SO PURSUANT TO INDEPENDENT INQUIRY, INVESTIGATION AND ANALYSIS AND SHALL NOT HAVE ANY CLAIM AGAINST THE EXCHANGE WHATSOEVER BY ANY REASON OF ANY LOSS WHICH MAY BE SUFFERED BY SUCH PERSON CONSEQUENT TO OR IN CONNECTION WITH SUCH SUBSCRIPTION/ACQUISITION WHETHER BY REASON OF ANYTHING STATED OR OMITTED TO BE STATED HEREIN OR FOR ANY OTHER REASON WHATSOEVER.

Disclaimer Clause of RBI

THE COMPANY IS HAVING A VALID CERTIFICATE OF REGISTRATION DATED NOVEMBER 28, 2018 ISSUED BY THE RESERVE BANK OF INDIA UNDER SECTION 45 IA OF THE RESERVE BANK OF INDIA ACT, 1934. HOWEVER, THE RESERVE BANK OF INDIA DOES NOT ACCEPT ANY RESPONSIBILITY OR GUARANTEE ABOUT THE PRESENT POSITION AS TO FINANCIAL SOUNDNESS OF THE COMPANY OR CORRECTNESS OF ANY OF THE STATEMENTS OR

REPRESENTATIONS MADE OR OPINIONS EXPRESSED BY THE COMPANY AND FOR REPAYMENT OF DEPOSITS / DISCHARGE OF LIABILITIES BY THE COMPANY.

Disclaimer in Respect of Jurisdiction

The Issue is being made in India, to investors from Category I, Category II, Category III and Category IV. This Draft Shelf Prospectus will not, however constitute an offer to sell or an invitation to subscribe to the NCDs offered hereby in any jurisdiction other than India to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession of this Draft Shelf Prospectus comes is required to inform himself or herself about, and to observe, any such restrictions.

Guarantee or Letter of Comfort

This Issue is not backed by a guarantee or letter of comfort or any other document and/or letter with similar intent.

Arrangers

No arrangers have been appointed for this Issue.

Minimum Subscription

Under the SEBI Debt Regulations, for an issuer undertaking a public issue of debt securities the minimum subscription for public issue of debt securities shall be 75% of the Base Issue Size. If our Company does not receive the minimum subscription of 75% of Base Issue Size, the entire Application Amount shall be unblocked in the relevant ASBA Account(s) of the Applicants within 6 Working Days from the Issue Closing Date provided wherein, the Application Amount has been transferred to the Public Issue Account from the respective ASBA Accounts, such Application Amount shall be refunded from the Refund Account to the relevant ASBA Accounts(s) of the Applicants within 6 Working Days from the Issue Closing Date, failing which the Company will become liable to refund the Application Amount along with interest at the rate 15% per annum for the delayed period.

Under Section 39(3) of the Companies Act, 2013 and Rule 11(2) of the Companies (Prospectus and Allotment of Securities) Rules, 2014 if the stated minimum subscription amount is not received within the specified period, the application money received is to be credited only to the bank account from which the subscription was remitted. To the extent possible, where the required information for making such refunds is available with our Company and/or Registrar, refunds will be made to the account prescribed. However, where our Company and/or Registrar does not have the necessary information for making such refunds, our Company and/or Registrar will follow the guidelines prescribed by SEBI in this regard including its circular bearing no. HO/MIRSD/DOP1/CIR/P/2018/73 dated April 20, 2018.

Filing of the Draft Shelf Prospectus

A copy of the Draft Shelf Prospectus has been filed with the Designated Stock Exchange in terms of Regulation 7 of the SEBI Debt Regulation for dissemination on their website and the SEBI.

Filing of the Shelf Prospectus and Tranche Prospectus with the RoC

A copy of the Shelf Prospectus and the relevant Tranche Prospectus shall be filed with the Registrar of Companies in accordance with Section 26 and Section 31 of the Companies Act, 2013.

Maintaining Deposits or Investments

The Government of India, in the union budget for the Financial Year 2019-20 had announced that non-banking finance companies raising funds through public issues would be exempt from the requirement of creating a DRR. Pursuant to the amendment to the SCD Rules notified on August 16, 2019, and as on the date of filing of this Draft Shelf Prospectus, the Company is not required to create DRR for the purposes of redemption of NCDs.

While we are exempted from maintaining a DRR for the NCDs issued pursuant to the Shelf Prospectus, pursuant to Rule 18 of the SCD Rules, we may be required to deposit or invest, as the case may be, before the 30th day of April of each year, a sum which shall not be less than 15% of the amount of its debentures maturing during the year ending on the 31st day of March of the next year, in specified deposits or investments.

Underwriting

This Issue shall not be underwritten.

Identification as Wilful Defaulter

Our Company (as defined under the Companies Act, 2013) or any of its directors or promoters have not been identified as wilful defaulter by any bank or financial institution or consortium thereof, in accordance with the guidelines on wilful defaulters issued by the RBI/ECGC or any other governmental authority.

Change in Auditors of our Company during the last three years

The following are the details of change in the auditors of our Company during the last 3 years:

S. No.	Financial Year	Name	Address	Date of Appointment/ Cessation	Auditor of the Company since (in case of Cessation)	Remark (if any)
1	2019 - 20	M/s S.K. Mittal & Co., Chartered Accountants, ICAI Firm Registration: 001135N	Mittal House, E-29, South Extension Part II, New Delhi- 110049	Appointed vide CAG letter dated August 1, 2019. The appointment was accepted on August 2, 2019.	-	Appointed by the CAG.
2.	2019 - 20	M/s O.P. Bagla & Co. LLP., Chartered Accountants, ICAI Firm Registration: 000018N/ N500091	8/12 Kalkaji Extension, New Delhi - 110019	Appointed vide CAG letter dated August 1, 2019. The appointment was accepted on August 3, 2019.	-	Appointed by the CAG.
3.	2018-19	M/s A.R. & Co., Chartered Accountants ICAI Firm Registration: 002744C	A 403, Gayatri Apartments, Airlines Group Housing Society, Plot No.27, Sector 10, Dwarka, New Delhi- 110075	Ceased to be the statutory auditor on August 1, 2019.	Appointed on July 1, 2015	The CAG communicated the change of auditors vide letter dated August 1,

S. No.	Financial Year	Name	Address	Date of Appointment/ Cessation	Auditor of the Company since (in case of Cessation)	Remark (if any)
						2019.
4.	2018-19	M/s G.S. Mathur & Co., Chartered Accountants, ICAI Firm Registration: 008744N	A-160, Defence Colony, New Delhi-110024	Ceased to be the statutory auditor on August 1, 2019.	Appointed on July 29, 2017	The CAG communicated the change of auditors vide letter dated August 1, 2019.

Revaluation of Assets

Our Company has not revalued its assets in the last 5 Fiscal Years.

Reservation

No portion of this Issue has been reserved.

Reservations or Qualifications or Adverse Remarks of Auditors

There have been no reservations of qualifications or adverse remarks of auditors in the last 5 Financial Years.

Statement by the Board of Directors

(i) All monies received out of the Issue of the NCDs to the public shall be transferred to a separate bank account other than the bank account referred to in section 40(3) of the Companies Act, 2013;

(ii) Details of all monies utilised out of the Issue referred to in sub-item (i) shall be disclosed under an appropriate separate head in our balance sheet indicating the purpose for which such monies were utilised;

(iii) Details of all unutilised monies out of the Issue referred to in sub-item (i), if any, shall be disclosed under an appropriate separate head in our balance sheet indicating the form in which such unutilised monies have been invested; and

(iv) If Allotment is not made, application monies will be refunded/unblocked in the ASBA Accounts within 15 days from the Issue Closing Date or such lesser time as specified by SEBI, failing which interest will be due to be paid to the Applicants in accordance with applicable laws.

Track Record of Past Public Issues handled by the Lead Managers

The track record of past public issues handled by Edelweiss and A.K. Capital and Axis Bank and ICICI Bank and JM Financial and SBI Capital Markets and Trust Investment Advisors are available at www.edelweissfin.com and www.akgroup.co.in and www.axisbank.com and www.icicibank.com and www.jmfl.com and www.sbicaps.com and www.trustgroup.in, respectively.

Listing

The NCDs will be listed on the BSE. The BSE is the Designated Stock Exchange. The BSE has given in-principle listing approval through their letter dated [●].

If the permission to list and trade the NCDs has not been granted by the BSE, our Company shall repay all such moneys received from the Applicant in pursuance of the Shelf Prospectus and relevant Tranche Prospectus in compliance with applicable law. Our Company shall use best efforts to ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at the BSE will be taken within 6 Working Days from the Issue Closing Date for the respective Tranche Issue.

Previous Issue

Except as stated in the sections titled "*Capital Structure*", and "*Financial Indebtedness*" of this Draft Shelf Prospectus, respectively, our Company has not made any other issue of non-convertible debentures. The proceeds from the issuance of non-convertible debentures by the Company on a private placement basis have been utilised, *inter alia*, to augment long-term resources of the Company for the purpose of carrying out its functions authorized under the object clause of the Memorandum of Association of the Company. Other than as specifically disclosed in this Draft Shelf Prospectus, our Company has not issued any securities for consideration other than cash.

Utilisation of proceeds of previous issues by our Company and group companies

Since the initial public offering of our Company in 2008 and the follow on public offering in 2010, our Company has not made any public issues of any Equity Shares.

Details of utilization of proceeds of previous public issues of debentures by our Company are as follows:

(I) Our Company undertook a public issue of tax free secured redeemable non-convertible debentures with a face value of Rs. 1000 each. The total amount allotted was Rs. 700 Crore. The particulars of which have been set forth below:

Date of Opening	October 27, 2015
Date of Closing	November 4, 2015 (pre closed on October 28, 2015)
Total Issue Size	Base issue size of an amount of Rs. 300 Crore with an option to retain over subscription of Rs. 400 Crore upto an aggregate amount of Rs. 700 Crore.
Total Amount Allotted	Rs. 700 Crores.
Date of Allotment	November 5, 2015
Date of Listing	November 10, 2015

Utilization of the issue proceeds: The issue proceeds have been utilized in accordance with the objects of the issue.

(II) Our Company undertook a public issue of tax free secured redeemable non-convertible debentures with a face value of Rs. 1000 each. The total amount allotted was Rs. 4,500 Crore. The particulars of which have been set forth below:

Tranche I

Date of Opening	August 30, 2013
Date of Closing	September 23, 2013 (pre closed on September 16, 2013)
Total Issue Size for Tranche I	Base issue size of an amount of Rs. 1,000 Crores with an option to retain over subscription upto Rs. 2,500 Crore an aggregate amount of Rs. 3,500 Crore.
Total Amount Allotted	Rs. 3,440.60 Crore.
Date of Allotment	September 26, 2013
Date of Listing	September 27, 2013

Utilization of the issue proceeds: The issue proceeds have been utilized in accordance with the objects of the issue.

Tranche II

Date of Opening	February 28, 2014
Date of Closing	March 14, 2014
Total Issue Size for Tranche I	Base issue size of an amount of Rs. 250 Crore with an option to retain over subscription upto Rs. 809.3958 Crore an aggregate amount of Rs. 1059.3958 Crore.
Total Amount Allotted	Rs. 1,059.3958 Crore.
Date of Allotment	March 25, 2014
Date of Listing	March 26, 2014

Utilization of the issue proceeds: The issue proceeds have been utilized in accordance with the objects of the issue.

(III) Our Company undertook a public issue of tax free secured redeemable non-convertible debentures with a face value of Rs. 1000 each. The total amount allotted was Rs. 2148.41 Crore. The particulars of which have been set forth below:

Tranche I

Date of Opening	December 3, 2012
Date of Closing	December 10, 2012
Total Issue Size for Tranche I	Base issue size of an amount of Rs. 500 Crore with an option to retain over subscription upto an aggregate amount of Rs. 4,500 Crore.
Total Amount Allotted	Rs. 2,017.3471 Crore.
Date of Allotment	December 21, 2012
Date of Listing	December 24, 2012

Utilization of the issue proceeds: The issue proceeds have been utilized in accordance with the objects of the issue.

Tranche II

Date of Opening	February 25, 2013
Date of Closing	March 18, 2013
Total Issue Size for Tranche II	Base issue size of an amount of Rs. 100 Crore with an option to retain over subscription upto an aggregate amount of Rs. 2,482.6529 Crore.
Total Amount Allotted	Rs. 131.06 Crore.
Date of Allotment	March 26, 2013
Date of Listing	April 2, 2013

Utilization of the issue proceeds: The issue proceeds have been utilized in accordance with the objects of the issue.

(IV) Our Company undertook a public issue of tax free secured redeemable non-convertible debentures with a face value of Rs. 1000 each. The total amount allotted was Rs. 3,000 Crore .The particulars of which have been set forth below:

Date of Opening	March 6, 2012
Date of Closing	March 12, 2012

Total Issue Size	Base issue size of an amount of Rs. 1,500 Crore with an option to retain over subscription upto an aggregate amount of Rs. 3,000 Crore.
Total Amount Allotted	Rs. 3,000 Crore.
Date of Allotment	March 29, 2012
Date of Listing	April 4, 2012

Utilization of the issue proceeds: The issue proceeds have been utilized in accordance with the objects of the issue.

Details regarding the Company and other listed companies which are associate companies as described under the Companies Act, 2013, which made any capital issue during the last three years

There are no other listed companies under the same management / associate companies as described under the Companies Act, 2013, which have made any public capital issuances during the previous three years from the date of this Shelf Prospectus.

Utilisation of proceeds by Group Companies

Our Company has not provided any loans/advances to its group companies from the proceeds of previous issues.

Our group companies have not made any public issuances of debentures in the past five years preceding the date of this Draft Shelf Prospectus.

Loans advanced by the Company

A. ***Types of loans***

Type of loans/advances (principal outstanding) given by the Company as on March 31, 2019:

S. No	Type of loan	Amount (in ₹ Crore)	Percentage (%)
1	Secured	2,58,970	92.09 %
2	Unsecured	22,240	7.91 %
	AUM	2,81,210	100.00%

Types of loans according to sectoral exposure as on March 31, 2019 is as follows:

S. No	Segment- wise breakup of AUM	Percentage of AUM
1	**Retail**	
a	-Mortgages (home loans and loans against property)	0.00%
b	-Gold loans	0.00%
c	- Vehicle finance	0.00%
d	-MFI	0.00%
e	-M&SME	0.00%
f	-Capital market funding (loans against shares, margin funding)	0.00%
h	-Others	0.00%
2	**Wholesale**	
a	-Infrastructure	0.00%
b	-Real estate (including builder loans)	0.00%
c	-Promoter funding	0.00%
d	-Any other sector (as applicable)	0.00%
e	-Others Generation Renewable Transmission & Distribution	 43.35% 4.59% 51.28%

S. No	Segment- wise breakup of AUM	Percentage of AUM
	Short Term Loan	0.78%
	Total	**100%**

Denomination of loans outstanding by ticket size as on March 31, 2019:

S. No	Ticket size*	Percentage of AUM
1	Up to ₹ 2 Lakh	0.00
2	₹ 2-5 Lakh	0.00
3	₹ 5-10 Lakh	0.00
4	₹ 10-25 Lakh	0.00
5	₹ 25-50 Lakh	0.00
6	₹ 50 Lakh - 1 Crore	0.00
7	₹ 1-5 Crore	0.01
8	₹ 5-25 Crore	0.09
9	₹ 25-100 Crore	0.53
10	> ₹ 100 Crore	99.37
	Total	**100%**

Denomination of loans outstanding by LTV* as on March 31, 2019: Not applicable**

S. No	LTV	Percentage of AUM
1	Up to 40%	-
2	40-50%	-
3	50-60%	-
4	60-70%	-
5	70-80%	-
6	80-90%	-
7	>90%	-
	Total	-

**LTV at the time of origination.*
*** Our Company's lending policy does not evaluate loans based on LTV, given the nature of wholesale lending that our Company provides. Consequently, calculation based on LTV is not applicable to our Company.*

Geographical classification of borrowers as on March 31, 2019:

S. No.	Top 5 states / region*	Percentage of AUM
1	Maharashtra	12.86%
2	Rajasthan	11.10%
3	Tamil Nadu	10.16%
4	Uttar Pradesh	9.53%
5	Telangana	9.38%
	Total	**53.03%**

*Includes only state sector borrowers.

B. ***Aggregated exposure to top 20 borrowers (based on principal outstanding) with respect to concentration of advances as on March 31, 2019***

	Amount
Total Advances to twenty largest borrowers (in ₹ in Crore)	159,540
Percentage of Advances to twenty largest borrowers to Total Advances (in %)	56.73%

C. ***Aggregated exposure to top 20 borrowers with respect to concentration of exposures as on March 31, 2019***

	Amount
Total exposure to twenty largest borrowers / customers (in ₹ in Crore)	2,54,896.66
Percentage of exposures to twenty largest borrowers / customers to total exposure on borrowers / customers (in %)	59.46%

D. ***Details of stage 3 assets in accordance with IND-AS***

Movement of gross Stage-3 Assets	Amount (₹ in Crore)
(a) Opening balance	17,128.42
(b) Additions during Financial Year ended on March 31, 2019	4,628.40
(c) Reductions during Financial Year ended on March 31, 2019	1,408.38
(d) Closing balance	20,348.44

For the policy related to recognition of stage 3 assets, please refer to Annexure C: Financial Information.

Movement of provisions for gross Stage-3 Assets	Amount (₹ in Crore)
(a) Opening balance	8,490.53
(b) Provisions made during the Financial Year ended on March 31, 2019	1,576.57
(c) Write-off / write -back of excess provisions	368.14
(d) Closing balance	9,698.95

E. ***Segment – wise Gross Stage-3 Assets as on March 31, 2019***

S. No	Segment- wise breakup of stage 3 assets	Percentage of AUM
1	**Retail**	
a	-Mortgages (home loans and loans against property)	0.00%
b	-Gold loans	0.00%
c	- Vehicle finance	0.00%
d	-MFI	0.00%
e	-M&SME	0.00%
f	-Capital market funding (loans against shares, margin funding)	0.00%
h	-Others	0.00%
2	**Wholesale**	
a	-Infrastructure	0.00%
b	-Real estate (including builder loans)	0.00%
c	-Promoter funding	0.00%
d	-Any other sector (as applicable)	0.00%
e	-Others	
	Generation	6.48%
	Renewable	0.03%
	Transmission & Distribution	0.72%
	Short Term Loan	0.00%
	Total	**7.24%**

F. ***Classification of consolidated borrowings as on March 31, 2019 (outstanding principal amounts)***

S. No	Type of Borrowings	Amount (₹ in Crore)	Percentage
1	Secured	47,747.73	19.95%
2	Unsecured	1,91,538.72	80.05%
Total		**2,39,286.45**	**100%**

G. ***Promoter Shareholding***

Please refer to the chapter "*Our Promoters*" on page 143 for details with respect to Promoter shareholding in our Company as on date of this Draft Shelf Prospectus.

H. ***Maturity pattern of certain items of assets and liabilities on a standalone basis as on March 31, 2019***

(₹ in Crore)

Particulars	1 day to 30/31 days (one month)	Over one month to 2 months	Over 2 months to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
Deposits	-	-	-	-	-	-	-	-	-
Advances	1,851	1,317	3,401	7,627	13,781	55,905	50,995	1,35,574	2,70,451
Investments	56	-	-	-	48	1,500	-	794	2,398
Borrowings									
Rupee Borrowings	3,909	1,140	4,145	11,942	22,536	69,457	41,012	56,230	2,10,371
Foreign Borrowings	27	1,848	99	1,111	2,444	12,890	11,019	4,512	33,950
Foreign Currency Assets	-	-	-	-	-	-	-	-	-
Foreign Currency Liabilites (other than foreign borrowings)	-	-	-	-	-	-	-	-	-

I. **Onward lending to borrowers forming part of the "group" as defined by RBI**

There is no onward lending to borrowers forming part of the "group" as defined by RBI.

Mechanism for redressal of investor grievances

Karvy Fintech Private Limited has been appointed as the Registrar to the Issue to ensure that investor grievances are handled expeditiously and satisfactorily and to effectively deal with investor complaints. Pursuant to the Registrar Agreement our Company will provide for retention of records with the Registrar for a period of at least 8 years from the last date of despatch of the letters of allotment, demat credit and refund credit to enable the investors to approach the Registrar for redressal of their grievances.

All grievances relating to the Issue should be addressed to the Registrar to the Issue and the Compliance Officer to the Issue giving full details of the Applicant, number of NCDs applied for, amount paid on application series or option applied for and Member of the Consortium or Trading Member or SCSB to which the application was submitted.

All grievances relating to the ASBA process may be addressed to the Registrar to the Issue with a copy to either (a) the relevant Designated Branch of the SCSB where the Application Form was submitted by the ASBA Applicant, or (b) the concerned Member of the Consortium and the relevant Designated Branch of the SCSB in the event of an Application submitted by an ASBA Applicant at any of the Syndicate ASBA Centres, giving full details such as name, address of Applicant, Application Form number, series/option applied for, number of NCDs applied for, amount blocked on Application.

All grievances arising out of Applications for the NCDs made through Trading Members may be addressed directly to the Stock Exchange and Registrar.

The contact details of the Registrar to the Issue are as follows:

Karvy Fintech Private Limited
Karvy Selenium Tower B, Plot No – 31 & 32, Financial District, Nanakramguda, Serilingampally,
Hyderabad Rangareddy, Telangana– 500 032

Telephone: (+91 40) 6716 2222; Facsimile: (+91 40) 2343 1551
Email: rec.ncd@karvy.com
Investor Grievance Email: einward.ris@karvy.com
Website: www.karvyfintech.com
Contact Person: Mr. M. Murali Krishna
SEBI Registration No.: INR000000221
CIN: U72400TG2017PTC117649

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SECTION VII – ISSUE RELATED INFORMATION

ISSUE STRUCTURE

The following are the key terms of the NCDs. This section should be read in conjunction with and is qualified in its entirety by more detailed information in "*Terms of the Issue*" and "*Issue Procedure*" on pages 231 and 244 respectively.

The NCDs being offered as part of the Issue are subject to the provisions of the SEBI Debt Regulations, the Uniform Listing Agreement, and the Companies Act, 2013, the RBI Act, the terms of this Draft Shelf Prospectus, the Shelf Prospectus, the relevant Tranche Prospectus for each Tranche Issue, the Application Form, the terms and conditions of the Debenture Trustee Agreement and the Debenture Trust Deed, and other applicable statutory and/or regulatory requirements including those issued from time to time by SEBI, RBI, the GoI, and other statutory/regulatory authorities relating to the offer, issue and listing of securities and any other documents that may be executed in connection with the NCDs.

Issuer	REC Limited (formerly known as Rural Electrification Corporation Limited)
Type of instrument	Secured redeemable non-convertible debentures
Nature of instrument / Seniority	Secured redeemable non-convertible debentures
Mode of issue	Public issue
Eligible Investors	See the section titled "*Issue Procedure*" on page 234 of this Draft Shelf Prospectus.
Listing	The NCDs shall be listed on the BSE within 6 Working Days from the Issue Closing Date.
Rating of the instrument	'CARE AAA; Stable' by CARE; 'CRISIL AAA/ Stable' by CRISIL; '[ICRA] AAA (Stable)' by ICRA; and 'IND AAA/Stable)' by IRRPL
Issue size	As specified in the relevant Tranche Prospectus for each Tranche Issue.
Option to retain oversubscription	As specified in the relevant Tranche Prospectus for each Tranche Issue.
Objects of the Issue	See the section titled "*Objects of the Issue"* on page 57.
Details of utilization of proceeds	See the section titled "*Objects of the Issue*" on page 57.
Coupon rate	As specified in the relevant Tranche Prospectus for each Tranche Issue.
Step up or step down coupon rates	As specified in the relevant Tranche Prospectus for each Tranche Issue.
Coupon payment frequency	As specified in the relevant Tranche Prospectus for each Tranche Issue.
Coupon payment dates	As specified in the relevant Tranche Prospectus for each Tranche Issue.
Coupon type	As specified in the relevant Tranche Prospectus for each Tranche Issue.
Coupon reset process	As specified in the relevant Tranche Prospectus for each Tranche Issue.
Default interest rate	Our Company shall pay interest in connection with any delay in allotment, listing, dematerialized credit, execution of Debenture Trust Deed, payment of interest, redemption of principal amount beyond the time limits prescribed under applicable statutory and/or regulatory requirements, at such rates as stipulated or prescribed under applicable laws.
Day count basis	Actual / Actual.
Tenor	As specified in the relevant Tranche Prospectus for each Tranche Issue.
Redemption Dates	As specified in the relevant Tranche Prospectus for each Tranche Issue.
Redemption Amount	As specified in the relevant Tranche Prospectus for each Tranche Issue.
Redemption Premium or Discount	As specified in the relevant Tranche Prospectus for each Tranche Issue.
Issue Price (in ₹)	₹ 1,000 per NCD.
Discount at which security is issued and the effective yield as a result of such discount	As specified in the relevant Tranche Prospectus for each Tranche Issue.
Put Date or Put Price or Call Date or Call	As specified in the relevant Tranche Prospectus for each Tranche Issue.

Price or Put Notification Time or Call Notification Time	
Face Value (in ₹)	₹ 1,000 per NCD.
Minimum application size and in multiples of debt securities thereafter	As specified in the relevant Tranche Prospectus for each Tranche Issue.
Issue Timing **1. Issue Opening Date** **2. Issue Closing Date** **3. Pay-in Date**	As specified in the relevant Tranche Prospectus for each Tranche Issue.
Deemed Date of Allotment	The date on which the Authorized Officials approve the Allotment of the NCDs for each Tranche Issue, or such other date as may be determined by the Authorized Officials and notified to the Stock Exchange. The actual Allotment of NCDs may take place on a date other than the Deemed Date of Allotment. All benefits relating to the NCDs including interest on NCDs (as specified for each Tranche Issue by way of the relevant Tranche Prospectus) shall be available to the Debenture holders from the Deemed Date of Allotment.
Issuance mode of the instrument	Dematerialised form only.
Trading	In dematerialised form only.
Settlement	See the section titled "*Terms of the Issue*" on page 231 of this Draft Shelf Prospectus.
Depositories	NSDL and CDSL.
Business day convention/ Working Day	Working Day(s) shall mean all days excluding Sundays or a holiday of commercial banks in Mumbai, except with reference to the Issue Period, where Working Days shall mean all days, excluding Saturdays, Sundays and public holiday in India when stock exchanges are closed for trading. Furthermore, for the purpose of post Issue period, i.e. period beginning from the Issue Closing Date to listing of the NCDs, Working Days shall mean all trading days of the stock exchanges in India excluding Sundays and bank holidays in Mumbai. During the tenor of the NCDs, interest/redemption payments shall be made only on the days when the money market is functioning in Mumbai. Interest shall be computed on an actual/actual basis i.e. on the principal outstanding on the NCDs as per the SEBI Circular bearing no. CIR/IMD/DF-1/122/2016 dated November 11, 2016. If the Coupon Payment Date falls on a day other than a Working Day, the interest payment shall be made by the Company on the immediately succeeding Working Day and calculation of such interest payment shall be as per original schedule as if such interest payment date were a Working Day. Further, the future interest payment dates shall remain intact and shall not be changed because of postponement of such interest payment on account of it falling on a non-Working Day. Payment of interest will be subject to the deduction of tax as per Income Tax Act or any statutory modification or re-enactment thereof for the time being in force. If Redemption Date (also being the last interest payment date) falls on a day that is not a Working Day, the Redemption Amount shall be paid by the Company on the immediately preceding Working Day along with interest accrued on the NCDs until but excluding the date of such payment. The interest/ redemption payments shall be made only on the subsequent day when the money market is functioning in Mumbai.
Record Date	The date for payment of interest in connection with the NCDs or repayment of principal in connection therewith which shall be 15 days prior to the date on which interest is due and payable, and/or the Redemption Date under the relevant Tranche Prospectus for each Tranche Issue. In case the Record Date falls on a day of holiday for Depositories, the immediate subsequent trading day or a date notified by our Company to the Stock Exchange, will be deemed as the Record Date.
Security	The principal amount of the NCDs to be issued together with all interest accrued on the NCDs shall be secured by way of a *pari-passu* charge on (i) current and future receivables and/or book debts of our Company, other than those that are exclusively charged or earmarked in favour of various lender(s) and/or (ii) on identified immovable property of our Company in favor of the Debenture Trustee, as decided mutually by our Company and the Debenture Trustee. Appropriate security shall

	be created in favor of the Debenture Trustee for the NCD holders on the assets adequate to ensure 100% (One Hundred per cent.) asset cover for the NCDs and interest accrued thereon.
Transaction documents	Transaction documents shall mean the Issue Agreement, Registrar Agreement, Debenture Trust Deed, Debenture Trust Agreement, Public Issue Account Agreement, Consortium Agreement and Tripartite Agreements executed or to be executed by our Company, as the case may be. For further details please see the section titled, "*Material Contracts and Documents for Inspection*" on page 273.
Issue Documents	Collectively the Draft Shelf Prospectus, the Shelf Prospectus and the Tranche Prospectus for the Issue, the Application Form and the Abridged Prospectus including all amendments, corrections, corrigenda, supplements or notices to be issued to the prospective Applicants in connection with the Issue.
Conditions Precedent to Disbursement	Other than the conditions specified in the Debt Regulations, there are no conditions precedents to disbursement.
Conditions Subsequent to Disbursement	Other than the conditions specified in the Debt Regulations, there are no conditions subsequent to disbursement.
Events of default	Please see the section titled "*Issue Structure*" on page 244.
Cross default provisions	In accordance with the Debenture Trust Deed.
Roles and responsibility of the Debenture Trustee	Please see the section titled "*Terms of the Issue*" on page 231.
Governing law and jurisdiction	The NCDs are governed by and shall be construed in accordance with the existing Indian laws. Any dispute between the Company and the NCD Holders will be subject to the jurisdiction of competent courts in New Delhi.
Security cover	At least 100% of the outstanding NCDs and the interest thereon at any point of time.

** In terms of Regulation 4(2)(d) of the SEBI Debt Regulations, our Company will undertake this public issue of the NCDs in dematerialised form.*

***The Issue shall remain open for subscription on Working Days from 10:00 a.m. to 5:00 p.m., during the period indicated in the relevant Tranche Prospectus, except that the Issue may close on such earlier date or extended date as may be decided by the Board. In the event of such an early closure of or extension of the Issue, our Company shall ensure that notice of such early closure or extension is given to the prospective investors in all the newspapers in which pre-issue advertisement and advertisement for opening or closure of the Issue have been given, on or before such earlier date or initial date of closure. Applications Forms for the Issue will be accepted only from 10:00 a.m. till 5:00 p.m. or such extended time as may be permitted by the BSE, on Working Days during the Issue Period. On the Issue Closing Date, Application Forms will be accepted only between 10:00 a.m. to 3:00 p.m. and uploaded until 5:00 p.m. or such extended time as may be permitted by the BSE.*

The specific terms of each instrument to be issued pursuant to a Tranche Issue shall be as set out in the relevant Tranche Prospectus.

Please see "Issue Procedure" on page 244 for details of category wise eligibility and allotment in the Issue.

Participation by any of the investor classes in this Issue will be subject to applicable statutory and/or regulatory requirements. Applicants are advised to ensure that applications made by them do not exceed the investment limits or maximum number of NCDs that can be held by them under applicable statutory and/or regulatory provisions.

In case of Application Form being submitted in joint names, Applicants should ensure that the demat account is also held in the same joint names, and the names are in the same sequence in which they appear in the Application Form.

Applicants are advised to ensure that they have obtained the necessary statutory and/or regulatory permissions or consents or approvals in connection with applying for, subscribing to, or seeking allotment of NCDs pursuant to the Issue.

For further details, please see section titled "*Issue Procedure*" on page 244.

TERMS OF THE ISSUE

Authority for the Issue

The Issue is being made pursuant to the resolutions passed by the Board on March 20, 2019 and August 13, 2019, and the resolution passed by the Bond Committee for the Public Issue approving the Draft Shelf Prospectus at its meeting held on October 16, 2019.

Further, the present borrowing is within the borrowing limits under Section 180(1)(c) of the Companies Act, 2013 duly approved by the shareholders of the Company at the Annual General Meeting of the Company on September 25, 2018.

Specific Terms of the NCDs

As specified in the relevant Tranche Prospectus for each Tranche Issue.

Interest and Payment of Interest

As specified in the relevant Tranche Prospectus for each Tranche Issue.

Ranking of NCDs

The NCDs would constitute secured obligations of our Company and shall rank *pari passu* with the existing secured creditors on all loans and advances or book debts or receivables, both present and future of our Company, other than those that are exclusively charged or earmarked in favour of various lender(s), and/or immovable property adequate to ensure 100% (One Hundred per cent.) asset cover for the NCDs and interest accrued thereon, and subject to any obligations under applicable statutory and/or regulatory requirements. The claims of the NCD Holders shall be superior to the claims of any unsecured creditors, subject to applicable statutory and/or regulatory requirements.

The Company is required to obtain permissions or consents from the prior creditors for proceeding with this Issue. The Company has applied to the prior creditors for such permissions or consents and has received such permissions or consents.

Rights of NCD Holders

Some of the significant rights available to the NCD Holders are as follows:

1. The NCDs shall not, except as provided in the Companies Act, 2013, our Memorandum and Articles of Association and/or the Debenture Trust Deed, confer upon the NCD Holders any rights or privileges available to our Company's members or shareholders including, without limitation, the right to receive notices and/or attend and/or vote at any general meeting of our Company's members or shareholders. However, if any resolution affecting the rights attached to the NCDs is to be placed before the members or shareholders of our Company, the said resolution will first be placed before the concerned registered NCD Holders for their consideration. In terms of Section 136(1) of the Companies Act, 2013, NCD Holders shall be entitled to a copy of the balance sheet and copy of trust deed on a specific request made to our Company.

2. Subject to applicable statutory or regulatory requirements and terms of the Debenture Trust Deed, including requirements of the RBI, the rights, privileges and conditions attached to the NCDs may be varied, modified and/or abrogated with the consent in writing of the NCD Holders of at least three-fourths of the outstanding amount of the NCDs or with the sanction of a special resolution passed at a meeting of the concerned NCD Holders, provided that nothing in such consent or resolution shall be operative against us, where such consent or resolution modifies or varies the terms and conditions governing the NCDs, if the same are not acceptable to us.

3. Subject to applicable statutory or regulatory requirements and terms of the Debenture Trust Deed, the registered NCD Holder or in case of joint-holders, the one whose name stands first in the Register of Debenture Holders shall be entitled to vote in respect of such NCDs, either in person or by proxy, at any meeting of the concerned NCD Holders and every such NCD Holders shall be entitled to one vote on a show of hands and on a poll, his/her voting rights on every resolution placed before such meeting of the NCD Holders shall be in proportion to the outstanding nominal value of NCDs held by him/her.

4. The NCDs are subject to the provisions of the SEBI Debt Regulations, the Companies Act, 2013, the Memorandum and Articles of Association of our Company, the terms of the Draft Shelf Prospectus, the Shelf Prospectus, the relevant Tranche Prospectus, the Abridged Prospectus, Corrigendum, if any, addendum, if any, the Application Forms, the terms and conditions of the Debenture Trust Deed, requirements of the RBI, other applicable statutory and/or regulatory requirements relating to the issue and listing, of securities and any other documents that may be executed in connection with the NCDs.

5. A register of NCD Holders holding NCDs in physical form ("**Register of NCD Holders**") pursuant to rematerialisation of the NCDs, will be maintained in accordance with Section 88 of the Companies Act, 2013 and all interest and principal sums becoming due and payable in respect of the NCDs will be paid to the registered holder thereof for the time being or in the case of joint-holders, to the person whose name stands first in the Register of NCD Holders as on the Record Date. For the NCDs issued in dematerialized form, the Depositories shall also maintain the up to date record of NCD Holders in dematerialized Form. In terms of Section 88(3) of the Companies Act, 2013, the register and index of beneficial of NCDs maintained by a Depository for any NCDs in dematerialized form under Section 11 of the Depositories Act shall be deemed to be a Register of NCD Holders for this purpose. The same shall be maintained at the registered office of our Company under Section 94 of the Companies Act, 2013 unless the same has been moved to another location after obtaining the consent of the NCD Holders.

6. Subject to compliance with applicable statutory requirements, the NCDs can be rolled over only with the consent of the holders of at least 75% of the outstanding amount of the NCDs after providing at least 21 days prior notice for such roll over and in accordance with the SEBI Debt Regulations. Our Company shall redeem the debt securities of all the debt securities holders, who have not given their positive consent to the roll-over.

The aforementioned rights of the NCD Holders are merely indicative. The final rights of the NCD Holders will be in accordance with the terms of the Transaction Document and the Debenture Trust Deed.

Maintaining Deposits or Investments

The Government of India, in the union budget for the Financial Year 2019-20 had announced that non-banking finance companies raising funds through public issues would be exempt from the requirement of creating a DRR. Pursuant to the amendment to the SCD Rules notified on August 16, 2019, and as on the date of filing of this Draft Shelf Prospectus, the Company is not required to create DRR for the purposes of redemption of NCDs.

While we are exempted from maintaining a DRR for the NCDs issued pursuant to the Shelf Prospectus, pursuant to Rule 18 of the SCD Rules, we may be required to deposit or invest, as the case may be, before the 30th day of April of each year, a sum which shall not be less than 15% of the amount of its debentures maturing during the year ending on the 31st day of March of the next year, in specified deposits or investments.

Nomination Facility to NCD Holders

In accordance with Section 72 of the Companies Act, 2013 and Rule 19 of the SCD Rules ("**Rule 19**"), the sole NCD Holder, or first NCD Holder, along with other joint NCD Holders' (being individual(s)), may nominate, in the **Form No. SH.13,** any one person with whom, in the event of the death of Applicant the NCDs were Allotted, if any, will vest. Where the nomination is made in respect of the NCDs held by more than one person jointly, all joint holders shall together nominate in **Form No.SH.13** any person as nominee. On the receipt of the said nomination as per prescribed law a corresponding entry shall forthwith be made in the relevant register of securities holders, maintained under Section 88 of the Companies Act, 2013. A nominee entitled to the NCDs by reason of the death of the original holder(s), will, in accordance with Rule 19 and Section 56 of the Companies Act, 2013, be entitled to the same benefits to which he or she will be entitled if he or she were the registered holder of the NCDs. Where the nominee is a minor, the NCD Holder(s) may make a nomination to appoint, in **Form No. SH.14**, any person to become entitled to NCDs in the event of the NCD Holder's death during minority. A nomination may be cancelled or varied by nominating any other person in place of the preset nominee, by the NCD Holder who has made the nomination by giving a notice of such cancellation or variation in **Form No. SH.14**. The cancellation or variation shall take effect from the date on which the notice of such variation or cancellation is received. A nomination will stand rescinded on a sale or transfer or alienation of NCDs by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at our Registered Office, Corporate Office or with the Registrar to the Issue.

NCD Holder(s) are advised to provide the specimen signature of the nominee to us to expedite the transmission of the NCD(s) to the nominee in the event of demise of the NCD Holder(s). The signature can be provided in the Application Form or subsequently at the time of making fresh nominations. This facility of providing the specimen signature of the nominee is purely optional.

The request for nomination should be recorded by the Company within a period of 2 months from the date of receipt of the duly filled and signed nomination form. In accordance with Rule 19, any person who becomes a nominee by virtue of the Rule 19, will on the production of such evidence as may be required by the Board, elect either:

(a) to register himself or herself as the NCD Holder; or
(b) to make such transfer of the NCDs, as the deceased holder could have made.

Further, our Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the NCDs, and if the notice is not complied with, within a period of 90 days, our Board may thereafter withhold payment of all interests or other monies payable in respect of the NCDs, until the requirements of the notice have been complied with.

For all NCDs held in the dematerialized form, nominations registered with the respective Depository Participant of the Applicant would prevail. If the investors require changing their nomination, they are requested to inform their respective Depository Participant in connection with NCDs held in the dematerialized form. Applicants holding NCDs in the physical form should provide required details in connection with their nominee to our Company and inform our Company in connection with NCDs held in the physical form.

Taxation

Pursuant to clause (ix) of Section 193 of the IT Act, no tax is required to be withheld on any interest payable on any security issued by a company, where such security is in dematerialized form and is listed on a recognized stock exchange in India in accordance with the SCRA and the rules made thereunder. Accordingly, no tax will be deducted at source from the interest on listed NCDs held in the dematerialised form.

However in case of NCDs held in physical form, pursuant to the current provisions of the IT Act, tax will not be deducted at source from interest payable on such NCDs held by the investor, if such interest does not exceed ₹ 5,000 in any financial year. If interest exceeds the prescribed limit of ₹ 5,000 on account of interest on the NCDs, then the tax will be deducted at applicable rate. However in case of NCD Holders claiming non-deduction or lower deduction of tax at source, as the case may be, the NCD Holder should furnish either (a) a declaration (in duplicate) in the prescribed form i.e. (i) Form 15H which can be given by individuals who are of the age of 60 years or more (ii) Form 15G which can be given by all applicants (other than companies, and firms), or (b) a certificate, from the Assessing Officer which can be obtained by all applicants (including companies and firms) by making an application in the prescribed form i.e. Form No.13. The aforesaid documents, as may be applicable, should be submitted at the office of the Registrar to the Issue quoting the name of the sole/ first NCD Holder, NCD folio number and the distinctive number(s) of the NCD held, at least seven days prior to the Record Date to ensure non-deduction/lower deduction of tax at source from interest on the NCD. The investors need to submit Form 15H/15G/certificate in original with the

Assessing Officer for each financial year during the currency of the NCD to ensure non-deduction or lower deduction of tax at source from interest on the NCD.

Tax exemption certificate/document, if any, must be lodged at the office of the Registrar to the Issue at least seven days prior to the Record Date or as specifically required, failing which tax applicable on interest will be deducted at source on accrual thereof in our Company's books and/or on payment thereof, in accordance with the provisions of the IT Act and/or any other statutory modification, enactment or notification as the case may be. A tax deduction certificate will be issued for the amount of tax so deducted.

Subject to the terms and conditions in connection with computation of applicable interest on the Record Date, please note that in case the NCDs are transferred and/or transmitted in accordance with the provisions of this Draft Shelf Prospectus and the provisions of the Articles of Association of our Company, the transferee of such NCDs or the deceased holder of NCDs, as the case may be, shall be entitled to any interest which may have accrued on the NCDs.

Payment of Interest

As specified in the relevant Tranche Prospectus for each Tranche Issue, amount of interest payable shall be rounded off to the nearest Rupee. If the date of interest payment falls on Sundays or holidays of commercial banks in Mumbai, then interest as due and payable on such day, would be paid on the succeeding Working Day, however the calculation for payment of interest will be only till the originally stipulated Coupon Payment Date. The dates of the future interest payments would be in accordance with the originally stipulated schedule. Payment of interest would be subject to the deduction as prescribed in the I.T. Act or any statutory modification or re-enactment thereof for the time being in force.

If the Redemption Date (also being the last Coupon Payment Date) falls on a day that is not a Working Day, the Redemption Amount shall be paid by the Company on the immediately preceding Working Day along with interest accrued on the NCDs until but excluding the date of such payment. The interest payments shall be made only on the subsequent day when the money market is functioning in Mumbai. Interest shall be computed on an actual/actual basis i.e. on the principal outstanding on the NCDs as per the SEBI Circular bearing no. CIR/IMD/DF-1/122/2016 dated November 11, 2016.

Mode of payment of Interest to NCD Holders

Payment of interest will be made (i) in case of NCDs in dematerialised form the persons who for the time being appear in the register of beneficial owners of the NCDs in accordance with the Depositories as on the Record Date and (ii) in case of NCDs in physical form on account of re-materialization, the persons whose names appear in the register of debenture holders maintained by us or the Registrar to the Issue (or to first holder in case of joint-holders) as on the Record Date.

We may enter into an arrangement with one or more banks in one or more cities for direct credit of interest to the account of the NCD Holders. In such cases, interest, on the Coupon Payment Date, would be directly credited to the account of those Investors who have given their bank mandate.

We may offer the facility of NACH, NEFT, RTGS, Direct Credit and any other method permitted by RBI and SEBI from time to time to effect payments to NCD Holders. The terms of this facility (including towns where this facility would be available) would be as prescribed by RBI. For further details please see the section titled "*Terms of the Issue*" on page 231.

Maturity and Redemption

As specified in the relevant Tranche Prospectus for each Tranche Issue.

Deemed Date of Allotment

The date on which the Authorized Officials approve the Allotment of the NCDs for each Tranche Issue, or such other date as may be determined by the Authorized Officials and notified to the Stock Exchange. The actual Allotment of NCDs may take place on a date other than the Deemed Date of Allotment. All benefits relating to the NCDs including interest on NCDs (as specified for each Tranche Issue by way of the relevant Tranche Prospectus) shall be available to the Debenture holders from the Deemed Date of Allotment.

Application Size

As specified in the relevant Tranche Prospectus for each Tranche Issue.

Applicants are advised to ensure that applications made by them do not exceed the investment limits or maximum number of NCDs that can be held by them under applicable statutory and or regulatory provisions.

Terms of Payment

The entire issue price per NCD, as specified in the relevant Tranche Prospectus for each Tranche Issue, is blocked in the ASBA Account on application itself. In case of allotment of lesser number of NCDs than the number of NCDs applied for, our Company shall instruct the SCSBs to unblock the excess amount paid on application to the applicant in accordance with the terms of this Draft Shelf Prospectus and the relevant Tranche Prospectus.

Record Date

The date for payment of interest in connection with the NCDs or repayment of principal in connection therewith which shall be 15 days prior to the date on which interest is due and payable, and/or the Redemption Date under the relevant Tranche Prospectus for each Tranche Issue. In case the Record Date falls on a day of holiday for Depositories, the immediate subsequent trading day or a date notified by our Company to the Stock Exchange, will be deemed as the Record Date. In case of redemption of NCDs, the trading in the NCDs shall remain suspended between the Record Date and the Redemption Date.

Manner of Payment of Interest or Refund or Redemption Amount*

The manner of payment of interest or refund or redemption amount in connection with the NCDs is set out below*:

For NCDs applied / held in electronic form:

The bank details will be obtained from the Depositories for payment of Interest or refund or redemption as the case may be. Applicants who are holding the NCDs in electronic form, are advised to immediately update their bank account details as appearing on the records of the depository participant. Please note that failure to do so could result in delays in credit of refunds to the Applicant at the applicant's sole risk and neither the Lead Managers our Company nor the Registrar to the Issue shall have any responsibility and undertake any liability arising from such details not being up to date.

The Registrar to the Issue will issue requisite instructions to the relevant SCSBs to un-block amounts in the ASBA Accounts of the Applicants representing the amounts to be refunded to the Applicants.

For NCDs held in physical form pursuant to rematerialisation:

For NCDs held in physical form on account of rematerialisation, the bank details for payment of interest or redemption as the case may be, will be obtained from the documents submitted to our Company or the Registrar to the Issue along with the rematerialisation request.. Please refer to "*Procedure for Rematerialisation of NCDs*" on page 242 of this Draft Shelf Prospectus for further details.

In the event, the interest / payout of total coupon / redemption amount is a fraction and not an integer, such amount will be rounded off to the nearest integer. By way of illustration if the redemption amount is ₹ 10,00,375.23 then the amount shall be rounded off to ₹ 10,00,375 and if the redemption amount is ₹10,00,375.67 then the amount shall be rounded off to ₹10,00,376.

The mode of interest or refund or redemption payments shall be undertaken in the following order of preference:

1. Direct Credit

   Investors having their bank account with the Refund Bank, shall be eligible to receive refunds, if any, through direct credit. The refund amount, if any, would be credited directly to their bank account with the Refund Bank. Interest / redemption amount would be credited directly to the bank accounts of the Investors, if held with the same bank as the Company.

2. NACH

   National Automated Clearing House which is a consolidated system of ECS. Payment would be done through NACH for Applicants having an account at one of the centres specified by the RBI, where such facility has been made available. This would be subject to availability of complete bank account details including Magnetic Ink Character Recognition ("**MICR**") code wherever applicable from the depository. Payments through NACH are mandatory for Applicants having a bank account at any of the centres where NACH facility has been made available by the RBI (subject to availability of all information for crediting the refund through NACH including the MICR code as appearing on a cheque leaf, from the depositories), except where applicant is otherwise disclosed as eligible to get payments through NEFT or Direct Credit or RTGS.

3. RTGS

   Applicants having a bank account with a participating bank and whose interest payment or refund or redemption amounts exceed ₹ 2,00,000, or such amount as may be fixed by RBI from time to time, have the option to receive payments through RTGS. Such eligible Applicants who indicate their preference to receive interest payment or refund or redemption through RTGS are required to provide the IFSC code in the Application Form or intimate our Company and the Registrar to the Issue at least seven days prior to the Record Date. Charges, if any, levied by the Applicant's bank receiving the credit would be borne by the Applicant. In the event the same is not provided, interest payment/ refund/ redemption shall be made through NACH subject to availability of complete bank account details for the same as stated above.

4. NEFT

   Payment of interest/ refunds/ redemption shall be undertaken through NEFT wherever the Applicants' banks have been assigned the Indian Financial System Code ("**IFSC**"), which can be linked to a MICR, if any, available to that particular bank branch. The IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the Applicants have registered their nine-digit MICR number and their bank account number while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of interest/ refund/ redemption will be made to the applicants through this method.

5. Registered Post or Speed Post

   For all other applicants, including those who have not updated their bank particulars with the MICR code, the interest payment or refund or redemption orders shall be dispatched through registered post or speed post at the Investor's sole risk to only those Applicants that have provided details of a registered address in India.

Please note that applicants are eligible to receive payments through the modes detailed in (1), (2) (3), and (4) herein above provided they provide necessary information for the above modes and where such payment facilities are allowed or available.

Please note that our Company shall not be responsible to the holder of NCDs, for any delay in receiving credit of interest or refund or redemption so long as our Company has initiated the process of such request in time.

Printing of Bank Particulars on Interest or Redemption Warrants

As a matter of precaution against possible fraudulent encashment of refund orders and interest or redemption warrants due to loss or misplacement, the particulars of the Applicant's bank account are mandatorily required to be given for printing on the orders or warrants. In relation to NCDs applied and held in dematerialized form, these particulars would be taken directly from the depositories. In case of NCDs held in physical form, on account of rematerialisation, the NCD Holders are advised to submit their bank account details with our Company or Registrar to the Issue at least 7 days prior to the Record Date failing which the orders or warrants will be dispatched to the postal address of the NCD Holders as available in the records of our Company through post.

Bank account particulars will be printed on the orders or warrants which can then be deposited only in the account specified.

Buy Back of NCDs

Our Company may, at its sole discretion, from time to time, consider, subject to applicable statutory and/or regulatory requirements, buy-back the NCDs, upon such terms and conditions as may be decided by our Company.

Form and Denomination

In case of NCDs held under different options, as specified in the relevant Tranche Prospectus for each Tranche Issue, by an NCD Holder, separate certificates will be issued to the NCD Holder for the aggregate amount of the NCDs held under each series.

In case of NCDs held in physical form on account of rematerialisation, a single certificate will be issued to the NCD Holder for the aggregate amount of the NCDs held ("**Consolidated Certificate**"). The Applicant can also request for the issue of NCD certificates denominated in the Market Lot. In case of NCDs held under different options, as specified in the relevant Tranche Prospectus, by a NCD Holder, separate Consolidated Certificates will be issued to the NCD Holder for the aggregate amount of the NCDs held under each option.

In respect of Consolidated Certificates, we will, only upon receipt of a request from the NCD Holder, split such Consolidated Certificates into smaller denominations subject to the minimum of Market Lot. No fees would be charged for splitting of NCD certificates in Market Lots, but stamp duty payable, if any, would be borne by the NCD Holder. The request for splitting should be accompanied by the original NCD certificate which would then be treated as cancelled by us.

It is however distinctly to be understood that the NCDs pursuant to this Issue shall be traded only in demat form. Further, no action is required on the part of NCD holder(s) at the time of redemption of NCDs.

Payment on Redemption

The manner of payment of redemption is set out below*.

NCDs held in physical form on account of rematerialisation

The payment on redemption of the NCDs will be made by way of cheque/pay order/ electronic modes. However, if our Company so requires, the aforementioned payment would only be made on the surrender of NCD certificates, duly discharged by the sole holder or all the joint-holders (signed on the reverse of the NCD certificates). Dispatch of cheques or pay orders, etc. in respect of such payment will be made on the Redemption Date or (if so requested by our Company in this regard) within a period of 30 (thirty) days from the date of receipt of the duly discharged NCD certificate. These NCDs will be simultaneously extinguished to the extent of amount redeemed through appropriate debit corporate action upon redemption of the corresponding value of the NCDs. It may be noted that in the entire process mentioned above, no action is required on part of the NCD Holders.

In case we decide to do so, the redemption proceeds in the manner stated above would be paid on the Redemption Date to those NCD Holders whose names stand in the register of debenture holders maintained by us or the Registrar to the Issue on the Record Date fixed for the purpose of Redemption. Hence the transferees, if any, should ensure lodgment of the transfer documents with us at least 7 days prior to the Record Date. In case the transfer documents are not lodged with us at least 7 days prior to the Record Date and we dispatch the redemption proceeds to the transferor, claims in respect of the redemption proceeds should be settled amongst the parties inter se and no claim or action shall lie against us or the Registrar to the Issue.

Our liability to NCD Holders towards their rights including for payment or otherwise shall stand extinguished from the redemption in all events and when we dispatch the redemption amounts to the NCD Holders.

Further, we will not be liable to pay any interest, income or compensation of any kind from the Redemption Date of the NCDs.

NCDs held in electronic form

On the Redemption Date, redemption proceeds would be paid by cheque or pay order or electronic mode to those NCD Holders whose names appear on the list of beneficial owners given by the Depositories to us. These names would be in accordance with the Depositories' records on the Record Date fixed for the purpose of redemption. These NCDs will be simultaneously extinguished to the extent of the amount redeemed through appropriate debit corporate action upon redemption of the corresponding value of the NCDs. It may be noted that in the entire process mentioned above, no action is required on the part of NCD Holders.

Our liability to NCD Holders towards his/their rights including for payment or redemption in all events shall end when we dispatch the redemption amounts to the NCD Holders.

Further, we will not be liable to pay any interest, income or compensation of any kind from the Redemption Date of the NCDs.

**In the event, the interest / payout of total coupon / redemption amount is a fraction and not an integer, such amount will be rounded off to the nearest integer. By way of illustration if the redemption amount is ₹ 10,00,375.23 then the amount shall be rounded off to ₹ 10,00,375 and if the redemption amount is ₹10,00,375.67 then the amount shall be rounded off to ₹10,00,376.*

Redemption Date

As specified under the relevant Tranche Prospectus for each Tranche Issue.

Right to reissue NCD(s)

Subject to the provisions of the Companies Act, 2013, as applicable on the date of this Draft Shelf Prospectus, where we have fully redeemed or repurchased any NCDs, we shall have and shall be deemed always to have had the right to keep such NCDs in effect without extinguishment thereof, for the purpose of resale or re-issue and in exercising such right, we shall have and be deemed always to have had the power to resell or reissue such NCDs either by reselling or re-issuing the same NCDs or by issuing other NCDs in their place. The aforementioned right includes the right to reissue original NCDs.

Transfer or Transmission of NCD(s)

The NCDs shall be transferred or transmitted freely in accordance with the applicable provisions of the Companies Act, 2013. In respect of the NCDs held in physical form on account of to rematerialisation, a common form of transfer shall be used for the same. The NCDs held in dematerialized form shall be transferred subject to and in accordance with the rules/procedures as prescribed by NSDL or CDSL and the relevant DPs of the transfer or transferee and any other applicable laws and rules notified in respect thereof. The transferee(s) should ensure that the transfer formalities are completed prior to the Record Date.

In the absence of the same, interest will be paid/redemption will be made to the person, whose name appears in the register of debenture holders maintained by the Depositories. In such cases, claims, if any, by the transferees would need to be settled with the transferor(s) and not with the Issuer or Registrar. The seller should give delivery instructions containing details of the buyer’s DP account to his depository participant.

Please see “*Issue Structure*” on page 228 for the implications on the interest applicable to NCDs held by Individual Investors on the Record Date and NCDs held by Non Individual Investors on the Record Date.

Pursuant to the SEBI (Listing Obligations and Disclosure Requirements) (Fourth Amendment) Regulations, 2018, the relevant provisions of which have come into effect from April 1, 2019, NCDs held in physical form, pursuant to any rematerialisation, as above, cannot be transferred except by way of transmission or transposition. Any trading of the NCDs issued pursuant to this Issue shall be compulsorily in dematerialized form only.

Title

In case of:

- NCDs held in the dematerialised form, the person for the time being appearing in the register of beneficial owners maintained by the Depository; and

- the NCDs held in physical form pursuant to rematerialisation, the person for the time being appearing in the register of NCD Holders,

  shall be treated for all purposes by our Company, the Debenture Trustee, the Depositories and all other persons dealing with such person as the holder thereof and its absolute owner for all purposes whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it or any writing on, theft or loss of the consolidated NCD certificates issued in respect of the NCDs and no person will be liable for so treating the NCD holder.

No transfer of title of an NCD will be valid unless and until entered on the register of NCD holders or the register of beneficial owners maintained by the Depository prior to the Record Date. In the absence of transfer being registered, interest and/or maturity amount, as the case may be, will be paid to the person, whose name appears first in the register of the NCD Holders maintained by the Depositories and/or our Company and/or the Registrar, as the case may be. In such cases, claims, if any, by the purchasers of the NCDs will need to be settled with the seller of the NCDs and not with our Company or the Registrar. The provisions relating to transfer and transmission and other related matters in respect of our Company's shares contained in the Articles of Association of our Company and the relevant provisions of the Companies Act, 2013 applicable as on the date of this Draft Shelf Prospectus shall apply, *mutatis mutandis* (to the extent applicable) to the NCD(s) as well.

For NCDs held in electronic form

The normal procedure followed for transfer of securities held in dematerialised form shall be followed for transfer of the NCDs held in electronic form. The seller should give delivery instructions containing details of the buyer's Depository Participant account to his depository participant.

In case the transferee does not have a Depository Participant account, the transferor can rematerialise the NCDs and thereby convert his dematerialised holding into physical holding. Thereafter these NCDs can be transferred in the manner as stated above for transfer of NCDs held in physical form.

Common form of transfer

Our Company undertakes that there shall be a common form of transfer for the NCDs and the provisions of the Companies Act, 2013 and all applicable laws including the FEMA and the rules and regulations thereunder shall be duly complied with in respect of all transfer of debentures and registration thereof.

Succession

Where NCDs are held in joint names and one of the joint holders dies, the survivor(s) will be recognized as the NCD Holder(s). It will be sufficient for our Company to delete the name of the deceased NCD Holder after obtaining satisfactory evidence of his death. Provided, a third person may call on our Company to register his name as successor of the deceased NCD Holder after obtaining evidence such as probate of a will for the purpose of proving his title to the debentures. In the event of demise of the sole or first holder of the Debentures, our Company will recognise the executors or administrator of the deceased NCD Holders, or the holder of the succession certificate or other legal representative as having title to the Debentures only if such executor or administrator obtains and produces probate or letter of administration or is the holder of the succession certificate or other legal representation, as the case may be, from an appropriate court in India. The directors of our Company in their absolute discretion may, in any case, dispense with production of probate or letter of administration or succession certificate or other legal representation.

Where a non-resident Indian becomes entitled to the NCDs by way of succession, the following steps have to be complied with:

1. Documentary evidence to be submitted to the Legacy Cell of the RBI to the effect that the NCDs were acquired by the non-resident Indian as part of the legacy left by the deceased NCD Holder;
2. Proof that the non-resident Indian is an Indian national or is of Indian origin; and
3. Such holding by a non-resident Indian will be on a non-repatriation basis.

Joint-holders

Where two or more persons are holders of any NCD(s), they shall be deemed to hold the same as joint holders with benefits of survivorship subject to other provisions contained in the Articles.

Sharing of information

We may, at our option, use on our own, as well as exchange, share or part with any financial or other information about the NCD Holders available with us and other banks, financial institutions, credit bureaus, agencies, statutory bodies, as may be required and neither we or our affiliates nor their agents shall be liable for use of the aforesaid information.

Notices

All notices to the NCD Holders required to be given by us or the Debenture Trustee will be sent by post or through email or other electronic media to the registered NCD Holders from time to time.

Issue of duplicate NCD Certificate(s)

If NCD certificate(s) is or are mutilated or defaced or the pages for recording transfers of NCDs are fully utilised, the same may be replaced by us against the surrender of such certificate(s). Provided, where the NCD certificate(s) are mutilated or defaced, the same will be replaced as aforesaid only if the certificate numbers and the distinctive numbers are legible.

If any NCD certificate is destroyed, stolen or lost then upon production of proof thereof to our satisfaction and upon furnishing such indemnity or security and/or documents as we may deem adequate, duplicate NCD certificates shall be issued. Upon issuance of a duplicate NCD certificate, the original NCD certificate shall stand cancelled.

Security

The principal amount of the NCDs to be issued in terms of this Draft Shelf Prospectus together with all interest accrued on the NCDs shall be secured by way of a pari-passu charge (i) on current and future receivables and/or book debts of our Company, other than those that are exclusively charged or earmarked in favour of various lender(s) and/or (ii) on identified immovable property of our Company in favor of the Debenture Trustee, as decided mutually by our Company and the Debenture Trustee. Our Company will create appropriate security in favor of the Debenture Trustee for the NCD holders on the assets adequate to ensure 100% (One Hundred per cent.) asset cover for the NCDs and interest accrued thereon, more particularly as detailed in the section titled "*Issue Structure*" on page 228.

Our Company intends to enter into an indenture or deed with the Debenture Trustee, ("**Debenture Trust Deed"**), the terms of which will govern the appointment of the Debenture Trustee and the issue of the NCDs. Our Company proposes to complete the execution of the Debenture Trust Deed on or prior to the Deemed Date of Allotment and utilize the funds only after the stipulated security has been created and upon receipt of listing and trading approval from the Designated Stock Exchange. Without prejudice to the aforesaid, in the event our Company fails to execute the Debenture Trust Deed within the period specified in Regulation 15(1) of the SEBI Debt Regulations, our Company shall also pay interest of at least 2% per annum to the NCD Holders, over and above the interest rate on the NCDs specified in the relevant Tranche Prospectus, until the execution of the Debenture Trust Deed.

Under the terms of the Debenture Trust Deed, our Company will covenant with the Debenture Trustee that it will pay the NCD Holders the principal amount on the NCDs on the relevant Redemption Date and also that it will pay the interest due on NCDs on the rate specified in this Draft Shelf Prospectus, the relevant Tranche Prospectus and in the Debenture Trust Deed.

The Debenture Trust Deed will also provide that our Company may withdraw any portion of the security and replace with another asset of the same or a higher value.

Trustees for the NCD Holders

We have appointed Catalyst Trusteeship Limited to act as the Debenture Trustees for the NCD Holders. The Debenture Trustee and we will execute a Debenture Trust Deed, *inter alia*, specifying the powers, authorities and obligations of the Debenture Trustee and us. The NCD Holders shall, without further act or deed, be deemed to have irrevocably given their consent to the Debenture Trustee or any of its agents or authorised officials to do all such acts, deeds, matters and things in respect of or relating to the NCDs as the Debenture Trustee may in its absolute discretion deem necessary or require to be done in the interest of the NCD Holders. Any payment made by us to the Debenture Trustee on behalf of the NCD Holders shall discharge us *pro tanto* to the NCD Holders. The Debenture Trustee will protect the interest of the NCD Holders in the event of default by us in regard to timely payment of interest and repayment of principal and they will take necessary action at our cost.

Events of Default

Subject to the terms of the Debenture Trust Deed, the Debenture Trustee at its discretion may, or if so requested in writing by the holders of at least three-fourths of the outstanding amount of the NCDs or with the sanction of a special resolution, passed at a meeting of the NCD Holders, give notice to our Company specifying that the NCDs and/or any particular series of NCDs, in whole but not in part are and have become due and repayable on such date as may be specified in such notice *inter alia* if any of the events listed below occurs. The description below is indicative and a complete list of events of default and its consequences will be specified in the Debenture Trust Deed:

(i) default is committed in payment of the principal amount of the NCDs on the due date(s); and

(ii) default is committed in payment of any interest on the NCDs on the due date(s).

Procedure for Rematerialisation of NCDs

NCD Holders who wish to hold the NCDs in physical form may do so by submitting a request to their DP at any time after Allotment in accordance with the applicable procedure stipulated by the DP, in accordance with the Depositories Act and/or rules as notified by the Depositories from time to time. NCD **Holders who propose to rematerialize their NCDs, would have to mandatorily submit details of their bank mandate along with a copy of any document evidencing that the bank account is in the name of the holder of such NCDs and their Permanent Account Number to the Company and the DP. No proposal for rematerialisation of NCDs would be considered if the aforementioned documents and details are not submitted along with the request for such rematerialisation.**

Loan Against NCDs

Pursuant to the RBI circular dated June 27, 2013, our Company is not permitted to extend loans against the security of its debentures issued by way of private placement or public issues. However, if the RBI subsequently permits the extension of loans by NBFCs against the security of its debentures issued by way of private placement or public issues, the Company may consider granting loans against the security of such NCDs, subject to terms and conditions as may be decided by the Company at the relevant time, in compliance with applicable law.

Lien

The Company shall have the right of set-off and lien, present as well as future on the moneys due and payable to the NCD Holders or deposits held in the account of the NCD Holders, whether in single name or joint name, to the extent of all outstanding dues by the NCD Holders to the Company, subject to applicable law.

Lien on pledge of NCDs

Our Company may, at its discretion note a lien on pledge of NCDs if such pledge of NCD is accepted by any third party bank/institution or any other person for any loan provided to the NCD Holder against pledge of such NCDs as part of the funding, subject to applicable law.

Future Borrowings

We shall be entitled to make further issue of secured or unsecured debentures and/or raise term loans or raise further funds from time to time from any persons, banks, financial institutions or bodies corporate or any other agency without the consent of, or notification to or consultation with the holder of NCDs or the Debenture Trustee by creating a charge on any assets, excluding the assets exclusively charged for the benefit of the Debenture Holders under this Issue, provided the stipulated security cover is maintained.

Day Count Convention

Interest shall be computed on actual/actual basis i.e. on the principal outstanding on the NCDs as per the SEBI circular regarding Issues Pertaining to Primary Issuance of Debt Securities bearing no. CIR/IMD/DF/18/2013 dated October 29, 2013 and regarding clarification on aspects related to day count convention for debt securities issued under the SEBI Debt Regulations bearing no. CIR/IMD/DF-1/122/2016 dated November 11, 2016.

Effect of Holidays on Payments

If the date of payment of interest does not fall on a Working Day, then the interest payment will be made on succeeding Working Day, however the calculation for payment of interest will be only till the originally stipulated Coupon Payment Date. The dates of the future interest payments would be as per the originally stipulated schedule. Payment of interest will be subject to the deduction of tax as per Income Tax Act or any statutory modification or re-enactment thereof for the time being in force. In case the Maturity Date (also being the last Coupon Payment Date) does not fall on a Working Day, the payment will be made on the immediately preceding Working Day, along with coupon/interest accrued on the NCDs until but excluding the date of such payment.

Illustration for Guidance in respect of the Day Count Convention and Effect of Holidays on Payments.

The illustration for guidance in respect of the day count convention and effect of holidays on payments, as required by SEBI Circular No. CIR/IMD/DF/18/2013 October 29, 2013 and SEBI Circular No. CIR/IMD/DF-1/122/2016 dated November 11, 2016 will be disclosed in the relevant Tranche Prospectus for each Tranche Issue.

Payment of Interest

If allotment is not made within the prescribed time period under applicable law, the entire subscription amount will be refunded or unblocked within the time prescribed under applicable law, failing which interest may be due to be paid to the Applicants, for the delayed period, as prescribed in applicable law. Our Company shall not be liable to pay any interest on monies liable to be refunded in case of (a) invalid applications or applications liable to be rejected, (b) applications which are withdrawn by the Applicant and/or (c) monies paid in excess of the amount of NCDs applied for in the Application Form. Please see, "*Issue Procedure - Rejection of Applications*" on page 260.

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ISSUE PROCEDURE

This section applies to all Applicants. Specific attention of all Applicants is invited to the SEBI Circular CIR/DDHS/P/121/2018 dated August 16, 2018, which provides, inter-alia, that for all public issues of debt securities opening on or after October 1, 2018, all Applicants shall mandatorily use the ASBA facility for participating in the Issue. ASBA Applicants and Applicants applying through the Direct Online Application Mechanism (as defined hereinafter) should note that the ASBA process and the Direct Online Application Mechanism involve application procedures that are different from the procedure applicable to all other Applicants. Please note that all Applicants are required to pay the full Application Amount or ensure that the ASBA Account has sufficient credit balance such that the entire Application Amount can be blocked by the SCSB while making an Application.

ASBA Applicants should note that they may submit their ASBA Applications to the Designated Intermediaries. Applicants are advised to make their independent investigations and ensure that their Applications do not exceed the investment limits or maximum number of NCDs that can be held by them under applicable law or as specified in the Issue Documents.

Please note that this section has been prepared based on the circular no. CIR./IMD/DF-1/20/2012 dated July 27, 2012 issued by SEBI ("Debt Application Circular") as modified by circular (No. CIR/IMD/DF/18/2013) dated October 29, 2013 issued by SEBI and circular no. CIR/DDHS/P/121/2018 dated August 16, 2018 issued by SEBI ("Debt ASBA Circular"). The procedure mentioned in this section is subject to the Stock Exchange putting in place the necessary systems and infrastructure for implementation of the provisions of the abovementioned circular, including the systems and infrastructure required in relation to Applications made through the Direct Online Application Mechanism and the online payment gateways to be offered by the Stock Exchange and accordingly is subject to any further clarifications, notification, modification, direction, instructions and/or correspondence that may be issued by the Stock Exchange and/or SEBI. Please note that clarifications and/or confirmations regarding the implementation of the requisite infrastructure and facilities in relation to direct online applications and online payment facility have been sought from the Stock Exchange and the Stock Exchange has confirmed that the necessary infrastructure and facilities for the same have not been implemented by the Stock Exchange. Hence, the Direct Online Application facility will not be available for this Issue.

Specific attention is drawn to the circular (No. CIR/IMD/DF/18/2013) dated October 29, 2013 issued by SEBI, which amends the provisions of the Debt Application Circular to the extent that it provides for allotment in public issues of debt securities to be made on the basis of the date of upload of each application into the electronic book of the Stock Exchange, as opposed to the date and time of upload of each such application.

PLEASE NOTE THAT ALL DESIGNATED INTERMEDIARIES WHO WISH TO COLLECT AND UPLOAD APPLICATION IN THIS ISSUE ON THE ELECTRONIC APPLICATION PLATFORM PROVIDED BY THE STOCK EXCHANGE WILL NEED TO APPROACH THE RESPECTIVE STOCK EXCHANGE AND FOLLOW THE REQUISITE PROCEDURES AS MAY BE PRESCRIBED BY THE RELEVANT STOCK EXCHANGE. THE FOLLOWING SECTION MAY CONSEQUENTLY UNDERGO CHANGE BETWEEN THE DATES OF THIS DRAFT SHELF PROSPECTUS, THE ISSUE OPENING DATE AND THE ISSUE CLOSING DATE.

THE LEAD MANAGERS, THE CONSORTIUM MEMBERS AND OUR COMPANY SHALL NOT BE RESPONSIBLE OR LIABLE FOR ANY ERRORS OR OMMISSIONS ON THE PART OF THE DESIGNATED INTERMEDIARIES IN CONNECTION WITH THE RESPONSIBILITY OF SUCH DESIGNATED INTERMEDIARIES IN RELATION TO COLLECTION AND UPLOAD OF APPLICATIONS IN THIS ISSUE ON THE ELECTRONIC APPLICATION PLATFORM PROVIDED BY THE STOCK EXCHANGE. FURTHER, THE RELEVANT STOCK EXCHANGE SHALL BE RESPONSIBLE FOR ADDRESSING INVESTOR GRIEVANCES ARISING FROM APPLICATIONS THROUGH DESIGNATED INTERMEDIARIES REGISTERED WITH SUCH STOCK EXCHANGE.

Please note that for the purposes of this section, the term "Working Day" shall mean all days excluding Sundays or a holiday of commercial banks in Mumbai, except with reference to the Issue Period, where Working Days

shall mean all days, excluding Saturdays, Sundays and public holiday in India when stock exchanges are closed for trading. Furthermore, for the purpose of post issue period, i.e. period beginning from the Issue Closing Date to listing of the NCDs, Working Days shall mean all trading days of the stock exchanges in India excluding Sundays and bank holidays in Mumbai. During the tenor of the NCDs, interest/redemption payments shall be made only on the days when the money market is functioning in Mumbai.

The information below is given for the benefit of the Investors. Our Company and the Members of the Consortium are not liable for any amendment or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Shelf Prospectus.

Who can apply?

The following categories of persons are eligible to apply in this Issue.

Category I – Institutional Investors

- Public financial institutions, scheduled commercial banks, and Indian multilateral and bilateral development financial institutions which are authorised to invest in the NCDs;
- Provident funds and pension funds with a minimum corpus of ₹2,500 Lakhs, superannuation funds and gratuity funds, which are authorised to invest in the NCDs;
- Alternative Investment Funds, subject to investment conditions applicable to them under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012;
- Resident venture capital funds registered with SEBI;
- Insurance companies registered with the IRDAI;
- State industrial development corporations;
- Insurance funds set up and managed by the army, navy, or air force of the Union of India;
- Insurance funds set up and managed by the Department of Posts, the Union of India;
- Systemically important non-banking financial company registered with the RBI and having a net-worth of more than ₹50,000 Lakhs in accordance with the last audited financial statements
- National Investment Fund set up by resolution no. F.No. 2/3/2005-DDII dated November 23, 2005 of the Government of India published in the Gazette of India; and
- Mutual funds registered with SEBI.

Category II – Non Institutional Investors

- Companies within the meaning of Section 2(20) of the Companies Act, 2013;
- Statutory bodies or corporations and societies registered under the applicable laws in India and authorised to invest in the NCDs;
- Co-operative banks and regional rural banks;
- Trusts including public or private charitable or religious trusts which are authorised to invest in the NCDs;
- Scientific and/or industrial research organisations, which are authorised to invest in the NCDs;
- Partnership firms in the name of the partners;
- Limited liability partnerships formed and registered under the provisions of the Limited Liability Partnership Act, 2008 (No. 6 of 2009), as amended;
- Association of persons; and

- Any other incorporated and/ or unincorporated body of persons.

Category III - High Net Worth Individual Investors

- High Net-worth Individual Investors - Resident Indian individuals and Hindu Undivided Families through the Karta applying for an amount aggregating to above ₹10,00,000 across all series of NCDs in a Tranche Issue.

Category IV – Retail Individual Investors

- Retail Individual Investors - Resident Indian individuals and Hindu Undivided Families through the Karta applying for an amount aggregating up to and including ₹10,00,000 across all options of NCDs in in a Tranche. Issue.

Please note that it is clarified that person(s) resident outside India shall not be entitled to participate in the Issue and any Application(s) from such persons are liable to be rejected. Participation of any of the aforementioned categories of persons or entities is subject to the applicable statutory and/or regulatory requirements in connection with the subscription to Indian securities by such categories of persons or entities.

Applicants are advised to ensure that they have obtained the necessary statutory and/or regulatory permissions or consents or approvals in connection with applying for, subscribing to, or seeking allotment of NCDs pursuant to this Issue.

The Lead Managers and their respective associates and affiliates are permitted to subscribe in this Issue.

The information below is given for the benefit of Applicants. Our Company, Members of the Consortium and the Lead Managers are not liable for any amendment or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Shelf Prospectus.

How to apply?

Availability of this Draft Shelf Prospectus, the Shelf Prospectus, the relevant Tranche Prospectus, Abridged Prospectus and Application Forms.

Please note that there is a single Application Form for Applicants who are persons resident in India.

Physical copies of the Shelf Prospectus, relevant Tranche Prospectus for each Tranche Issue together with Application Forms, and Abridged Prospectus containing the salient features of the Shelf Prospectus, may be obtained from our (i) Registered and Corporate Office, (ii) the office of the Lead Managers, (iii) the office of the Registrar to the Issue, (v) Designated RTA Locations for RTAs, (vi) Designated CDP Locations for CDPs, and (vii) the Designated Branches of the SCSBs. Additionally, the Draft Shelf Prospectus, the Shelf Prospectus, the relevant Tranche Prospectus for each Tranche Issue and the Application Forms will be available:

(i) for download on the website of BSE at www.bseindia.com, and the website of the Lead Managers at www.edelweissfin.com, www.akgroup.co.in, www.axisbank.com, www.icicibank.com, www.jmfl.com, www.sbicaps.com and www.trustgroup.in.

(ii) at the Designated Branches of the SCSBs and at the Specified Locations of the Members of the Consortium.

Electronic Application Forms will also be available on the website of the Stock Exchange and on the website of SCSBs that permit submission of Applications electronically. A unique application number ("**UAN**") will be generated for every Application Form downloaded from the websites of the Stock Exchange. Further, Application Forms will also be provided to Designated Intermediaries at their request.

In addition, brokers having online demat account portals may also provide a facility of submitting the Application Forms virtually online to their account holders.

Trading members of the Stock Exchange can download Application Forms from the websites of the Stock Exchange. Further, Application Forms will be provided to Trading Members of the Stock Exchange at their request.

Method of Application

In terms of the Debt ASBA Circular, an eligible investor desirous of applying in this Issue can make Applications through the ASBA mechanism only.

Applicants are requested to note that in terms of the Debt Application Circular, SEBI had mandated issuers to provide, through a recognized stock exchange which offers such a facility, an online interface enabling direct application by investors to a public issue of debt securities with an online payment facility ("**Direct Online Application Mechanism**"). In this regard, SEBI has, through the Debt Application Circular, directed recognized Stock Exchange in India to put in necessary systems and infrastructure for the implementation of the Debt Application Circular and the Direct Online Application Mechanism infrastructure for the implementation of the Debt Application Circular and the Direct Online Application Mechanism. Please note that the Applicants will not have the option to apply for NCDs under this Issue, through the direct online applications mechanism of the Stock Exchange. Please note that clarifications and/or confirmations regarding the implementation of the requisite infrastructure and facilities in relation to direct online applications and online payment facility have been sought from the Stock Exchange and the Stock Exchange have confirmed that the necessary infrastructure and facilities for the same have not been implemented by the Stock Exchange. Hence, the Direct Online Application facility will not be available for this Issue.

All Applicants shall mandatorily apply in the Issue through the ASBA process only. Applicants intending to subscribe in the Issue shall submit a duly filled Application form to any of the Designated Intermediaries.

Applicants should submit the Application Form only at the Bidding Centres, *i.e*. to the respective Members of the Consortium at the Specified Locations, the SCSBs at the Designated Branches, the Registered Broker at the Broker Centres, the RTAs at the Designated RTA Locations or CDPs at the Designated CDP Locations. Kindly note that Application Forms submitted by Applicants at the Specified Locations will not be accepted if the SCSB with which the ASBA Account, as specified in the Application Form is maintained has not named at least one branch at that location for the Designated Intermediaries for deposit of the Application Forms. A list of such branches is available at http://www.sebi.gov.in.

The relevant Designated Intermediaries, upon receipt of physical Application Forms from ASBA Applicants, shall upload the details of these Application Forms to the online platform of the Stock Exchange and submit these Application Forms with the SCSB with whom the relevant ASBA Accounts are maintained.

For Applicants who submit the Application Form in physical mode, the Application Form shall be stamped at the relevant Designated Branch of the SCSB. Application Forms in physical mode, which shall be stamped, can also be submitted to be the Designated Intermediaries at the Specified Locations. The SCSB shall block an amount in the ASBA Account equal to the Application Amount specified in the Application Form.

Our Company, the Directors, affiliates, associates and their respective directors and officers, Lead Managers and the Registrar to the Issue and their respective directors and officers, shall not take any responsibility for acts, mistakes, errors, omissions and commissions etc. in relation to ASBA Applications accepted by the Designated Intermediaries, Applications uploaded by SCSBs, Applications accepted but not uploaded by SCSBs or Applications accepted and uploaded without blocking funds in the ASBA Accounts. It shall be presumed that for Applications uploaded by SCSBs, the Application Amount has been blocked in the relevant ASBA Account. Further, all grievances against Designated Intermediaries in relation to this Issue should be made by Applicants directly to the Stock Exchange.

Application Size

As specified in the relevant Tranche Prospectus for each Tranche Issue.

APPLICATIONS BY VARIOUS APPLICANT CATEGORIES

Applications by Mutual Funds

Pursuant to the SEBI circular SEBI/HO/IMD/DF2/CIR/P/2019/104 dated October 1, 2019 dated February 22, 2017 ("**SEBI Circular 2019**"), mutual funds are required to ensure that the total exposure of debt schemes of mutual funds in a particular sector shall not exceed 20% of the net assets value of the scheme. Further, the additional exposure limit provided for financial services sector not exceeding 10% of net assets value of scheme shall be allowed only by way of increase in exposure to HFCs. However the overall exposure in HFCs shall not exceed the sector exposure limit of 20% of the net assets of the scheme Further, the group level limits for debt schemes and the ceiling be fixed at 10% of net assets value extendable to 15% of net assets value after prior approval of the board of trustees.

A separate Application can be made in respect of each scheme of an Indian mutual fund registered with SEBI and such Applications shall not be treated as multiple Applications. Applications made by the AMCs or custodians of a Mutual Fund shall clearly indicate the name of the concerned scheme for which the Application is being made. An Application Form by a mutual fund registered with SEBI for Allotment of the NCDs must be also accompanied by certified true copies of (i) its SEBI registration certificates (ii) the trust deed in respect of such mutual fund (ii) a resolution authorising investment and containing operating instructions and (iii) specimen signatures of authorized signatories.

Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason therefor.

Application by Scheduled Commercial Banks, Co-operative Banks and Regional Rural Banks

Scheduled Commercial Banks, Co-operative Banks and Regional Rural Banks can apply in a relevant Tranche Issue based upon their own investment limits and approvals. Applications by them for Allotment of the NCDs must be accompanied by certified true copies of (i) memorandum and articles of association/charter of constitution; (ii) power of attorney; (iii) a board resolution authorising investment; (iv) the certificate of registration from the RBI; and (v) a letter of authorisation.

Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason therefor.

Pursuant to SEBI Circular no. CIR/CFD/DIL/1/2013 dated January 2, 2013, SCSBs making applications on their own account using ASBA facility, should have a separate account in their own name with any other SEBI registered SCSB. Further, such account shall be used solely for the purpose of making application in public issues and clear demarcated funds should be available in such account for ASBA applications.

Application by Insurance Companies

Insurance companies registered with the IRDAI can apply in this Issue based on their own investment limits and approvals in accordance with the regulations, guidelines and circulars issued by the IRDAI. The Application Form must be accompanied by certified true copies of their (i) memorandum and articles of association/charter of constitution; (ii) power of attorney; (iii) resolution authorising investments/containing operating instructions; (iv) IRDAI registration certificate, and (v) specimen signatures of authorised signatories.

Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason therefor.

Applications by Alternative Investments Funds

Applications made by 'Alternative Investment Funds' eligible to invest in accordance with the SEBI AIF Regulations for Allotment of the NCDs must be accompanied by certified true copies of (i) SEBI registration certificate; (ii) a resolution authorising investment and containing operating instructions; and (iii) specimen signatures of authorised persons. The Alternative Investment Funds shall at all times comply with the requirements applicable to it under the SEBI AIF Regulations and the relevant notifications issued by SEBI.

Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason therefor.

Application by Systemically Important Non-Banking Financial Companies

Systemically Important Non-Banking Financial Company, a non-banking financial company registered with the Reserve Bank of India and having a net worth of more than Rs. 50,000 lakh as per the last audited financial statement can apply in the Issue based upon their own investment limits and approvals. Applications by them for Allotment of the NCDs must be accompanied by certified true copies of (i) their memorandum and articles of association or charter of constitution; (ii) power of attorney; (iii) a board resolution authorising investments; (iv) specimen signatures of authorised signatories; (v) certificate of registration issued by the RBI; (vi) last audited financial statements; (vii) net worth certificate from the statutory auditor.

Failing this, our Company reserves the right to accept or reject any Application for Allotment of the NCDs in whole or in part, in either case, without assigning any reason therefor.

Applications by Associations of persons and/or bodies established pursuant to or registered under any central or state statutory enactment.

In case of Applications made by Applications by Associations of persons and/or bodies established pursuant to or registered under any central or state statutory enactment, must submit a (i) certified copy of the certificate of registration or proof of constitution, as applicable, (ii) power of attorney, if any, in favour of one or more persons thereof, (iii) such other documents evidencing registration thereof under applicable statutory/regulatory requirements. Further, any trusts applying for NCDs pursuant to the Issue must ensure that (a) they are authorized under applicable statutory/regulatory requirements and their constitution instrument to hold and invest in debentures, (b) they have obtained all necessary approvals, consents or other authorisations, which may be required under applicable statutory and/or regulatory requirements to invest in debentures, and (c) Applications made by them do not exceed the investment limits or maximum number of NCDs that can be held by them under applicable statutory and or regulatory provisions.

Failing this, our Company reserves the right to accept or reject any Applications in whole or in part, in either case, without assigning any reason therefor.

Applications by Trusts

In case of Applications made by trusts, settled under the Indian Trusts Act, 1882, as amended, or any other statutory and/or regulatory provision governing the settlement of trusts in India, must submit a (i) certified copy of the registered instrument for creation of such trust, (ii) power of attorney, if any, in favour of one or more trustees thereof, (iii) such other documents evidencing registration thereof under applicable statutory/regulatory requirements. Further, any trusts applying for NCDs pursuant to this Issue must ensure that (a) they are authorized under applicable statutory/regulatory requirements and their constitution instrument to hold and invest in debentures, (b) they have obtained all necessary approvals, consents or other authorisations, which may be required under applicable statutory and/or regulatory requirements to invest in debentures, and (c) Applications made by them do not exceed the investment limits or maximum number of NCDs that can be held by them under applicable statutory and or regulatory provisions.

Failing this, our Company reserves the right to accept or reject any Applications in whole or in part, in either case, without assigning any reason therefor.

Applications by Public Financial Institutions or statutory corporations, which are authorized to invest in the NCDs

The Application must be accompanied by certified true copies of: (i) any Act/ Rules under which they are incorporated; (ii) board resolution authorising investments; and (iii) specimen signature of authorized person.

Failing this, our Company reserves the right to accept or reject any Applications in whole or in part, in either case, without assigning any reason therefor.

Applications made by companies, bodies corporate and societies registered under the applicable laws in India

The Application must be accompanied by certified true copies of: (i) any act/ rules under which they are incorporated; (ii) board resolution authorising investments; and (iii) specimen signature of authorized person.

Failing this, our Company reserves the right to accept or reject any Applications in whole or in part, in either case, without assigning any reason therefor.

Applications by Indian scientific and/ or industrial research organizations, which are authorized to invest in the NCDs

Applications by scientific and/ or industrial research organisations which are authorised to invest in the NCDs must be accompanied by certified true copies of: (i) any act/rules under which such Applicant is incorporated; (ii) a resolution of the board of directors of such Applicant authorising investments; and (iii) specimen signature of authorized persons of such Applicant.

Failing this, our Company reserves the right to accept or reject any Applications for Allotment of the NCDs in whole or in part, in either case, without assigning any reason therefor.

Applications by partnership firms formed under applicable Indian laws in the name of the partners and Limited Liability Partnerships formed and registered under the provisions of the Limited Liability Partnership Act, 2008

Applications made by partnership firms and limited liability partnerships formed and registered under the Limited Liability Partnership Act, 2008 must be accompanied by certified true copies of: (i) the partnership deed for such Applicants; (ii) any documents evidencing registration of such Applicant thereof under applicable statutory/regulatory requirements; (iii) a resolution authorizing the investment and containing operating instructions; and (iv) specimen signature of authorized persons of such Applicant.

Failing this, our Company reserves the right to accept or reject any Applications for Allotment of the NCDs in whole or in part, in either case, without assigning any reason therefor.

Applications under a power of attorney

In case of Applications made pursuant to a power of attorney by Applicants from Category I, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the memorandum of association and articles of association and/or bye laws must be lodged along with the Application Form.

Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason therefor.

In case of Applications made pursuant to a power of attorney by Applicants from Category II, Category III and Category IV, a certified copy of the power of attorney must be lodged along with the Application Form.

In case of physical ASBA Applications made pursuant to a power of attorney, a certified copy of the power of attorney must be lodged along with the Application Form.

Failing this our Company, in consultation with the Lead Managers, reserves the right to reject such Applications.

Our Company, in its absolute discretion, reserves the right to relax the above condition of attaching the power of attorney along with the Application Forms subject to such terms and conditions that our Company and the Lead Managers may deem fit.

Brokers having online demat account portals may also provide a facility of submitting the Application Forms online to their account holders. Under this facility, a broker receives an online instruction through its portal from the Applicant for making an Application on his or her behalf. Based on such instruction, and a power of attorney granted by the Applicant to authorise the broker, the broker makes an Application on behalf of the Applicant.

Applications by provident funds, pension funds, superannuation funds and gratuity funds which are authorized to invest in the NCDs

Applications by provident funds, pension funds, superannuation funds and gratuity funds which are authorised to invest in the NCDs, for Allotment of the NCDs must be accompanied by certified true copies of: (i) any act or rules under which they are incorporated; (ii) a power of attorney, if any, in favour of one or more trustees thereof, (ii) a board resolution authorising investments; (iii) such other documents evidencing registration thereof under applicable statutory or regulatory requirements; (iv) specimen signature of authorized person; (v) a certified copy of the registered instrument for creation of such fund or trust; and (vi) any tax exemption certificate issued by Income Tax authorities.

Failing this, our Company reserves the right to accept or reject any Applications for Allotment of the NCDs in whole or in part, in either case, without assigning any reason therefor.

Applications by National Investment Funds

Application made by a National Investment Fund for Allotment of the NCDs must be accompanied by certified true copies of: (i) incorporation/ registration under any act or rules under which they are incorporated or registered; (ii) the trust deed in respect of the fund, if any; (iii) a resolution authorising investment and containing operating instructions; and (iv) specimen signatures of authorized persons.

Failing this, our Company reserves the right to accept or reject any Applications for Allotment of the NCDs in whole or in part, in either case, without assigning any reason therefor.

The Members of Consortium and their respective associates and affiliates are permitted to subscribe in this Issue.

Applications cannot be made by:

a) Minors without a guardian name* (A guardian may apply on behalf of a minor. However, Application by minors must be made through Application Forms that contain the names of both the minor applicant and the name of the guardian);

b) Foreign nationals;

c) Persons resident outside India;

d) Foreign Institutional Investors;

e) Foreign Portfolio Investors;

f) Non Resident Indians;

g) Qualified Foreign Investors;

h) Overseas Corporate Bodies**;

i) Foreign Venture Capital Funds; and

j) Persons ineligible to contract under applicable statutory/ regulatory requirements.

* *Applicant shall ensure that guardian is competent to contract under Indian Contract Act, 1872*

The Registrar to the Issue shall verify the above on the basis of the records provided by the Depositories based on the DP ID and Client ID provided by the Applicants in the Application Form and uploaded onto the electronic system of the Stock Exchange by the Designated Intermediaries.

Based on the information provided by the Depositories, our Company shall have the right to accept Applications belonging to an account for the benefit of a minor (under guardianship). In case of such Applications, the Registrar to the Issue shall verify the above on the basis of the records provided by the Depositories based on the DP ID and Client ID provided by the Applicants in the Application Form and uploaded onto the electronic system of the Stock Exchange.

***The concept of Overseas Corporate Bodies (meaning any company, partnership firm, society and other corporate body or overseas trust irrevocably owned/held directly or indirectly to the extent of at least 60% by NRIs), which was in existence until 2003, was withdrawn by the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies) Regulations, 2003. Accordingly, OCBs are not permitted to invest in the Issue.*

Payment instructions

Payment mechanism for Applicants

An Applicant shall specify details of the ASBA Account Number in the Application Form and the relevant SCSB shall block an amount equivalent to the Application Amount in the ASBA Account specified in the Application Form. Upon receipt of an intimation from the Registrar to the Issue, the SCSBs shall, on the Designated Date, transfer such blocked amount from the ASBA Account to the Public Issue Account in terms of the Public Issue Account Agreement. The balance amount remaining after the finalisation of the Basis of Allotment shall be unblocked by the SCSBs on the basis of the instructions issued in this regard by the Registrar to the Issue to the respective SCSB within 6 (six) Working Days of the Issue Closing Date. The Application Amount shall remain blocked in the ASBA Account until transfer of the Application Amount to the Public Issue Account, or until withdrawal/ failure of the relevant Tranche Issue or until rejection of the Application, as the case may be.

Additional information for Applicants

1. Application Forms submitted by Applicants whose beneficiary accounts are inactive shall be rejected.

2. No separate receipts will be issued for the money blocked on the submission of Application Form. However, the collection centre of the Designated Intermediaries will acknowledge the receipt of the Application Forms by stamping and returning to the Applicant the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Application Form for the records of the Applicant.

3. Applications should be submitted on the Application Form only. In the event that physical Application Forms do not bear the stamp of the Designated Intermediaries, or the relevant Designated Branch, as the case may be, they are liable to be rejected.

4. Application Forms submitted by Applicants shall be for allotment of NCDs only in dematerialized form.

Applicants are advised not to submit Application Forms to Public Issue Account Banks and the same will be rejected in such cases and the Applicants will not be entitled to any compensation whatsoever.

Filing of the Shelf Prospectus and the Tranche Prospectus with ROC

A copy of the Shelf Prospectus and the relevant Tranche Prospectus for each Tranche Issue shall be filed with the ROC in accordance with Section 26 and Section 31 of the Companies Act, 2013.

Pre-Issue Advertisement

Our Company will issue a statutory advertisement on or before the relevant Issue Opening Date of each relevant Tranche Issue. This advertisement will contain the information as prescribed under the SEBI Debt Regulations and Section 30 of the Companies Act, 2013. Material updates, if any, between the date of filing of the Shelf Prospectus and the relevant Tranche Prospectus for each Tranche Issue with the ROC and the date of release of the statutory advertisement will be included in the statutory advertisement.

Instructions for completing the Application Form

(a) Applications must be made in the prescribed Application Form.

(b) Application Forms are to be completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained in the Draft Shelf Prospectus, the Shelf Prospectus, the Tranche Prospectus for each Tranche Issue and the Application Form. Incomplete Application Forms are liable to be rejected. Applicants should note that the Designated Intermediaries will not be liable for errors in data entry due to incomplete or illegible Application Forms.

(c) Applications are required to be for a minimum of such NCDs and in multiples of one NCD thereafter as specified in theIssue Documents.

(d) Thumb impressions and signatures other than in the languages specified in the Eighth Schedule in the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.

(e) Applications should be in single or joint names and not exceeding three names, and in the same order as their Depository Participant details and Applications should be made by Karta in case the Applicant is an HUF. Applicants are required to ensure that the PAN Details of the HUF are mentioned and not those of the Karta.

(f) If the Application is submitted in joint names, the Application Form should contain only the name of the first Applicant whose name should also appear as the first holder of the depository account held in joint names.

(g) Applicants applying for Allotment must provide details of valid and active DP ID, Client ID and PAN clearly and without error. On the basis of such Applicant's active DP ID, Client ID and PAN provided in the Application Form, and as entered into the electronic Application system of the Stock Exchange by the Designated Intermediaries, as the case may be, the Registrar to the Issue will obtain from the Depository the Demographic Details. Invalid accounts, suspended accounts or where such account is classified as invalid or suspended may not be considered for Allotment of the NCDs.

(h) Applicants must ensure that their Application Forms are made in a single name.

(i) If the ASBA Account holder is different from the Applicant, the Application Form should be signed by the ASBA Account holder also, in accordance with the instructions provided in the Application Form.

(j) Applicant should correctly mention the ASBA Account number and ensure that funds equal to the Application Amount are available in the ASBA Account before submitting the Application Form and ensure that the signature in the Application Form matches with the signature in the Applicant's bank records.

(k) All Applicants are required to tick the relevant column in the "Category of Investor" box in the Application Form.

(l) Applications for all the options of the NCDs may be made in a single Application Form only.

The series, mode of allotment, PAN, demat account number, etc. should be captured by the relevant Designated Intermediaries in the data entries as such data entries will be considered for allotment.

Applicants should note that neither the Members of the Consortium nor the other Designated Intermediaries, as the case may be, will be liable for error in data entry due to incomplete or illegible Application Forms. Our Company would allot the NCDs, as specified in the relevant Tranche Prospectus for each Tranche Issue to all valid Applications, wherein the Applicants have not indicated their choice of the relevant series of NCDs.

Applicants' PAN, Depository Account and Bank Account Details

ALL APPLICANTS APPLYING FOR ALLOTMENT OF THE NCDS SHOULD MENTION THEIR DP ID, CLIENT ID AND PAN IN THE APPLICATION FORM. APPLICANTS MUST ENSURE THAT THE DP ID, CLIENT ID AND PAN GIVEN IN THE APPLICATION FORM IS EXACTLY THE SAME AS THE DP ID, CLIENT ID AND PAN AVAILABLE IN THE DEPOSITORY DATABASE. IF THE BENEFICIARY ACCOUNT IS HELD IN JOINT NAMES, THE APPLICATION FORM SHOULD CONTAIN THE NAME AND PAN OF BOTH THE HOLDERS OF THE BENEFICIARY ACCOUNT AND SIGNATURES OF BOTH HOLDERS WOULD BE REQUIRED IN THE APPLICATION FORM.

On the basis of the DP ID, Client ID and PAN provided by them in the Application Form, the Registrar to the Issue will obtain from the Depository the Demographic Details of the Applicants including PAN and MICR code. These Demographic Details would be used for giving Allotment Advice and refunds, if any, to the Applicants. Hence, Applicants are advised to immediately update their Demographic Details (including bank account details) as appearing on the records of the Depository Participant and ensure that they are true and correct. Please note that failure to do so could result in delays in despatch/ credit of refunds, if any, to Applicants, delivery of Allotment Advice or unblocking of ASBA Accounts at the Applicants' sole risk, and neither the Members of the Consortium nor the Designated Intermediaries, nor the Registrar, nor the Banker(s) to the Issue, nor the SCSBs, nor our Company shall have any responsibility and undertake any liability for the same.

Applicants should note that in case the DP ID, Client ID and PAN mentioned in the Application Form, as the case may be and entered into the electronic Application system of the Stock Exchange by the Members of the Consortium or the Designated Intermediaries, as the case may be, do not match with the DP ID, Client ID and PAN available in the Depository database or in case PAN is not available in the Depository database, the Application Form is liable to be rejected and our Company, the Members of the Consortium and the other Designated Intermediaries shall not be liable for losses, if any.

These Demographic Details would be used for all correspondence with the Applicants including mailing of the Allotment Advice and for refunds (if any) as applicable. The Demographic Details given by Applicants in the Application Form would not be used for any other purpose by the Registrar to the Issue except in relation to this Issue.

By signing the Application Form, Applicants applying for the NCDs would be deemed to have authorised the Depositories to provide, upon request, to the Registrar, the required Demographic Details as available on its records.

Allotment Advice would be mailed by post or e-mail at the address of the Applicants in accordance with the Demographic Details received from the Depositories. Applicants may note that delivery of Allotment Advice may get delayed if the same once sent to the address obtained from the Depositories are returned undelivered. Further, please note that any such delay shall be at such Applicants' sole risk and neither our Company, Banker(s) to the Issue, Registrar to the Issue nor the Lead Managers shall be liable to compensate the Applicant for any losses caused to the Applicants due to any such delay or liable to pay any interest for such delay. In case of refunds through electronic modes as detailed in the Draft Shelf Prospectus, refunds may be delayed if bank particulars obtained from the Depository Participant are incorrect.

In case of Applications made under powers of attorney, our Company in its absolute discretion, reserves the right to permit the holder of a power of attorney to request the Registrar to the Issue that for the purpose of printing particulars on and mailing of the Allotment Advice through post, the Demographic Details obtained from the Depository of the Applicant shall be used.

With effect from August 16, 2010, the beneficiary accounts of Applicants for whom PAN details have not been verified shall be suspended for credit and no credit of NCDs pursuant to this Issue will be made into the accounts of the Applicants. Application Forms submitted by Applicants whose beneficiary accounts are inactive shall be rejected. Furthermore, in case no corresponding record is available with the Depositories, which matches the three parameters, namely, DP ID, Client ID and PAN, then such Applications are liable to be rejected.

Permanent Account Number (PAN)

The Applicant should mention his or her PAN allotted under the IT Act. For minor Applicants, applying through the guardian, it is mandatory to mention the PAN of the minor Applicant. However, Applications on behalf of the central or state government officials and the officials appointed by the courts in terms of a SEBI circular dated June 30, 2008 and Applicants residing in the state of Sikkim who in terms of a SEBI circular dated July 20, 2006 may be exempt from specifying their PAN for transacting in the securities market. In accordance with Circular No. MRD/DOP/Cir-05/2007 dated April 27, 2007 issued by SEBI, the PAN would be the sole identification number for the participants transacting in the securities market, irrespective of the amount of transaction. Any Application Form, without the PAN is liable to be rejected, irrespective of the amount of transaction. It is to be specifically noted that the Applicants should not submit the general index register number i.e. GIR number instead of the PAN as the Application is liable to be rejected on this ground.

However, the exemption for the central or state government and the officials appointed by the courts and for investors residing in the State of Sikkim is subject to the Depository Participants' verifying the veracity of such claims by collecting sufficient documentary evidence in support of their claims. At the time of ascertaining the validity of these Applications, the Registrar to the Issue will check under the Depository records for the appropriate description under the PAN field i.e. either Sikkim category or exempt category.

Electronic registration of Applications

(a) The Designated Intermediaries will register the Applications using the on-line facilities of Stock Exchange. The Lead Managers, our Company, and the Registrar to the Issue are not responsible for any acts, mistakes or errors or omission and commissions in relation to (i) the Applications accepted by the Designated Intermediaries, (ii) the Applications uploaded by the Designated Intermediaries, (iii) the Applications accepted but not uploaded by the Designated Intermediaries, (iv) Applications accepted and uploaded by the SCSBs without blocking funds in the ASBA Accounts or (iv) Applications accepted and uploaded by the Designated Intermediaries for which the Application Amounts are not blocked by the SCSBs.

(b) The Stock Exchange will offer an electronic facility for registering Applications for this Issue. This facility will be available on the terminals of Members of the Consortium and the other Designated Intermediaries during the Issue Period. On the Issue Closing Date, the Members of the Consortium and the other Designated Intermediaries shall upload the Applications till such time as may be permitted by the Stock Exchange. This information will be available with the Members of the Consortium and the other Designated Intermediaries on a regular basis. Applicants are cautioned that a high inflow of high volumes on the last day of the Issue Period may lead to some Applications received on the last day not being uploaded and such Applications will not be considered for allocation.

(c) Based on the aggregate demand for Applications registered on the electronic facilities of the Stock Exchange, a graphical representation of consolidated demand for the NCDs, as available on the websites of the Stock Exchange, would be made available at the Application centres as provided in the Application Form during the Issue Period.

(d) At the time of registering each Application, the Designated Intermediaries, shall enter the details of the Applicant, such as the Application Form number, PAN, Applicant category, DP ID, Client ID, number and option(s) of NCDs applied, Application Amounts and any other details that may be prescribed by the online uploading platform of the Stock Exchange.

(e) A system generated Acknowledgement Slip will be given to the Applicant as a proof of the registration of his Application. It is the Applicant's responsibility to obtain the Acknowledgement Slip from the Members of the Consortium or the other Designated Intermediaries, as the case may be. The registration of the Applications by the Designated Intermediaries does not guarantee that the NCDs shall be allocated/ Allotted by our Company. Such Acknowledgement Slip will be non-negotiable and by itself will not create any obligation of any kind.

(f) The permission given by the Stock Exchange to use their network and software of the online system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company, and/or the Lead Managers are cleared or approved by the Stock Exchange; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of our Company, the management or any scheme or project of our Company; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of the Draft Shelf Prospectus, the Shelf Prospectus or the relevant Tranche Prospectus for each Tranche Issue; nor does it warrant that the NCDs will be listed or will continue to be listed on the Stock Exchange.

(g) In case of apparent data entry error by the Designated Intermediaries, in entering the Application Form numbers in their respective schedules, other things remaining unchanged, the Application Form may be considered as valid or such exceptions may be recorded in minutes of the meeting submitted to the Designated Stock Exchange.

(h) Only Applications that are uploaded on the online system of the Stock Exchange shall be considered for Allotment. The Designated Intermediaries shall capture all data relevant for the purposes of finalizing the Basis of Allotment while uploading Application data in the electronic systems of the Stock Exchange. In order that the data so captured is accurate, Designated Intermediaries will be given up to one Working Day until 1:00 PM after the Issue Closing Date to modify/ verify certain selected fields uploaded in the online system during the Issue Period after which the data will be sent to the Registrar to the Issue for reconciliation with the data available with the NSDL and CDSL.

General Instructions

Do's

- **Check if you are eligible to apply in accordance with the terms of the Draft Shelf Prospectus, Shelf Prospectus, the relevant Tranche Prospectus for each Tranche Issue and applicable law;**

- **Read all the instructions carefully and complete the Application Form;**

- Ensure that the details about Depository Participant and beneficiary account are correct and the beneficiary account is active;

- Applications are required to be in single or joint names (not more than three);

- In case of an HUF applying through its Karta, the Applicant is required to specify the name of an Applicant in the Application Form as 'XYZ Hindu Undivided Family applying through PQR', where 'PQR' is the name of the Karta;

- Ensure that Applications are submitted to the Designated Intermediaries, before the closure of application hours on the Issue Closing Date;

- Information provided by the Applicants in the Application Form will be uploaded on to the online platform of the Stock Exchange by the Designated Intermediaries, as the case may be, and the electronic data will be used to make allocation/ Allotment. The Applicants should ensure that the details are correct and legible;

- Ensure that the Applicant's names (given in the Application Form is exactly the same as the names in which the beneficiary account is held with the Depository Participant. In case the Application Form is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the Application Form;

- Ensure that you have funds equal to or more than the Application Amount in your ASBA Account before submitting the Application Form;

- Ensure that you mention your PAN in the Application Form. In case of joint applicants, the PAN of all the Applicants should be provided, and for HUFs, PAN of the HUF should be provided. Any Application Form without the PAN is liable to be rejected. Applicants should not submit the GIR Number instead of the PAN as the Application is liable to be rejected on this ground;

  Except for Application (i) on behalf of the Central or State Government and officials appointed by the courts, and (ii) (subject to the circular dated April 3, 2008 issued by SEBI) from the residents of the state of Sikkim, each of the Applicants should provide their PAN. Application Forms in which the PAN is not provided will be rejected. The exemption for the Central or State Government and officials appointed by the courts and for investors residing in the State of Sikkim is subject to (a) the Demographic Details received from the respective depositories confirming the exemption granted to the beneficiary owner by a suitable description in the PAN field and the beneficiary account remaining in "active status"; and (b) in the case of residents of Sikkim, the address in accordance with the Demographic Details evidencing the same.

- Ensure that the Demographic Details as provided in the Application Form are updated, true and correct in all respects;

- Ensure that you request for and receive an Acknowledgement Slip for all your Applications and an acknowledgement as a proof of having been accepted;

- Ensure that you have obtained all necessary approvals from the relevant statutory and/or regulatory authorities to apply for, subscribe to and/or seek Allotment of the NCDs;

- Before submitting the physical Application Form with the Designated Intermediaries, ensure that the SCSB, whose name has been filled in the Application Form, has named a branch in that centre;

- For Applicants applying through Syndicate ASBA, ensure that your Application Form is submitted to the Designated Intermediaries and not to the Public Issue Account Banks or Refund Bank (assuming that such bank is not a SCSB), to our Company or the Registrar to the Issue;

- For Applicants applying through the SCSBs, ensure that your Application Form is submitted at a Designated Branch of the SCSB where the ASBA Account is maintained, and not to the Public Issue Bank (assuming that such bank is not a SCSB), to our Company, the Registrar to the Issue or the Designated Intermediaries;

- Ensure that the Application Form is signed by the ASBA Account holder in case the Applicant is not the account holder;

- Ensure that you have mentioned the correct ASBA Account number in the Application Form;

- Ensure that you have funds equal to the Application Amount in the ASBA Account before submitting the Application Form to the, or to the Members of the Consortium at the Specified Locations, or to the Designated Intermediaries, as the case may be;

- Ensure that you have correctly ticked, provided or checked the authorisation box in the Application Form, or have otherwise provided an authorisation to the SCSB *via* the electronic mode, for the Designated Branch to block funds in the ASBA Account equivalent to the Application Amount mentioned in the Application Form;

- Ensure that you receive an acknowledgement from the Designated Branch or the concerned member of the Consortium, or the Designated Intermediaries, as the case may be, for the submission of the Application Form;

- Ensure that signatures other than in the languages specified in the Eighth Schedule to the Constitution of India is attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal;

- Ensure that your Application Form bears the stamp of the relevant Designated Intermediaries to whom the Application is submitted;

- All Applicants are requested to tick the relevant column "Category of Investor" in the Application Form; and

- Tick the option of NCDs in the Application Form that you wish to apply for.

Don'ts

- Do not apply for lower than the minimum Application size;

- Do not pay the Application amount in cash, by money order, postal order or by stockinvest;

- Do not send the Application Forms by post; instead submit the same to the Designated Intermediaries (as the case may be) only;

- Do not submit the GIR number instead of the PAN as the Application is liable to be rejected on this ground;

- Do not submit incorrect details of the DP ID, Client ID and PAN or provide details for a beneficiary account which is suspended or for which details cannot be verified by the Registrar;

- Do not fill up the Application Form such that the NCDs applied for exceeds the size of this Issue and/or investment limit or maximum number of NCDs that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations;

- Do not submit Applications on plain paper or on incomplete or illegible Application Forms;

- Do not submit an Application in case you are not eligible to acquire the NCDs under applicable law or your relevant constitutional documents or otherwise;

- Do not make payment of the Application Amounts in any mode other than through blocking of the

Application Amounts in the ASBA Accounts;

- Do not submit more than five Application Forms per ASBA Account;
- Do not submit the Application Forms without the Application Amount; and
- Do not apply if you are not competent to contract under the Indian Contract Act, 1872.

Submission of Application Forms

For details in relation to the manner of submission of Application Forms, please see the section titled "*Issue Procedure*" on page 244.

OTHER INSTRUCTIONS

Joint Applications

Applications may be made in single or joint names (not exceeding three). In the case of joint Applications, all payments will be made out in favour of the first Applicant. All communications will be addressed to the first named Applicant whose name appears in the Application Form and at the address mentioned therein. If the depository account is held in joint names, the Application Form should contain the name and PAN of the person whose name appears first in the depository account and signature of only this person would be required in the Application Form. This Applicant would be deemed to have signed on behalf of joint holders and would be required to give confirmation to this effect in the Application Form.

Additional or Multiple Applications

An Applicant is allowed to make one or more Applications for the NCDs for the same or other options of NCDs, as specified in the relevant Tranche Prospectus for each Tranche Issue, subject to a minimum Application size as specified in the relevant Tranche Prospectus for each Tranche Issue for each Application. Any Application for an amount below the aforesaid minimum Application size will be deemed as an invalid Application and shall be rejected. However, any Application made by any person in his individual capacity and an Application made by such person in his capacity as a Karta of an HUF and/or as joint Applicant (second or third applicant), shall not be deemed to be multiple Applications. For the purposes of allotment of NCDs under the Issue, Applications shall be grouped based on the PAN, i.e. Applications under the same PAN shall be grouped together and treated as one Application. Two or more Applications will be deemed to be multiple Applications if the sole or first Applicant is one and the same. For the sake of clarity, two or more applications shall be deemed to be a multiple Application for the aforesaid purpose if the PAN number of the sole or the first Applicant is one and the same.

Depository Arrangements

We have made depository arrangements with NSDL and CDSL for issue and holding of the NCDs in dematerialised form. In this context:

(i) Tripartite Agreements dated October 16, 2007 and November 15, 2007, between us, the Registrar to the Issue and CDSL and NSDL, respectively have been executed, for offering depository option to the Applicants.

(ii) An Applicant must have at least one beneficiary account with any of the Depository Participants (DPs) of NSDL or CDSL prior to making the Application.

(iii) NCDs Allotted to an Applicant in the electronic form will be credited directly to the Applicant's respective beneficiary account(s) with the DP.

(iv) Non-transferable Allotment Advice/ refund orders will be directly sent to the Applicant by the Registrar to this Issue.

(v) It may be noted that NCDs in electronic form can be traded only on Stock Exchange having electronic connectivity with NSDL or CDSL. The Stock Exchange have connectivity with NSDL and CDSL.

(vi) Interest or other benefits with respect to the NCDs held in dematerialised form would be paid to those NCD holders whose names appear on the list of beneficial owners given by the Depositories to us as on Record Date. In case of those NCDs for which the beneficial owner is not identified by the Depository as on the Record Date/ book closure date, we would keep in abeyance the payment of interest or other benefits, till such time that the beneficial owner is identified by the Depository and conveyed to us, whereupon the interest or benefits will be paid to the beneficiaries, as identified, within a period of 30 (thirty) days.

(vii) The trading of the NCDs on the floor of the Stock Exchange shall be in dematerialized form in multiples of One NCD only.

Allottees will have the option to rematerialise the NCDs Allotted under this Issue in accordance with the provisions of the Companies Act, 2013 and the Depositories Act.

For further information relating to Applications for Allotment of the NCDs in dematerialised form, please see the section titled "*Issue Procedure"* on page 244.

Communications

All future communications in connection with Applications made in this Issue should be addressed to the Registrar to the Issue quoting all relevant details as regards the Applicant and its Application.

Applicants can contact the Compliance Officer to the Issue or the Registrar to the Issue in case of any pre-Issue related problems and/or Post-Issue related problems such as non-receipt of Allotment Advice non-credit of NCDs in depository's beneficiary account, etc. Please note that Applicants who have applied for the NCDs through Designated Intermediaries should contact the Stock Exchange in case of any Post-Issue related problems, such as non-receipt of Allotment Advice or non-credit of NCDs in depository's beneficiary account, etc.

Interest in case of Delay

Our Company undertakes to pay interest, in connection with any delay in allotment, demat credit and refunds, beyond the time limit as may be prescribed under applicable statutory and/or regulatory requirements, at such rates as stipulated under such applicable statutory and/or regulatory requirements.

Rejection of Applications

As set out below or if all required information is not provided or the Application Form is incomplete in any respect, the Board of Directors and/or any committee of our Company reserves it's full, unqualified and absolute right to accept or reject any Application in whole or in part and in either case without assigning any reason thereof.

An Application may be rejected on one or more technical grounds, including but not restricted to:

- Applications not made through the ASBA facility
- Number of NCDs applied for being less than the minimum Application size;
- Applications not being signed by the sole/joint Applicants;
- Applications submitted without blocking of the entire Application Amount. However, our Company may allot NCDs up to the value of application monies paid, if such application monies exceed the minimum application size as prescribed hereunder;

- Application Amount blocked being higher than the value of NCDs Applied for. However, our Company may allot NCDs up to the number of NCDs Applied for, if the value of such NCDs Applied for exceeds the minimum Application size;
- Investor Category in the Application Form not being ticked;
- Date of Birth for first/sole Applicant for persons applying for Allotment not mentioned in the Application Form
- Applications where a registered address in India is not provided by the Applicant;
- ASBA Bank account details to block Application Amount not provided in the Application Form;
- Submission of more than 5 (five) ASBA Forms per ASBA Account;
- Applications by persons not competent to contract under the Indian Contract Act, 1872 including a minor without the name of a guardian;
- Minor Applicants (applying through the guardian) without mentioning the PAN of the minor Applicant;
- DP ID and Client ID not mentioned in the Application Form;
- Applications by stockinvest or accompanied by cash/money order/postal order or any mode other than ASBA;
- If an authorization to the SCSB for blocking funds in the ASBA Account has not been provided;
- Applications uploaded after the expiry of the allocated time on the Issue Closing Date, unless extended by the Stock Exchange, as applicable;
- In case of partnership firms, NCDs may be applied for in the names of the individual partner(s) and no firm as such shall be entitled to apply for in its own name. However a Limited Liability Partnership firm can apply in its own name;
- Applications made without mentioning the PAN of the Applicant, except for Applications by or on behalf of the Central or State Government and the officials appointed by the courts and by investors residing in the State of Sikkim, provided such claims have been verified by the Depository Participants;
- GIR number mentioned in the Application Form instead of PAN;
- Application by OCBs;
- Applications for amounts greater than the maximum permissible amounts prescribed by applicable regulations;
- Applications by persons/entities who have been debarred from accessing the capital markets by SEBI;
- Applications by any persons outside India;
- For all Applications for Allotment the, DP ID, Client ID and PAN mentioned in the Application Form do not match with the DP ID, Client ID and PAN available in the records with the depositories;
- Applications by persons who are not eligible to acquire the NCDs in terms of applicable laws, rules, regulations, guidelines and approvals;
- Application Forms from Applicants not being signed by the ASBA Account holder, if the account holder is different from the Applicant or the signature of the ASBA Account holder on the Application Form does not match with the signature available on the Applicant's bank records;
- Applications for an amount below the minimum Application size;
- Inadequate funds or no credit balance in the ASBA Account to enable the SCSB to block the Application

Amount specified in the Application Form at the time of blocking such Application Amount in the ASBA Account or no confirmation is received from the SCSB for blocking of funds;

- Applications by persons prohibited from buying, selling or dealing in shares, directly or indirectly, by SEBI or any other regulatory authority;
- Applications by Applicants seeking Allotment in dematerialised form whose demat accounts have been 'suspended for credit' pursuant to the circular issued by SEBI on July 29, 2010 bearing number CIR/MRD/DP/22/2010;
- Applications not uploaded on the terminals of the Stock Exchange;
- Applications providing an inoperative demat account number;
- In case of Applications under power of attorney or by limited companies, corporate, trust etc., relevant documents are not submitted along with the Application Form;
- Application Forms submitted to the Designated Intermediaries does not bear the stamp of the relevant Designated Intermediaries. Applications submitted directly to the Designated Branches of the SCSBs does not bear the stamp of the SCSB and/or the Designated Branch and/or the Members of the Consortium, or other Designated Intermediaries, as the case may be;
- Applications by other persons who are not eligible to apply for NCDs under this Issue under applicable Indian regulatory requirements;
- Application Forms not delivered by the Applicant within the time prescribed in accordance with the Application Form and the Draft Shelf Prospectus and in accordance with the instructions in the Application Form, the Draft Shelf Prospectus, the Shelf Prospectus and the relevant Tranche Prospectus for each Tranche Issue;
- Applications tendered to the Designated Intermediaries at centers other than the centers mentioned in the Application Form
- Signature of sole Applicant missing, or, in case of joint Applicants, the Application Forms not being signed by the first Applicant (as per the order appearing in the records of the Depository)
- SCSB making an Application (a) through an ASBA account maintained with its own self or (b) through an ASBA Account maintained through a different SCSB not in its own name or (c) through an ASBA Account maintained through a different SCSB in its own name, where clear demarcated funds are not present or (d) through an ASBA Account maintained through a different SCSB in its own name which ASBA Account is not utilised solely for the purpose of applying in public issues; and
- In case of cancellation of one or more orders (series) within an Application, leading to total order quantity falling under the minimum quantity required for a single Application.

For further instructions regarding Application for the NCDs, Applicants are requested to read the Application Form.

Mode of making refunds

The payment of refund, if any, may be done through various electronic modes mentioned below:

(i) **Direct Credit**: Applicants having bank accounts with the Banker(s) to the Issue shall be eligible to receive refunds through direct credit. Charges, if any, levied by the relevant bank(s) for the same would be borne by us.

(ii) **NACH**: Payment of refund would be done through NACH for Applicants having an account at any of the centres specified by RBI, where such facility has been made available. This mode of payment of refunds, if any, would be subject to availability of complete bank account details including the MICR code as available from the Depositories. The payment of refunds, if any, through this mode will be done for Applicants having a bank account at any centre where NACH facility has been made available (subject to availability of all information for crediting the refund through NACH).

(iii) **NEFT:** Payment of refund shall be undertaken through NEFT wherever the Applicant's bank has been assigned the Indian Financial System Code ("**IFSC**"), which can be linked to a MICR, allotted to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. In case of online payment or wherever the Investors have registered their nine digit MICR number and their bank account number with the depository participant while opening and operating the demat account, the MICR number and their bank account number will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the Investors through this method.

(iv) **RTGS**: If the refund amount exceeds ₹ 2,00,000, Applicants have the option to receive refund through RTGS. Charges, if any, levied by the Banker(s) to the Issue for the same would be borne by us. Charges, if any, levied by the Applicant's bank receiving the credit would be borne by the Applicant.

(v) **Registered Post / Speed Post**: For all other Applicants, including those who have not updated their bank particulars with the MICR code, the interest payment / refund / redemption orders shall be dispatched through Speed Post/ Registered Post only to Applicants that have provided details of a registered address in India. Refunds may be made by cheques, pay orders, or demand drafts drawn on the relevant Refund Bank and payable at par at places where Applications are received. All the cheques, pay orders, or demand drafts as the case may be, shall be sent by registered/speed post at the Investor's sole risk. Bank charges, if any, for cashing such cheques, pay orders, or demand drafts at other centres will be payable by the Applicant.

The Registrar to the Issue shall instruct the relevant SCSB to unblock the funds in the relevant ASBA Account to the extent of the Application Amount specified in the Application Forms for withdrawn, rejected or unsuccessful or partially successful Applications within 6 Working Days of the Issue Closing Date.

Our Company and the Registrar to the Issue shall credit the allotted NCDs to the respective beneficiary accounts/ dispatch the Letters of Allotment or letters of regret by post or email at the Applicant's sole risk, within six Working Days from the Issue Closing Date. We may enter into an arrangement with one or more banks in one or more cities for refund to the account of the applicants through Direct Credit/RTGS/NEFT/NACH.

Further,

(i) Allotment of NCDs in this Issue shall be made within the time period stipulated by SEBI;

(ii) Credit to dematerialised accounts will be given within one Working Day from the Deemed Date of Allotment;

(iii) Interest at a rate of 15% per annum will be paid if the Allotment has not been made and/or the refund orders have not been dispatched to the Applicants within 6 Working days from the Issue Closing Date, for the delay beyond 6 Working days in case of non-receipt of minimum subscription; and

(iv) Our Company will provide adequate funds to the Registrar to the Issue / relevant banks for this purpose.

Retention of oversubscription

As specified in the relevant Tranche Prospectus for each Tranche Issue.

Grouping of Applications and allocation ratio

For the purposes of the basis of allotment:

A. *<u>Applications received from Category I Applicants:</u>* Applications received from Applicants belonging to Category I shall be grouped together, ("**Institutional Portion**");

B. *<u>Applications received from Category II Applicants:</u>* Applications received from Applicants belonging to Category II, shall be grouped together, ("**Non-Institutional Portion**").

C. *<u>Applications received from Category III Applicants:</u>* Applications received from Applicants belonging to Category III shall be grouped together, ("**High Net-worth Individual Category Portion**").

D. *<u>Applications received from Category IV Applicants:</u>* Applications received from Applicants belonging to Category IV shall be grouped together, ("**Retail Individual Category Portion**").

For removal of doubt, the terms "**Institutional Portion**", "**Non-Institutional Portion**", "**High Net-worth Individual Category Portion**" and "**Retail Individual Category Portion**" are individually referred to as "**Portion"** and collectively referred to as **"Portions"**.

Basis of Allotment

As specified in the relevant Tranche Prospectus for each Tranche Issue.

Allocation Ratio

As specified in the relevant Tranche Prospectus for each Tranche Issue.

Retention of oversubscription

As specified in the relevant Tranche Prospectus for each Tranche Issue.

Investor Withdrawals and Pre-closure

<u>Investor Withdrawal</u>: Applicants are allowed to withdraw their Applications at any time prior to the Issue Closing Date by submitting a request for the same to Designated Intermediaries or the Designated Branch, as the case may be, through whom the Application had been placed. In case of Applications submitted to the Designated Intermediaries, upon receipt of the request for withdrawal from the Applicant, the relevant Designated Intermediary, shall do the requisite, including deletion of details of the withdrawn Application Form from the electronic system of the Stock Exchange. In case of Applications submitted directly to the Designated Branch of the SCSB, upon receipt of the request for withdraw from the Applicant, the relevant Designated Branch shall do the requisite, including deletion of details of the withdrawn Application Form from the electronic system of the Stock Exchange and unblocking of the funds in the ASBA Account directly.

<u>Withdrawal of Applications after the Issue Period:</u> In case an Applicant wishes to withdraw the Application after the Issue Closing Date or early closure date, the same can be done by submitting a withdrawal request to the Registrar prior to the finalization of the Basis of Allotment.

<u>Pre-closure:</u> Our Company, in consultation with the Lead Managers reserves the right to close the relevant Tranche Issue at any time prior to the Issue Closing Date, subject to receipt of minimum subscription which is 75% of the Base Issue before the Issue Closing Date. Our Company shall allot NCDs with respect to the Applications received at the time of such pre-closure in accordance with the Basis of Allotment as described hereinabove and subject to applicable statutory and/or regulatory requirements.

Further, the relevant Tranche Issue will also be withdrawn by our Company in the event that the aggregate Applications received for the NCDs is lesser than the minimum subscription which is 75% of the Base Issue before the Issue Closing Date.

In the event of such early closure of this Issue, our Company shall ensure that public notice of such early closure is published on or before such early date of closure or the relevant Issue Closing Date of the relevant Tranche Issue, as applicable, through advertisement(s) in all those newspapers in which pre-Issue advertisement and advertisement for opening or closure of this Issue have been given.

Under Section 39(3) of the Companies Act, 2013 and Rule 11(2) of the Companies (Prospectus and Allotment of Securities) Rules, 2014 if the stated minimum subscription amount has not been subscribed or received, as applicable, within the specified period, the application money received is to be unblocked or credited only to the bank account in or from which the subscription was blocked or remitted. To the extent possible, where the required information for making such refunds is available with our Company and/or Registrar, refunds will be made to the account prescribed. However, where our Company and/or Registrar does not have the necessary information for making such refunds, our Company and/or the Registrar will follow the guidelines prescribed by SEBI in this regard.

Revision of Applications

Pursuant to the notice no: 20120831-22 dated August 31, 2012 issued by the BSE, cancellation of one or more orders (series) within an Application is permitted during the Issue Period as long as the total order quantity does not fall under the minimum quantity required for a single Application. However, please note that in case of cancellation of one or more orders (series) within an Application, leading to total order quantity falling under the minimum quantity required for a single Application will be liable for rejection by the Registrar.

Applicants may revise or modify their Application details during the Issue Period, as allowed or permitted by the Stock Exchange, by submitting a written request to the Designated Intermediary, as the case may be. However, for the purpose of Allotment, the date of original upload of the Application will be considered in case of such revision/modification. In case of any revision of Application in connection with any of the fields which are not allowed to be modified on the electronic Application platform of the Stock Exchange in accordance with the procedures and requirements prescribed by each relevant Stock Exchange, Applicants should ensure that they first withdraw their original Application and submit a fresh Application. In such a case the date of the new Application will be considered for date priority for Allotment purposes.

Revision of Applications is not permitted after the expiry of the time for acceptance of Application Forms on Issue Closing Date. However, in order that the data so captured is accurate, the Designated Intermediaries will be given up to one Working Day (till 1:00 PM) after the Issue Closing Date to modify or verify certain selected fields uploaded in the online system during the Issue Period, after which the data will be sent to the Registrar to the Issue for reconciliation with the data available with the NSDL and CDSL.

Utilisation of Application Amounts

The sum received in respect of a Tranche Issue will be kept in separate bank accounts and we will have access to such funds in accordance with applicable provisions of law(s), regulations and approvals.

Utilisation of the proceeds of this Issue

- All monies received out of this Issue shall be credited / transferred to a separate bank account maintained with a Scheduled Bank as referred to in Section 40 of the Companies Act, 2013.

- The allotment letter shall be issued or application money shall be refunded within 6 Working days from the closure of the respective Tranche Issue or such lesser time as may be specified by Securities and Exchange Board, or else the application money shall be refunded to the applicants forthwith, failing which interest shall be due to be paid to the applicants at the rate of 15% per annum for the delayed period.

- Details of all monies unutilised out of the previous issues made by way of public offer, as well as the monies to be raised through this Issue, if any, shall be disclosed and continued to be disclosed under an appropriate separate head in our balance sheet till the time any part of the proceeds of such previous issue remains unutilized indicating the securities or other forms of financial assets in which such unutilized monies have been invested.

- Details of all monies utilised out of the previous issue made by way of public offer shall be disclosed and continued to be disclosed under an appropriate separate head in our balance sheet indicating the purpose for which such monies have been utilized.

- Details of all unutilised monies out of this Issue, if any, shall be disclosed and continued to be disclosed under an appropriate head in our balance sheet till the time any part of the proceeds of this Issue remains unutilized indicating the form in which such unutilised monies have been invested.

- We shall utilize proceeds of this Issue subsequent to (a) receipt of minimum subscription; (b) completion of Allotment and refund process in compliance with Section 40 of the Companies Act, 2013; (c) creation of security; (d) execution of the Debenture Trust Deed; and (e) obtaining listing and trading approval from the Stock Exchanges as stated in the Draft Shelf Prospectus/relevant Tranche Prospectus.

- Proceeds of this Issue shall not be utilized towards full or part consideration for the purchase or any other acquisition, *inter alia* by way of a lease, of any immovable property or in the purchase of any business or in the purchase of an interest in any business.

- Proceeds of this Issue shall not be utilized for providing loan to or acquisition of shares of any person who is part of the same group or who is under the same management.

Impersonation

Attention of the Applicants is specifically drawn to the provisions of sub-Section (1) of Section 38 of the Companies Act, 2013, which is reproduced below:

"Any person who:

(a) *makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or*

(b) *makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or*

(c) *otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name, shall be liable for action under Section 447."*

Listing

The NCDs proposed to be offered in pursuance of the Draft Shelf Prospectus, Shelf Prospectus, and the relevant Tranche Prospectus will be listed on the BSE. Our Company has received an 'in-principle' approval from BSE by way of its letter dated [●], 2019. The application for listing of the NCDs will be made to the Stock Exchange at an appropriate stage.

If permissions to deal in and for an official quotation of our NCDs are not granted by the Stock Exchange, our Company will forthwith repay, without interest, all moneys received from the Applicants in pursuance of the Draft Shelf

Prospectus, Shelf Prospectus, and the relevant Tranche Prospectus. Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at the Stock Exchange are taken within 6 Working Days from the Issue Closing Date for the respective Tranche Issue.

For the avoidance of doubt, it is hereby clarified that in the event of non-subscription to any one or more of the series, such NCDs with series shall not be listed.

Guarantee/Letter of Comfort

This Issue is not backed by a guarantee or letter of comfort or any other document and/or letter with similar intent.

Undertaking by our Company

We undertake that:

a) the complaints received in respect of this Issue (except for complaints in relation to Applications submitted to Designated Intermediaries) shall be attended to by us expeditiously and satisfactorily;

b) we shall take necessary steps for the purpose of getting the NCDs listed within the specified time i.e. 6 Working Days from the Issue Closing Date;

c) if Allotment is not made, application monies will be refunded/unblocked in the ASBA Accounts within 6 Working Days from the Issue Closing Date or such lesser time as specified by SEBI, failing which interest will be due to be paid to the Applicants in accordance with applicable laws;

d) the funds required for dispatch of allotment advice/ certificates by post shall be made available to the Registrar to the Issue by our Company;

e) necessary cooperation to the credit rating agencies shall be extended in providing true and adequate information until the debt obligations in respect of the NCDs are outstanding;

f) we shall forward the details of utilisation of the funds raised through the NCDs duly certified by our statutory auditors, to the Debenture Trustee at the end of each half year;

g) we shall disclose the complete name and address of the Debenture Trustee in our annual report and website;

h) we shall provide a compliance certificate to the Debenture Trustee (on an annual basis) in respect of compliance with the terms and conditions of issue of NCDs as contained in this Draft Shelf Prospectus, the Shelf Prospectus and each Tranche Prospectus; and

i) we shall make necessary disclosures/reporting under any other legal or regulatory requirement as may be required by our Company from time to time.

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SECTION VIII - MAIN PROVISIONS OF ARTICLES OF ASSOCIATION OF THE COMPANY

*The main provisions of the Articles of Association ("**AOA**") relating to allotment of NCDs and matters incidental hereto have been set out below. Please note that each provision herein below is numbered in accordance with the corresponding provision in the AOA. All defined terms used in this section have the meaning given to them in the AOA. Any reference to the term "Article" hereunder means the corresponding article contended in the AOA.*

1. AUTHORIZED SHARE CAPITAL

The Authorized Share Capital of the Company shall be such amount and be divided into such shares as may, from time to time, be provided in Clause V of the Memorandum of Association with power to increase or reduce the capital and divide the shares in the capital of the Company for the time being into Equity Share Capital and Preference Share Capital and to attach thereto respectively any preferential, qualified or special rights including as to voting, privileges or conditions as may be determined in accordance with these presents and to modify or abrogate any such rights, privileges or conditions in such manner as may for the time being be permitted by the Act and Rules thereunder.

2. CALLS ON SHARES

(i) The Board may, from time to time, subject to the terms on which any shares may have been issued and subject to the conditions of allotment, by a resolution passed at a meeting of Board make such call as it thinks fit upon the members in respect of all moneys unpaid on the shares held by them and each member shall pay the amount of every call so made on him to the person and at the times and places appointed by the Board. A call may be made payable by installments. Thirty days' notice in writing of any call shall be given by the Company specifying the time and place of payment, and the person to whom such call shall be paid. A call shall be deemed to have been made at the time when the resolution authorizing such call was passed at a meeting of the Board. A call may be revoked or postponed at the discretion of the Board. The Board may from time to time at its discretion, extend the time fixed for the payment of any call, but no member shall be entitled to such extension save as a matter of grace and favour.

(ii) That where calls are made on partly paid up shares:

(a) Call notice shall be sub-divided into smaller units when so required by the registered shareholders and duplicate call notices shall be issued at the request of the persons beneficially entitled on production of satisfactory evidence that they are so beneficially entitled.

(b) Payment of calls money shall be accepted from the beneficial holders on production of sub-divided or duplicate call notices without insisting that the shares in respect of these call moneys are paid shall be transferred into the names of the beneficial holders.

(c) The surrender of call money receipts shall be accepted when allotment letters are presented to the Company to be exchanged for share certificates regardless of persons in whose favour the receipts have been made out and the Board shall not require surrender of any receipts from the registered shareholder(s) of the issue of discharge or indemnity from him or them before issuing the share certificate(s).

(iii) The provisions of this Article shall mutatis mutandis apply to the calls on debentures or any other securities issued by the Company

3. COMPANY'S LIEN ON SHARES AND DEBENTURES

The Company shall have a first and paramount lien upon all the shares/debentures (other than fully-paid shares/debentures) registered in the name of each member (whether solely or jointly with others) and upon the proceeds of sale thereof for all moneys whether presently payable or not) called or payable at a fixed time in respect of such shares/ debentures, and no equitable interest in any share shall be created except upon the footing and condition that this Article will have full effect and such lien shall extend to all dividends and bonuses from time to time declared in respect of such shares/ debentures. Unless otherwise agreed the registration of a transfer of shares/ debentures shall operate as a waiver of the Company's lien if any, on such shares/debentures.

Provided that the Board may at any time declare any shares or debentures to be wholly or in part exempt from this clause.

4. ENFORCEMENT OF LIEN BY SALE

(ii) The Company may sell in such manner as the Board thinks fit, any share on which the Company has a lien.

Provided that no sale shall be made (a) unless a sum in respect of which the lien exists is presently payable or (b) until the expiration of fourteen days after a notice in writing stating and demanding payment of such part of the amount in respect of which the lien exists and is presently payable, has been given to the registered holder for the time being of the share, or the person entitled thereto by reason of his death or insolvency or otherwise.

5. APPLICATION OF PROCEEDS OF SALE

The proceeds of the sale shall be applied in payment of such part of the amount in respect of which the lien exists and presently payable, and the residue shall (subject to a like lien for sums not presently payable, as-existed upon the shares prior to the sale) be paid to the person entitled to the shares at the date of the sale. The purchaser shall be registered as the holder of the shares, and he shall not be bound to see the application of the purchase money, nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings in reference to the sale.

The provisions of these articles shall stand mutatis mutandis apply to the Company's lien on debentures or any other security issued by the Company.

6. TRANSFER OF SHARES

The Company shall register the transfer of securities in accordance with the provisions of law as may be applicable from time to time.

The instrument of transfer of shares or debentures shall be in the format as prescribed in the Act and Rules and all provisions of Act shall be duly complied with in respect of all transfer of shares and registration thereof.

Subject to the provisions of these Articles and applicable provisions of the Act or any other law for the time being in force, the Board may refuse whether in pursuance of any power of the Company under these Articles or otherwise to register the transfer of, or the transmission by operation of law of the right to, any shares or interest of a Member in or debentures of the Company. The Company shall within thirty days from the date on which the instrument of transfer, or the intimation of such transmission, as the case may be, was delivered to Company, send notice of the refusal to the transferee and the transferor or to the person giving intimation of such transmission, as the case may be, giving reasons for such refusal.

Provided that the registration of a transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever except where the Company has a lien on shares.

Further, the Board may, subject to applicable law and these Articles and further subject to the right of appeal, decline to register:

(a) the transfer of a share or debentures not being fully-paid, to a person of whom they do not approve;

(b) any transfer of shares or debentures on which the Company has a lien, or when any statutory prohibition or any attachment or prohibitory order of a competent authority restrains the Company from transferring the securities out of the name of the transferor;

(c) when the transferor object to the transfer, provided he serves on the Company within a reasonable time a prohibitory order of a Court of competent jurisdiction.

7. NOMINATION / TRANSMISSION OF SHARES/ DEBENTURES/ OTHER SECURITIES

For the purpose of this Article unless the context otherwise requires:

(i) Every share/debenture/security holder and a depositor under the Company's Public Deposit Scheme (Depositor) of the Company may at any time, nominate in the prescribed manner, a person to whom his Shares/Debentures/Securities or deposits in the Company standing in his name shall vest in the event of his death.

(ii) Where the shares or debentures or securities or deposits in the Company are held by more than one person jointly, the joint holder may together nominate, in the prescribed manner, a person to whom all the rights in the shares or bonds or debentures or securities or deposits in the Company, as the case may be, shall vest in the event of death of all the joint holders.

(iii) Notwithstanding anything contained in any other law for the time being in force or in disposition, whether testamentary or otherwise, in respect of such shares/debentures, securities or deposits in the Company, where a nomination made in the prescribed manner purport to confer on any person the right to vest the shares/debentures/securities or deposits in the Company, the nominee shall on the death of the share/ debenture/security holder or a depositor or on the death of the joint holders as the case may be, become entitled to all the rights in such shares/debentures/security or deposits, as the case may be, to the exclusion of all persons, unless the nomination is varied, cancelled in the prescribed manner.

(iv) A nominee of shareholder(s) shall be entitled to the same dividends/interests and other advantages to which he would be entitled to, if he were the registered holder of the share/debenture/security or deposits except that he shall not, before being registered as a member in respect of his share/debenture/security or deposits be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company.

(v) Provided further that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the share/debenture or deposits, and if the notice is not complied within ninety days, the Board may thereafter withhold payment of all dividends, interests, bonuses or other moneys payable or rights accruing in respect of the share/debenture/securities or deposits, until the requirements of the notice have been complied with.

(vi) Where the nominee is a minor, it shall be lawful for the holder of the shares/debentures/securities or deposits, to make the nomination to appoint, in the prescribed manner, any person to become entitled to shares/debentures/securities or deposits in the Company, in the event of his death, during the minority.

8. POWER TO BORROW

Subject to the provisions of the Act and the Rules, the Board may from time to time, by a resolution passed at a meeting, borrow moneys for the purposes of the Company and may secure repayment of such sum(s) in such manner and upon such terms and conditions as they think fit.

9. CONDITIONS ON WHICH MONEY MAY BE BORROWED

The Board may raise or secure the payment or repayment of such sum or sums in such manner and upon such terms and conditions in all respects as it thinks fit and in particular by the issue of bonds, perpetual or redeemable debentures or debenture stock, or any mortgage, charge or other security on the undertaking of the whole or any part of the property of the Company (both present and future) including its uncalled capital for the time being.

10. SPECIFIC POWERS TO DIRECTORS

Without prejudice to the general powers conferred by preceding Articles and the other powers conferred by these Articles and subject to the provisions of the Act, the Board shall have the following powers, that is to say powers:

(ii) **To acquire property** - to purchase, take on lease or otherwise acquire for the company, property, rights or privileges which the Company is authorized to acquire at such price and generally on such terms and conditions as they think fit.

(iii) **Work of capital nature** - To authorize the undertaking of works of a capital nature including purchase of new items or for their replacement, in accordance with the powers delegated by the Government of India from time to time.

(iv) **To pay property in debentures etc.** - to pay for any property, rights, or privileges acquired by, or services rendered to the company either wholly or partially in cash or in shares, bonds, debentures or other securities of the company, and such shares may be issued either as fully paid up or with such amount credited as paid up thereon as may be agreed upon, and any such bonds, debentures or other securities may be either specially charged upon all or any part of the property of the company and its uncalled capital or not so charged.

(v) **To secure contracts by mortgage** - subject to provisions of the Act, to secure the fulfillment of any contracts or engagement entered into by the company by mortgage or charge of all or any of the property of the company and its uncalled capital for the time being or in such other manner as they may think fit.

(vi) **To appoint officers etc.** - to appoint and at their discretion remove or suspend such managers, secretaries, officers, clerks, agents, and servants for permanent, temporary or special services as they may from time to time, think fit, and to determine their powers and duties and fix their salaries or emoluments, and to require security in such instances and to such amounts as they think fit, provided that appointment of any person who has already attained the age of 60 (Sixty) years shall be made to any posts in the manner and as per the directions of Government of India from time to time.

(vii) **To appoint trustees** - to appoint any person or persons (whether incorporated or not) to accept and hold in trust for the company, and property belonging to the company, or in which it is interested or for any other purposes, and to execute and do all such deeds and things as may be requisite in relation to any such trust, and to provide for the remuneration of such trustee or trustees.

(viii) **To bring and defend action etc**. - to institute, conduct, defend, compound or abandon any legal proceedings by or against the company or its officers, or otherwise concerning the affairs of the company, and also to compound and allow time for payment or satisfaction of any claims or demands by or against the Company.

(ix) **To refer to arbitration** - to refer any claims or demands by or against the company to arbitration and observe and perform the awards.

(x) **To give receipts** - to make and give receipts, releases and other discharges for money payable to the company and for the claims and demands of the company.

(xi) **To authorize acceptance etc.** - to determine who shall be entitled to sign on the company's behalf bills, notes, receipts, acceptances, endorsements, cheques, releases, contracts and other documents.

(xii) **To appoint attorneys** - from time to time to provide for the management of the affairs of the company in such manner as they think fit, and in particular to appoint any person to be the attorneys or agents of the company with such powers (including power to sub-delegate) and upon such terms as may be thought fit.

(xiii) **To invest moneys** - subject to the provisions of Section 179 of the Act, to invest in the Reserve Bank of India or in such securities and deal with any of the moneys of the Company upon such investment authorised by the Memorandum of Association of the Company (not being shares in this Company) and in such manner as they think fit and from time to time to vary or realise such investments.

(xiv) **To give security by way of indemnity** - to execute in the name and on behalf of the Company in favour of any Director or other person who may incur or be about to incur any liability for the benefit of the Company such mortgage of the company's property (present and future) as they think fit and such mortgage may contain a power of sale and other powers, covenants and provisions as shall be agreed on.

(xx) **To make contracts etc.** – to enter into all such negotiations and contracts and rescind and vary all such contracts and execute and do all such acts, deeds and things in the name and on behalf of the company as they may consider expedient for or in relation to any of the matter aforesaid or otherwise for the purpose of the company.

(xxi) **To delegate power** – subject to the provisions of the Act to delegate all or any of the powers, authorities and discretion for the time being vested in them, subject however to the ultimate control and authority being retained by them. Any such delegate may be authorized by the Board to sub-delegate all or any of the powers, authorities and discretions for the time being vested in him.

(xxii) **To borrow moneys** –Subject to the provisions of the Act, to borrow or raise or secure the payment of money on behalf of the Company in such manner as the Directors may think fit and in particular by way of acceptance of deposit, issue of Debentures, or Debenture stock, or bonds, perpetual or otherwise, or in any other manner, and create a charge upon all or any of the Company's property (both present and future) including its uncalled capital and to purchase, redeem, or payoff any such securities.

(xxiii) **To execute mortgages** – to execute mortgage and to create charges on its properties.

(xxiv) **To open and deal in bank accounts in any currency** - To open accounts with any bank or bankers in any currency, and pay money into and draw money from any such account from time to time as the Directors may think fit.

11. DELEGATION OF POWERS TO COMMITTEES

Subject to provision of the Act, the Board may delegate any of their power to Committees consisting of such member or members of their body as they think fit and may from time to time, revoke such delegation. Any Committee so formed shall, in the exercise of the powers so delegated conform to any regulations that may from time to time, be imposed upon it by the Board. The proceedings of such a Committee shall be placed before the Board of Directors at its next meeting.

The meetings and proceedings of any such committee shall be governed by the provisions of these articles regulating the meetings and proceedings of the Board of Directors, so far as the same are applicable thereto and are not suspended by regulations, if any, made by the Board of Directors as aforesaid.

12. CHAIRMAN OF MEETING OF COMMITTEES

A member of the Committee appointed by the Board or elected by the Committee, as Chairman of the Committee, in accordance with the Act or any other law, shall conduct the Meetings of the Committee. If at any meeting, the Chairman is not present within 5 minutes after the time appointed for holding the same, the Committee shall elect one of its members present to chair and conduct the Meeting of the Committee.

SECTION IX – MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts (not being contracts entered into in the ordinary course of business carried on by our Company or entered into more than two years before the date of the Draft Shelf Prospectus) which are or may be deemed material have been entered or are to be entered into by our Company. These contracts and also the documents for inspection referred to hereunder, may be inspected on Working Days at the Registered Office of our Company situated at Core-4, SCOPE Complex, 7, Lodi Road, New Delhi 110 003, India from 10.00 a.m. and 12.00 noon on any Working Day from the date of the filing of this Draft Shelf Prospectus with the Stock Exchange until the Issue Closing Date.

MATERIAL CONTRACTS

1. Issue Agreement dated August 13, 2019 between our Company and the Lead Managers.

2. Registrar Agreement dated August 13, 2019 between our Company and the Registrar to the Issue.

3. Debenture Trustee Agreement dated August 13, 2019 between our Company and the Debenture Trustee.

4. Public Issue Account Agreement to be executed between our Company, the Registrar, the Bankers to the Issue and the Lead Managers.

5. Consortium Agreement to be executed between our Company, the Lead Managers and the Consortium Members.

6. Tripartite Agreements dated October 16, 2007 and November 15, 2007 between our Company, the Registrar to the Issue, and CDSL and NSDL respectively.

MATERIAL DOCUMENTS

1. Memorandum and Articles of Association of our Company, as amended to date;

2. Certificate of registration of the Company as a IFC NBFC;

3. Copy of shareholders' resolution dated September 25, 2018 under Section 180(1)(c) of the Companies Act, 2013 approving the borrowing limits of the Board of Directors;

4. Copy of the Board resolution dated March 20, 2019 approving the market borrowing program for FY 2019-20;

5. Copy of the Board resolution dated August 13, 2019 approving the constitution of the Bond Committee for the Public Issue;

6. Copy of the resolution passed by the Bond Committee for the Public Issue at its meeting held on October 16, 2019 approving the Draft Shelf Prospectus;

7. Consents of each of the Directors, the Chief Financial Officer, the Compliance Officer of the Company, the Compliance Officer to the Issue, Statutory Auditors, Lead Managers, legal counsel to the Issue, Registrar to the Issue, Bankers to our Company, the Debenture Trustee, and the Credit Rating Agencies to include their names in this Draft Shelf Prospectus, in their respective capacities;

8. Consent letter from CARE Ratings Limited in respect permission to use and disclose the contents of the following reports for the section on 'Industry' in this Draft Shelf Prospectus:

    8.1 CARE Ratings Limited: Power Sector Year – End FY 19 Report dated March 29, 2019; and

    8.2 CARE Ratings Limited: Energy Outlook – FY 20 Report dated May 27, 2019;

9. Credit rating letter dated July 24, 2019, and revalidated on August 27, 2019 and October 14, 2019, and credit rating rationale dated April 1, 2019, by CARE assigning a rating of "CARE AAA (Triple A)"; Outlook: Stable) in respect of the NCDs;

10. Credit rating letter dated July 22, 2019 and revalidated on August 29, 2019 and October 11, 2019, and credit rating rationale dated March 28, 2019, by ICRA assigning a rating of "[ICRA]AAA"; Outlook: Stable) in respect of the NCDs;

11. Credit rating letter dated July 29, 2019, and revalidated on August 20, 2019, September 23, 2019 and October 10, 2019, and credit rating rationale dated March 28, 2019, by CRISIL assigning a rating of "CRISIL AAA"; Outlook: Stable) in respect of the NCDs;

12. Credit rating letter dated July 22, 2019 and revalidated on August 29, 2019 and October 11, 2019, and credit rating rationale dated August 29, 2019, by IRRPL assigning a rating of "INDAAA"; Outlook: Stable) in respect of the NCDs;

13. Consent of the Statutory Auditors dated October 16, 2019, to include their name as required under Section 26(1) of the Companies Act, 2013 and SEBI Debt Regulations in the Draft Shelf Prospectus and as an "expert" as defined under Section 2(38) of the Companies Act, 2013 and Section 26(5) of the Companies Act, 2013 in relation to their (i) examination reports, each dated October 16, 2019, on the the Reformatted Consolidated Financial Information under IGAAP, the Consolidated Financial Information under IND-AS, the Standalone Financial Information under IND-AS and Reformatted Standalone Financial Information under IGAAP; and (ii) their report dated October 16, 2019, on the statement of tax benefits, included in the Draft Shelf Prospectus;

14. Consent of the Predecessor Auditors dated October 16, 2019, for (i) inclusion of their name as an "expert" as defined under Section 2(38) of the Companies Act, 2013 and Section 26(5) of the Companies Act, 2013 in relation to the Limited Review Financial Results, and (ii) inclusion of the Limited Review Financial Results in the Draft Shelf Prospectus;

15. Statutory Auditors' examination reports, each dated October 16, 2019, on the Reformatted Consolidated Financial Information under IGAAP, the Consolidated Financial Information under IND-AS, the Standalone Financial Information under IND-AS and the Reformatted Standalone Financial Information under IGAAP;

16. Statement of tax benefits dated October 16, 2019, issued by our Statutory Auditors;

17. Annual report of our Company for the last five Fiscals;

18. Limited Review Financial Results for the quarter ending June 30, 2019;

19. In-principle listing approval from the BSE by its letter dated [●];

20. Due diligence certificate dated [●], filed by the Lead Managers with SEBI; and

21. MoU dated June 14, 2019 between our Company and Power Finance Corporation Limited.

Any of the contracts or documents mentioned above may be amended or modified at any time, without reference to the NCD Holders, in the interest of our Company in compliance with applicable laws.

DECLARATION

We, the Directors of the Company, hereby certify and declare that all the applicable legal requirements in connection with the Issue including the relevant provisions of the Companies Act, 2013, as amended, the relevant provisions of Companies Act, 1956, as amended and the rules prescribed thereunder, as applicable, on the date of this Draft Shelf Prospectus and the guidelines issued by the Government of India or the regulations, guidelines and the circulars issued by the Reserve Bank of India and by the Securities and Exchange Board of India established under Section 3 of the Securities and Exchange Board of India Act, 1992, as amended, as the case may be, have been complied with. We further certify that the disclosures made in this Draft Shelf Prospectus are true and correct and in conformity with the Companies Act, 1956, as amended, and the relevant provisions of the Companies Act, 2013, as amended, to the extent applicable as on the date of this Draft Shelf Prospectus, the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008, as amended, the Securities and Exchange Board of India Act, 1992, as amended, the Securities Contracts (Regulation) Act, 1956, as amended, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, and no statement made in this Draft Shelf Prospectus is contrary to the provisions of the Companies Act, 2013, as amended and the relevant provisions of the Companies Act, 1956, as amended, applicable as on the date of this Draft Shelf Prospectus, the Securities Contracts (Regulation) Act, 1956, as amended, or the Securities and Exchange Board of India Act, 1992, as amended, or rules, guidelines and circulars issued thereunder, and the relevant provisions of any acts, rules, regulations, guidelines and circulars as applicable to this Draft Shelf Prospectus.

We further certify that all the disclosures and statements in this Draft Shelf Prospectus are in compliance with all applicable legal requirements and are true, accurate and correct in all material respects and do not omit disclosure of any material fact which may make the statements made therein, in light of circumstances under which they were made, misleading and that this Draft Shelf Prospectus does not contain any misstatements.

SIGNED BY ALL DIRECTORS:

____

Shri Ajeet Kumar Agarwal
Director (Finance) and Whole Time Director

____

Shri Sanjeev Kumar Gupta
Director (Technical) and Whole Time Director

____

Shri Mritunjay Kumar Narayan
Government nominee Director

____

Shri Praveen Kumar Singh
Nominee Director (Power Finance Corporation Limited)

____

Prof. Tiruvallur Thattai Rammohan
Part-time non-official (Independent) Director

____

Smt. Asha Swarup
Part-time non-official (Independent) Director

____

Dr. Bhagvat Kisanrao Karad
Part-time non-official (Independent) Director

____

Shri Aravamudan Krishna Kumar
Part-time non-official (Independent) Director

Date: October 17, 2019

Place: New Delhi

ANNEXURE A: CREDIT RATING AND RATIONALE

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CARE Ratings
Professional Risk Opinion

CARE/DRO/RL/2019-20/1733

Mr. A. K Agarwal
Director (Finance)
Rural Electrification Corporation Limited
Core 4, Scope Complex 7
Lodhi Road, New Delhi – 110003

July 24, 2019

Confidential

Dear Sir,

Credit rating for FY20 Market Borrowing Programme

Please refer to our letter **CARE/DRO/RL/2018-19/4183** dated March 29, 2019 and your request for revalidation of the rating assigned to the Market Borrowing Programme of Rural Electrification Corporation Limited, for a limit of Rs.90,000 crore.

2. The following ratings have been reviewed:

Instrument	Amount (Rs. crore)	Rating[1]	Remarks
Market Borrowing Programme (FY'20)	90,000.00*$ (Rupees Ninety thousand Crore only)	**CARE AAA; Stable/CARE A1+ [Triple A; Outlook: Stable/ A one Plus]**	**Reaffirmed**
Total	**90,000.00 [Rupees Ninety Thousand Crore only]**		

**Including ST market borrowing programme of Rs.12,000 cr as sublimit of total MBP of Rs.90,000 crore for FY20*
$Includes proposed public issue of taxable Non-Convertible Debentures to the tune of Rs.10,000 crore

3. The Commercial Paper/Short Term debt Issue would be for a maturity not exceeding one year.
4. Please arrange to get the rating revalidated, in case the proposed issue is not made within **six months** for long term rating and **two months** for short term rating from the date of this letter.
5. Please inform us the below-mentioned details of issue immediately, but not later than 7 days from the date of placing the instrument:

Instrument type	ISIN	Issue Size (Rs cr)	Coupon Rate	Coupon Payment Dates	Terms of Redemption	Redemption date	Name and contact details of Debenture Trustee	Details of top 10 investors

vidushi

[1]*Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE publications.*

CARE Ratings Limited
(Formerly known as Credit Analysis & Research Limited)

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Email: care@careratings.com • www.careratings.com

13th Floor, E-1 Block, Videocon Tower
Jhandewalan Extension, New Delhi - 110 055.
Tel: +91-11-4533 3200 • Fax: +91-11-4533 3238

CIN-L67190MH1993PLC071691

6. CARE reserves the right to undertake a surveillance/review of the rating from time to time, based on circumstances warranting such review, subject to at least one such review/surveillance every year.
7. CARE reserves the right to revise/reaffirm/withdraw the rating assigned as also revise the outlook, as a result of periodic review/surveillance, based on any event or information which in the opinion of CARE warrants such an action. In the event of failure on the part of the entity to furnish such information, material or clarifications as may be required by CARE so as to enable it to carry out continuous monitoring of the rating of the debt instruments, CARE shall carry out the review on the basis of best available information throughout the life time of such instruments. In such cases the credit rating symbol shall be accompanied by "ISSUER NOT COOPERATING". CARE shall also be entitled to publicize/disseminate all the afore-mentioned rating actions in any manner considered appropriate by it, without reference to you.
8. Users of this rating may kindly refer our website www.careratings.com for latest update on the outstanding rating.
9. CARE ratings are **not** recommendations to buy, sell, or hold any securities.

If you need any clarification, you are welcome to approach us in this regard.

Thanking you,

Yours faithfully,

vidushi

Vidushi Gupta
[Analyst]
vidushi.gupta@careratings.com

For

Gaurav Dixit
[Deputy General Manager]
gaurav.dixit@careratings.com

Encl.: As above

Disclaimer

CARE's ratings are opinions on the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE's ratings do not convey suitability or price for the investor. CARE's ratings do not constitute an audit on the rated entity. CARE has based its ratings/outlooks on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments. CARE or its subsidiaries/associates may also have other commercial transactions with the entity. In case of partnership/proprietary concerns, the rating /outlook assigned by CARE is, inter-alia, based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating/outlook may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors. CARE is not responsible for any errors and states that it has no financial liability whatsoever to the users of CARE's rating.

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Our ratings do not factor in any rating related trigger clauses as per the terms of the facility/instrument, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and if triggered, the ratings may see volatility and sharp downgrades.

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CARE Ratings
Professional Risk Opinion

CARE/DRO/RL/2019-20/1959
Mr. A. K Agarwal
Director (Finance)
REC Limited
Core 4, Scope Complex 7
Lodhi Road, New Delhi – 110003

August 27, 2019

<u>Confidential</u>

Dear Sir,

<u>Credit rating for FY20 Market Borrowing Programme</u>

Please refer to our letter **CARE/DRO/RL/2018-19/4183** dated March 29, 2019 and your request for revalidation of the rating assigned to the Market Borrowing Programme of REC Limited, for a limit of Rs.90,000 crore.

2. The following ratings have been reviewed:

Instrument	Amount (Rs. crore)	Rating[1]	Remarks
Market Borrowing Programme (FY'20)	90,000.00*$ (Rs Ninety thousand Crore only)	**CARE AAA; Stable/CARE A1+ [Triple A; Outlook: Stable/ A one Plus]**	**Reaffirmed**
Total	**90,000.00 [Rupees Ninety Thousand Crore only]**		

**Includes ST market borrowing programme of Rs.12,000 cr as sublimit of total MBP of Rs.90,000 crore for FY20*

$Includes proposed public issue of taxable Non-Convertible Debentures to the tune of Rs.10,000 crore

3. The Commercial Paper/Short Term debt Issue would be for a maturity not exceeding one year.
4. Please arrange to get the rating revalidated, in case the proposed issue is not made within **six months** for long term rating and **two months** for short term rating from the date of this letter.
5. Please inform us the below-mentioned details of issue immediately, but not later than 7 days from the date of placing the instrument:

Instrument type	ISIN	Issue Size (Rs cr)	Coupon Rate	Coupon Payment Dates	Terms of Redemption	Redemption date	Name and contact details of Debenture Trustee	Details of top 10 investors

[1] *Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE publications.*

CARE Ratings Limited
(Formerly known as Credit Analysis & Research Limited)

CORPORATE OFFICE: 4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway, Sion (E), Mumbai - 400 022.
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Jhandewalan Extension, New Delhi - 110 055.
Tel: +91-11-4533 3200 • Fax: +91-11-4533 3238

CIN-L67190MH1993PLC071691

6. CARE reserves the right to undertake a surveillance/review of the rating from time to time, based on circumstances warranting such review, subject to at least one such review/surveillance every year.
7. CARE reserves the right to revise/reaffirm/withdraw the rating assigned as also revise the outlook, as a result of periodic review/surveillance, based on any event or information which in the opinion of CARE warrants such an action. In the event of failure on the part of the entity to furnish such information, material or clarifications as may be required by CARE so as to enable it to carry out continuous monitoring of the rating of the debt instruments, CARE shall carry out the review on the basis of best available information throughout the life time of such instruments. In such cases the credit rating symbol shall be accompanied by "ISSUER NOT COOPERATING". CARE shall also be entitled to publicize/disseminate all the afore-mentioned rating actions in any manner considered appropriate by it, without reference to you.
8. Users of this rating may kindly refer our website www.careratings.com for latest update on the outstanding rating.
9. CARE ratings are **not** recommendations to buy, sell, or hold any securities.

If you need any clarification, you are welcome to approach us in this regard.

Thanking you,

Jyoti

Jyoti Rautela
[Analyst]
jyoti.rautela@careratings.com

Yours faithfully,

Gaurav Dixt

Gaurav Dixt
[Associate Director]
gaurav.dixit@careratings.com

Encl.: As above

Disclaimer

CARE Ratings
Professional Risk Opinion

Celebrating 25th Year Analytical Excellence

No. CARE/DRO/RL/2019-20/2480

Mr. A. K Agarwal
Director (Finance)
REC Limited
Core 4, Scope Complex 7
Lodhi Road, New Delhi – 110003

October 14, 2019

Confidential

Dear Sir,

Credit rating for FY20 Market Borrowing Programme

Please refer to our letter **CARE/DRO/RL/2019-20/2202** dated September 18, 2019 and your request for revalidation of the rating assigned to the Market Borrowing Programme of REC Limited, for a limit of Rs.90,000 crore.

2. Our Rating Committee has reviewed the following rating(s):

Instrument	Amount (Rs. crore)	Rating[1]	Remarks
Market Borrowing Programme (FY'20)	90,000.00*$ (Rupees Ninety thousand Crore only)	CARE AAA; Stable/CARE A1+ [Triple A; Outlook: Stable/ A one Plus]	Reaffirmed
Total	**90,000.00 [Rupees Ninety Thousand Crore only]**		

**Including ST market borrowing programme of Rs.12,000 cr as sublimit of total MBP of Rs.90,000 crore for FY20*
$Includes proposed public issue of taxable Non-Convertible Debentures to the tune of Rs.10,000 crore

3. The Commercial Paper/Short Term debt Issue would be for a maturity not exceeding one year.
4. Please arrange to get the rating revalidated, in case the proposed issue is not made within **six months** for long term rating and **two months** for short term rating from the date of this letter.
5. Please inform us the below-mentioned details of issue immediately, but not later than 7 days from the date of placing the instrument:

Instrument type	ISIN	Issue Size (Rs cr)	Coupon Rate	Coupon Payment Dates	Terms of Redemption	Redemption date	Name and contact details of Debenture Trustee	Details of top 10 investors

[1]*Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE publications.*

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6. CARE reserves the right to undertake a surveillance/review of the rating from time to time, based on circumstances warranting such review, subject to at least one such review/surveillance every year.
7. CARE reserves the right to revise/reaffirm/withdraw the rating assigned as also revise the outlook, as a result of periodic review/surveillance, based on any event or information which in the opinion of CARE warrants such an action. In the event of failure on the part of the entity to furnish such information, material or clarifications as may be required by CARE so as to enable it to carry out continuous monitoring of the rating of the debt instruments, CARE shall carry out the review on the basis of best available information throughout the life time of such instruments. In such cases the credit rating symbol shall be accompanied by "ISSUER NOT COOPERATING". CARE shall also be entitled to publicize/disseminate all the afore-mentioned rating actions in any manner considered appropriate by it, without reference to you.
8. Our ratings do not factor in any rating related trigger clauses as per the terms of the facility/instrument, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and if triggered, the ratings may see volatility and sharp downgrades.
9. Users of this rating may kindly refer our website www.careratings.com for latest update on the outstanding rating.
10. CARE ratings are **not** recommendations to buy, sell, or hold any securities.

If you need any clarification, you are welcome to approach us in this regard.

Thanking you,

Yours faithfully,

Vidushi

Vidushi Gupta
[Analyst]
vidushi.gupta@careratings.com

Gaurav Dixit

Gaurav Dixit
[Deputy General Manager]
gaurav.dixit@careratings.com

Encl.: As above

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audit on the rated entity. CARE has based its ratings/outlooks on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments. CARE or its subsidiaries/associates may also have other commercial transactions with the entity. In case of partnership/proprietary concerns, the rating /outlook assigned by CARE is, inter-alia, based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating/outlook may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors. CARE is not responsible for any errors and states that it has no financial liability whatsoever to the users of CARE's rating.

Our ratings do not factor in any rating related trigger clauses as per the terms of the facility/instrument, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and if triggered, the ratings may see volatility and sharp downgrades.

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REC Limited

Ratings

Instruments	Amount (Rs. crore)	Rating[1]	Rating Action
Market borrowing programme for FY20 – LT/ST	90,000.00# (Ninety thousand crore only)	**CARE AAA; Stable/CARE A1+ (Triple A; Outlook:Stable/A One Plus)**	**Assigned**

##Including ST market borrowing programme of Rs.12,000 cr as a sublimit of total MBP of Rs.90,000 cr for FY20
Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

The ratings assigned to the market borrowing programme of REC Limited factors in REC's parentage as well as its strategic importance to GoI in the development of power sector in India. The rating also draws comfort from REC's diversified resource profile, adequate profitability and comfortable capitalization levels. The rating also factor in risks associated with weakness in REC's asset quality in exposure to private sector, high exposure to weak state power utilities and high sectoral as well as borrower concentration risk.

With respect to the acquisition of Government of India's (GoI) existing 52.63% equity shareholding in REC Limited by Power Finance Corporation Limited (PFC), the acquisition transaction was completed on March 28, 2019. PFC is majority owned by GoI. Post the transaction, REC becomes a subsidiary of PFC. CARE expects REC's strategic importance to GoI and its role in development of power sector to continue as earlier. CARE will closely monitor the developments in this regard and continue to assess any impact on credit & financial profile of REC. The transaction is not expected to impact financial profile of REC, but given that majority ownership of REC is transferred from GoI to PFC, REC's credit profile will also have linkages with credit profile of PFC. Ratings assigned to borrowing programmes of PFC and REC factor in majority sovereign ownership/economic interest and hence an expectation of continued strong support from GoI given their strategic importance.

Going forward, continued sovereign ownership (indirectly through PFC) and support from GoI and maintaining comfortable capital structure and asset quality are key rating sensitivities.

Detailed description of the key rating drivers:

Key Rating Strengths:

Parentage and status of nodal agency: REC plays a pivotal role in financing power projects from both the state and private sector, thereby being instrumental in strengthening the power infrastructure of the country. REC has been designated as the nodal agency by the Ministry of Power (MoP), Government of India (GoI), for implementing the DDUGJY scheme and National Electricity Fund (NEF). The GoI is the major shareholder with ownership of 52.85% equity shares of REC as of December 31, 2018. With respect to the acquisition of Government of India's (GoI) existing 52.63% of total paid up equity shareholding in REC by PFC, the acquisition transaction was completed on March 28, 2019. Post the transaction, REC becomes a subsidiary of PFC. However, given that PFC is majority owned by GoI and thus GoI indirectly owns majority shareholding in REC as well. CARE expects REC's strategic importance to GoI and its role in development of power sector to continue as earlier. CARE will closely monitor the developments in this regard and continue to assess any impact on credit & financial profile of REC. While the ownership change is not expected to impact the financial profile of REC, but given that majority ownership of REC will transfer from GoI to PFC, REC's credit profile will also have linkages with credit profile of PFC.

Diversified resource profile: REC has a well-diversified resource profile, as it has mobilized funds at cost-effective rates from various sources, with borrowings as long-term bonds, capital gain bonds, tax-free bonds, infrastructure bonds, foreign currency loans, bank loans and, commercial paper. REC's total borrowing as on March 31, 2018 was Rs.1,98,791 crore (Rs.1,67,517 crore as on March 31, 2017), which mainly included bonds (83% of the total borrowing as on March 31, 2018), foreign currency borrowings (15%) and short term borrowings (2%).

Adequate capitalization: As on March 31, 2018, REC had comfortable capitalization profile with overall CAR of 19.39% and Tier I CAR of 16.84%. REC has followed Ind-AS accounting norms first time starting from Q1, FY19; and on adoption of Ind-AS, REC's net worth has declined from levels seen in Mar-18 (Under Indian GAAP) primarily on account of expected credit loss (ECL) provisioning requirement and as a result REC's CAR and Tier 1 capital ratios declined from 19.39% and

[1]*Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications*

16.84% as on March 31, 2018 to 16.84% and 14.62% as on December 31, 2018, though the ratios remains well above minimum regulatory requirement. At the same time, on account of higher provisioning under ECL, REC's provision cover increased from Q1, FY19 and stands at 47.68% for stage-3 assets as on December 31, 2018 and consequently net NPAs % declined from 5.68% as on Mar-18 to 3.96% as on Dec-18.

Adequate profitability: During FY18, REC reported PAT of Rs.4,647 crore vs. Rs.6,246 crore in FY17. Profitability during FY18 was adequate despite moderation in REC's interest spreads and NIMs, primarily due to significantly lower provisioning during FY18 vs. FY17. REC's interest spread has reduced to 2.68% in FY18 as compared to 3.19% in FY17. Also, the Net Interest Margins in FY18 declined to 3.56% as compared to 4.49% in FY17.

REC reported PAT of Rs.4,508 crore in 9M, FY19. REC has improved provision cover to around 47.68% on stage-3 assets under ECL.

Adequate Liquidity: REC's liquidity profile is expected to remain comfortable with no negative cumulative mismatches in up to six months bucket, although some mismatches exist in 6-12 months bucket. The liquidity profile is expected to remain comfortable with REC' strong financial flexibility; arising from its quasi-sovereign ownership and diversified funding profile as well as undrawn sanctioned bank lines. As on Feb 28, 2019, REC had undrawn sanctioned bank lines of Rs.10,173 crore which supports its liquidity profile.

Growth in credit portfolio with moderation in asset quality: The Gross loan portfolio of REC had registered a growth of around 17% in FY18 (increased from Rs. 2,01,929 crore as on March 31, 2017 to Rs.2,39,449 cr as on March 31, 2018). The loan portfolio of the company further grew to Rs.2,69,170 cr as on December 31, 2018. REC's loan book comprised exposure to state power utilities (78% of total portfolio as on March 31, 2018), Joint sector entities (8%) and private sector (14%).

REC's GNPA% and NNPA% increased from 2.41% and 1.60% respectively as on March 31, 2017 to 7.15% and 5.68% respectively as on March 31, 2018; As on December 31, 2018, GNPA and NNPA stands at 7.57% and 3.96% respectively. REC's higher gross NPAs are primarily on account of its exposure to private sector power projects (IPPs). Out of REC's total private sector exposure of Rs.33,119 crore (12% of total book as on Dec-18), Rs.20,387 crore is classified as stressed (Stage-3 assets).

REC has made total provisions of Rs.9,721 cr on stage 3 assets (provision cover of 47.68% as on Dec-18) and hence its net NPAs declined from 5.68% as on Mar-18 to 3.96% as on Dec-18. The Net NPA/Tangible Net worth was 38.35% as on March 31, 2018 vs. 9.71% as on March 31, 2017.

REC lends exclusively to the power sector, exposing it to the sectoral concentration risk. Furthermore, REC's top 10 borrowers accounted for 37% of the total loans outstanding as on March 31, 2018, thereby exposing the company to high customer concentration risk.

Analytical approach: Standalone, factoring in timely support from Government of India given REC will continue to be indirectly majority owned by GoI and continue to play strategic role in power sector financing and development in India

Applicable Criteria

Criteria on assigning Outlook to Credit Ratings
CARE's Policy on Default Recognition
CARE's methodology for Short-term Instruments
Rating Methodology for Non-Banking Financial Companies
Financial Ratios (Financial Sector)
Factoring Linkages in Ratings

About the Company

REC was established in 1969 under the Companies Act, 1956, in pursuance of the recommendations of the All India Rural Credit Review Committee constituted by the Reserve Bank of India. It was declared a Public Financial Institution in 1992 under Sec. 4A of the Companies Act and also registered as "systemically important" Non-Banking Financial Company under Sec. 45- IA of the RBI Act in 1998. The company received from RBI the status of an Infrastructure Finance Company (NBFC-ND-IFC) in September, 2010. REC plays an important role in partnering with Ministry of Power (MoP), GoI in their major initiatives to improve the power distribution sector in the country, by its involvement in programmes like Deen Dayal Upadhyaya Gram Jyoti Yojana (DDUGJY) (Nodal Agency) [formerly known as Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY)], Restructured Accelerated Power Development and Reforms Programme (R-APDRP), National Electricity Fund (Nodal Agency), Financial Restructuring Plan (FRP), Smart Grid task force etc. The company was conferred the

Navratna status in 2008-09. The product portfolio of REC includes financial products and services like project term loan, short-term loan, equipment lease financing and consultancy services, etc., for various power projects in generation, transmission and distribution sector. REC's clients mainly include state power utilities, private power sector utilities (including independent power producers), joint sector power utilities and power equipment manufacturers.

Brief Financials (Rs. crore)	FY17 (A)	FY18(A)
Total operating income	24,096	22,440
PAT	6,246	4,647
Interest coverage (times)	1.64	1.50
Total Assets	209,234	2,46,478
Net NPA (%)	1.60	5.68
ROTA (%)	3.00%	2.10

A: Audited

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating History for last three years: Please refer Annexure-2

Note on complexity levels of the rated instrument: *CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.*

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****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

About CARE Ratings:

CARE Ratings commenced operations in April 1993 and over two decades, it has established itself as one of the leading credit rating agencies in India. CARE is registered with the Securities and Exchange Board of India (SEBI) and also recognized as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). CARE Ratings is proud of its rightful place in the Indian capital market built around investor confidence. CARE Ratings provides the entire spectrum of credit rating that helps the corporates to raise capital for their various requirements and assists the investors to form an informed investment decision based on the credit risk and their own risk-return expectations. Our rating and grading service offerings leverage our domain and analytical expertise backed by the methodologies congruent with the international best practices.

Annexure-1: Details of Instruments/Facilities

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Borrowings-Market Borrowing Programme	Proposed			90000.00	CARE AAA; Stable / CARE A1+

Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017	Date(s) & Rating(s) assigned in 2015-2016
1.	Borrowings-Unsecured Long Term	LT	-	-	1)Withdrawn (03-Oct-18)	1)CARE AAA; Stable (09-Oct-17)	1)CARE AAA; Stable (21-Dec-16) 2)CARE AAA (14-Oct-16)	1)CARE AAA (30-Oct-15)
2.	Borrowings-Secured Long Term Borrowings	LT	3646.20	CARE AAA; Stable	1)CARE AAA; Stable (13-Dec-18) 2)CARE AAA; Stable (03-Oct-18)	1)CARE AAA; Stable (09-Oct-17)	1)CARE AAA; Stable (21-Dec-16) 2)CARE AAA (14-Oct-16)	1)CARE AAA (30-Oct-15)
3.	Borrowings-Secured Long Term Borrowings	LT	5849.40	CARE AAA; Stable	1)CARE AAA; Stable (13-Dec-18) 2)CARE AAA; Stable (03-Oct-18)	1)CARE AAA; Stable (09-Oct-17)	1)CARE AAA; Stable (21-Dec-16) 2)CARE AAA (14-Oct-16)	1)CARE AAA (30-Oct-15)
4.	Borrowings-Secured Long Term Borrowings	LT	10169.78	CARE AAA; Stable	1)CARE AAA; Stable (13-Dec-18) 2)CARE AAA; Stable (03-Oct-18)	1)CARE AAA; Stable (09-Oct-17)	1)CARE AAA; Stable (21-Dec-16) 2)CARE AAA (14-Oct-16)	1)CARE AAA (30-Oct-15)
5.	Borrowings-Secured Long Term Borrowings	LT	0.00	CARE AAA; Stable	-	-	1)CARE AAA; Stable (21-Dec-16) 2)CARE AAA (14-Oct-16)	1)CARE AAA (30-Oct-15)
6.	Borrowings-Unsecured Long Term	LT	0.00	CARE AAA; Stable	-	-	1)CARE AAA; Stable (21-Dec-16) 2)CARE AAA (14-Oct-16)	1)CARE AAA (30-Oct-15)
7.	Borrowings-Unsecured Long Term	LT	-	-	-	1)Withdrawn (09-Oct-17)	1)CARE AAA; Stable (21-Dec-16) 2)CARE AAA (14-Oct-16)	1)CARE AAA (30-Oct-15)
8.	Borrowings-Market Borrowing Programme	LT	8623.50	CARE AAA; Stable	1)CARE AAA; Stable (13-Dec-18) 2)CARE AAA; Stable (03-Oct-18)	1)CARE AAA; Stable (09-Oct-17)	1)CARE AAA; Stable (21-Dec-16) 2)CARE AAA (14-Oct-16)	1)CARE AAA (30-Oct-15)
9.	Borrowings-Market	LT	7544.20	CARE	1)CARE AAA;	1)CARE AAA;	1)CARE AAA;	1)CARE AAA

	Borrowing Programme			AAA; Stable	Stable (13-Dec-18) 2)CARE AAA; Stable (03-Oct-18)	Stable (09-Oct-17)	Stable (21-Dec-16) 2)CARE AAA (14-Oct-16)	(30-Oct-15)
10.	Borrowings-Market Borrowing Programme	LT	14723.00	CARE AAA; Stable	1)CARE AAA; Stable (13-Dec-18) 2)CARE AAA; Stable (03-Oct-18)	1)CARE AAA; Stable (09-Oct-17)	1)CARE AAA; Stable (21-Dec-16) 2)CARE AAA (14-Oct-16)	1)CARE AAA (30-Oct-15)
11.	Borrowings-Market Borrowing Programme	LT	20905.00	CARE AAA; Stable	1)CARE AAA; Stable (13-Dec-18) 2)CARE AAA; Stable (03-Oct-18)	1)CARE AAA; Stable (09-Oct-17)	1)CARE AAA; Stable (21-Dec-16) 2)CARE AAA (14-Oct-16)	1)CARE AAA / CARE A1+ (30-Oct-15)
12.	Borrowings-Market Borrowing Programme	LT	12631.00	CARE AAA; Stable	1)CARE AAA; Stable (13-Dec-18) 2)CARE AAA; Stable (03-Oct-18)	1)CARE AAA; Stable (09-Oct-17)	1)CARE AAA; Stable (21-Dec-16) 2)CARE AAA (14-Oct-16)	1)CARE AAA (12-Feb-16) 2)CARE AAA (30-Oct-15) 3)CARE AAA (16-Apr-15)
13.	Short Term Instruments-Short Term Borrowing	ST	-	-	-	-	1)Withdrawn (14-Oct-16)	1)CARE A1+ (12-Feb-16) 2)CARE A1+ (30-Oct-15) 3)CARE A1+ (16-Apr-15)
14.	Commercial Paper-CP/STD	ST	-	-	-	-	-	1)Withdrawn (30-Oct-15)
15.	Borrowings-Market Borrowing Programme	LT	18600.00	CARE AAA; Stable	1)CARE AAA; Stable (13-Dec-18) 2)CARE AAA; Stable (03-Oct-18)	1)CARE AAA; Stable (09-Oct-17)	1)CARE AAA; Stable (09-Feb-17) 2)CARE AAA; Stable (31-Jan-17) 3)CARE AAA; Stable (21-Dec-16) 4)CARE AAA (14-Oct-16) 5)CARE AAA (12-May-16)	-
16.	Short Term Instruments-Short Term Borrowing	ST	-	-	-	1)Withdrawn (09-Oct-17)	1)CARE A1+ (09-Feb-17) 2)CARE A1+ (31-Jan-17) 3)CARE A1+ (21-Dec-16) 4)CARE A1+ (14-Oct-16) 5)CARE A1+ (12-May-16)	-
17.	Borrowings-Market Borrowing Programme	LT/ST	55000.00	CARE AAA; Stable / CARE A1+	1)CARE AAA; Stable / CARE A1+ (13-Dec-18) 2)CARE AAA;	1)CARE AAA; Stable / CARE A1+ (09-Oct-17) 2)CARE AAA;	-	-

					Stable / CARE A1+ (03-Oct-18)	Stable / CARE A1+ (11-Apr-17)		
18.	Borrowings-Market Borrowing Programme	LT/ST	85000.00	CARE AAA; Stable / CARE A1+	1)CARE AAA; Stable / CARE A1+ (06-Mar-19) 2)CARE AAA; Stable / CARE A1+ (26-Feb-19) 3)CARE AAA; Stable / CARE A1+ (13-Dec-18) 4)CARE AAA; Stable / CARE A1+ (03-Oct-18) 5)CARE AAA; Stable / CARE A1+ (05-Apr-18)	-	-	-
19.	Bonds	LT	15000.00	CARE AAA; Stable	1)CARE AAA; Stable (31-Jan-19)	-	-	-
20.	Borrowings-Market Borrowing Programme	LT/ST	90000.00	CARE AAA; Stable / CARE A1+	-	-	-	-

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RURECLT/220104/LTB/03292019/12
July 29, 2019

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Fax: 011- 24366 948 / 2436 9846

Dear Mr. Agarwal,

Re: CRISIL Rating for the Rs.78000 Crore Long-Term Borrowing Programme^# of REC Limited

All ratings assigned by CRISIL are kept under continuous surveillance and review.
Please refer to our rating letter dated July 01, 2019 bearing Ref. no: RURECLT/220104/LTB/03292019/11

Please find in the table below the ratings outstanding for your company

S.No.	Instrument	Rated Amount (Rs. in Crore)	Rating Outstanding
1	Long-Term Borrowing Programme	78000	CRISIL AAA/Stable

^ Borrowing programme for fiscal 2020 (refers to financial year, April 1 to March 31). The overall limit for the long-term borrowing programme and the short-term borrowing programme is Rs.90000.0 crore.

 # Total incremental long-term bank borrowing and borrowings under the rated long-term bonds programme not to exceed Rs.78000.0 crore any point in time during fiscal 2020. The long-term borrowing programme includes Public Issue of Taxable Non-Convertible Debentures aggregating Rs.10,000 crore, tax-free bonds under Section 10 of the Income Tax Act 1961 and lower Tier II bonds.

In the event of your company not making the issue within a period of 180 days from the above date, or in the event of any change in the size or structure of your proposed issue, a fresh letter of revalidation from CRISIL will be necessary.

As per our Rating Agreement, CRISIL would disseminate the rating along with outlook through its publications and other media, and keep the rating along with outlook under surveillance for the life of the instrument. CRISIL reserves the right to withdraw or revise the ratings assigned to the captioned instrument at any time, on the basis of new information, or unavailability of information or other circumstances, which CRISIL believes, may have an impact on the rating.

As per the latest SEBI circular (reference number: CIR/IMD/DF/17/2013; dated October 22, 2013) on centralized database for corporate bonds/debentures, you are required to provide international securities identification number (ISIN; along with the reference number and the date of the rating letter) of all bond/debenture issuances made against this rating letter to us. The circular also requires you to share this information with us within 2 days after the allotment of the ISIN. We request you to mail us all the necessary and relevant information at debtissue@crisil.com. This will enable CRISIL to verify and confirm to the depositories, including NSDL and CDSL, the ISIN details of debt rated by us, as required by SEBI. Feel free to contact us for any clarifications you may have at debtissue@crisil.com

Should you require any clarifications, please feel free to get in touch with us.

With warm regards,

Yours sincerely,

Subhasri Narayanan
Director - CRISIL Ratings

Nivedita Shibu
Associate Director - CRISIL Ratings

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Dear Mr. Agarwal,

Re: CRISIL Rating on the Rs.12000 crore Short-Term Borrowing Programme^@ of REC Limited

All ratings assigned by CRISIL are kept under continuous surveillance and review.
Please refer to our rating letter dated July 01, 2019 bearing Ref. no: RURECLT/220104/STB/03292019/11

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1	Short-Term Borrowing Programme	12000	CRISIL A1+

^ Borrowing programme for fiscal 2020 (refers to financial year, April 1 to March 31). The overall limit for the long-term borrowing programme and the short-term borrowing programme is Rs.90000.0 crore.
@ Short-term bank borrowing including total short-term bank borrowing and borrowing under the rated short-term debt programme not to exceed Rs.12000.0 crore at any point during fiscal 2020.

For the purpose of issuance of captioned short-term debt programme, this letter is valid for 60 calendar days from the date of the letter. In the event of your company not placing the above programme within this period, or in the event of any change in the size/structure of your proposed issue, the rating shall have to be reviewed and a letter of revalidation shall have to be issued to you. Once the instrument is issued, the above rating is valid throughout the life of the captioned short-term debt programme with a contracted maturity of one year or less.

As per our Rating Agreement, CRISIL would disseminate the rating along with outlook through its publications and other media, and keep the rating along with outlook under surveillance for the life of the instrument. CRISIL reserves the right to withdraw or revise the ratings assigned to the captioned instrument at any time, on the basis of new information, or unavailability of information or other circumstances, which CRISIL believes, may have an impact on the rating.

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A CRISIL rating reflects CRISIL's current opinion on the likelihood of timely payment of the obligations under the rated instrument and does not constitute an audit of the rated entity by CRISIL. CRISIL ratings are based on information provided by the issuer or obtained by CRISIL from sources it considers reliable. CRISIL does not guarantee the completeness or accuracy of the information on which the rating is based. A CRISIL rating is not a recommendation to buy, sell, or hold the rated instrument; it does not comment on the market price or suitability for a particular investor. All CRISIL ratings are under surveillance. CRISIL or its associates may have other commercial transactions with the company/entity. Ratings are revised as and when circumstances so warrant. CRISIL is not responsible for any errors and especially states that it has no financial liability whatsoever to the subscribers / users / transmitters / distributors of this product. CRISIL Ratings rating criteria are available without charge to the public on the CRISIL web site, www.crisil.com. For the latest rating information on any instrument of any company rated by CRISIL, please contact Customer Service Helpdesk at 1800-267-1301

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RURECLT/220104/LTB/03292019/13
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Please refer to our rating letter dated July 29, 2019 bearing Ref. no: RURECLT/220104/LTB/03292019/12

Please find in the table below the ratings outstanding for your company

S.No.	Instrument	Rated Amount (Rs. in Crore)	Rating Outstanding
1	Long-Term Borrowing Programme	78000	CRISIL AAA/Stable

^ Borrowing programme for fiscal 2020 (refers to financial year, April 1 to March 31). The overall limit for the long-term borrowing programme and the short-term borrowing programme is Rs.90000.0 crore.

 # Total incremental long-term bank borrowing and borrowings under the rated long-term bonds programme not to exceed Rs.78000.0 crore any point in time during fiscal 2020. The long-term borrowing programme includes Public Issue of Taxable Non-Convertible Debentures aggregating Rs.10,000 crore, tax-free bonds under Section 10 of the Income Tax Act 1961 and lower Tier II bonds.

In the event of your company not making the issue within a period of 180 days from the above date, or in the event of any change in the size or structure of your proposed issue, a fresh letter of revalidation from CRISIL will be necessary.

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With warm regards,

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Please find in the table below the ratings outstanding for your company

S.No.	Instrument	Rated Amount (Rs. in Crore)	Rating Outstanding
1	Short-Term Borrowing Programme	12000	CRISIL A1+

^ Borrowing programme for fiscal 2020 (refers to financial year, April 1 to March 31). The overall limit for the long-term borrowing programme and the short-term borrowing programme is Rs.90000.0 crore.
@ Short-term bank borrowing including total short-term bank borrowing and borrowing under the rated short-term debt programme not to exceed Rs.12000.0 crore at any point during fiscal 2020.

For the purpose of issuance of captioned short-term debt programme, this letter is valid for 60 calendar days from the date of the letter. In the event of your company not placing the above programme within this period, or in the event of any change in the size/structure of your proposed issue, the rating shall have to be reviewed and a letter of revalidation shall have to be issued to you. Once the instrument is issued, the above rating is valid throughout the life of the captioned short-term debt programme with a contracted maturity of one year or less.

As per our Rating Agreement, CRISIL would disseminate the rating along with outlook through its publications and other media, and keep the rating along with outlook under surveillance for the life of the instrument. CRISIL reserves the right to withdraw or revise the ratings assigned to the captioned instrument at any time, on the basis of new information, or unavailability of information or other circumstances, which CRISIL believes, may have an impact on the rating.

As per the latest SEBI circular (reference number: CIR/IMD/DF/17/2013; dated October 22, 2013) on centralized database for corporate bonds/debentures, you are required to provide international securities identification number (ISIN; along with the reference number and the date of the rating letter) of all bond/debenture issuances made against this rating letter to us. The circular also requires you to share this information with us within 2 days after the allotment of the ISIN. We request you to mail us all the necessary and relevant information at debtissue@crisil.com. This will enable CRISIL to verify and confirm to the depositories, including NSDL and CDSL, the ISIN details of debt rated by us, as required by SEBI. Feel free to contact us for any clarifications you may have at debtissue@crisil.com

Should you require any clarifications, please feel free to get in touch with us.

With warm regards,

Yours sincerely,

Subha Sri Narayanan
Director - CRISIL Ratings

Nivedita Shibu
Associate Director - CRISIL Ratings

CONFIDENTIAL

RURECLT/220104/LTB/03292019/14
September 23, 2019

Mr. Ajeet Agarwal
Director - Finance
REC Limited
Core-4, SCOPE Complex, 7, Lodhi Road
New Delhi-110 003
Tel.: 011- 24365162
Fax: 011- 24366 948 / 2436 9846

Dear Mr. Agarwal,

Re: CRISIL Rating for the Rs.78000 Crore Long-Term Borrowing Programme^# of REC Limited

All ratings assigned by CRISIL are kept under continuous surveillance and review.
Please refer to our rating letter dated August 20, 2019 bearing Ref. no: RURECLT/220104/LTB/03292019/13

Please find in the table below the ratings outstanding for your company

S.No.	Instrument	Rated Amount (Rs. in Crore)	Rating Outstanding
1	Long-Term Borrowing Programme	78000	CRISIL AAA/Stable

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Total incremental long-term bank borrowing and borrowings under the rated long-term bonds programme not to exceed Rs.78000.0 crore any point in time during fiscal 2020. The long-term borrowing programme includes Public Issue of Taxable Non-Convertible Debentures aggregating Rs.10,000 crore, tax-free bonds under Section 10 of the Income Tax Act 1961 and lower Tier II bonds.

In the event of your company not making the issue within a period of 180 days from the above date, or in the event of any change in the size or structure of your proposed issue, a fresh letter of revalidation from CRISIL will be necessary.

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CRISIL

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An S&P Global Company

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S.No.	Instrument	Rated Amount (Rs. in Crore)	Rating Outstanding
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CRISIL

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Ratings

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RURECLT/220104/LTB/03292019/15
October 10, 2019

Mr. Ajeet Agarwal
Director - Finance
REC Limited
Core-4, SCOPE Complex, 7, Lodhi Road
New Delhi-110 003
Tel.: 011- 24365162
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Rating Rationale

March 29, 2019 | Mumbai

REC Limited

'CRISIL AAA/Stable' assigned to Long-term borrowing programme; 'CRISIL A1+' assigned to Short term borrowing programme

Rating Action

Rs.78000 Crore Long-Term Borrowing Programme^#	**CRISIL AAA/Stable (Assigned)**
Rs.12000 Crore Short Term Borrowing programme^@	**CRISIL A1+ (Assigned)**
Rs.15000 Crore Bond@@	**CRISIL AAA/Stable (Reaffirmed)**
Rs.73000 Crore Long-Term Borrowing Programme%$	**CRISIL AAA/Stable (Reaffirmed)**
Rs.12000 Crore Short Term Borrowing programme$	**CRISIL AAA/Stable (Reaffirmed)**
Long-Term Borrowing Programme Aggregating Rs.225132.73 Crore	**CRISIL AAA/Stable (Reaffirmed)**
Short-Term Debt Programme Aggregating Rs.27000 Crore	**CRISIL A1+ (Reaffirmed)**

1 crore = 10 million
Refer to annexure for Details of Instruments & Bank Facilities
^ Borrowing programme for fiscal 2020 (refers to financial year, April 1 to March 31). The overall limit for the long-term borrowing programme and the short-term borrowing programme is Rs.90000.0 crore.
 # Total incremental long-term bank borrowing and borrowings under the rated long-term bonds programme not to exceed Rs.78000.0 crore any point in time during fiscal 2020. The long-term borrowing programme includes tax-free bonds under Section 10 of the Income Tax Act 1961 and lower Tier II bonds.
@ Short-term bank borrowing including total short-term bank borrowing and borrowing under the rated short-term debt programme not to exceed Rs.12000.0 crore at any point during fiscal 2020.
$ Borrowing programme for fiscal 2019
@@GoI Fully serviced bonds for fiscal 2019
% Includes Rs.8627 crore of extra budgetary resources raised by REC on behalf of Ministry of Power

Detailed Rationale

CRISIL has assigned its '**CRISIL AAA/Stable**' rating to the Rs 78,000 crore long term borrowing programme of Power Finance Corporation (PFC) and its '**CRISIL A1+**' rating to the Rs 12,000 crore short term borrowing programme of the company. CRISIL has also reaffirmed its ratings on the debt instruments and bank facilities of PFC at 'CRISIL AAA/Stable/CRISIL A1+'. CRISIL has withdrawn its rating on bonds of Rs. 1150 crore (See Annexure 'Details of Rating Withdrawn' for details) in line with its withdrawal policy. CRISIL has received independent confirmation that these instruments are fully redeemed.

On December 6, 2018, the Cabinet Committee on Economic Affairs gave its 'In Principle' approval for the strategic sale of Government of India's (GoI's) existing stake in REC to Power Finance Corporation Limited (PFC), along with transfer of management control; GoI currently holds 52.63% stake in REC.

On December 11, 2018, CRISIL had indicated that it would continue to closely monitor the developments and take appropriate need-based rating action thereafter. Subsequently, CRISIL has discussed with management of both the companies and their key stakeholders.

The reaffirmation is driven by CRISIL's belief that both PFC and REC will continue to remain strategically important to GoI and support, if any, required for both entities will be provided by GoI. Both these companies will continue to play their respective policy roles and will remain the nodal agencies for implementing GoI's power sector policies. Further, they are expected to operate all functions independently as they do it currently. GoI will continue to appoint the Board and CMD of REC and also have representation on the Board even after the stake sale.

CRISIL understands that, post the stake sale by GoI, REC would still continue to operate as public financial institution (PFI), Infrastructure Finance Company (NBFC-IFC) and a Central Public Sector Enterprise (CPSE). Further, the entity would continue to accrue all the benefits it was eligible for prior to stake sale by GoI, including raising bonds under Section 54EC. Capital support, if required, by REC, will be provided by government, through PFC.

PFC has acquired the shares of GOI in REC limited, representing 52.63%, at a cash consideration of Rs 139.5 per share with total acquisition cost of about Rs 14,500 crore.

The existing ratings on the debt instruments of REC continue to reflect the company's strategic importance to, and majority ownership by, the Government of India (GoI) given its key role in financing the Indian power sector. Even after the proposed stake sale, given that PFC is majority owned by GoI, CRISIL believes that GoI will continue to be involved in matters related to REC and that PFC and GoI would act in concert to support REC, if required. The rating also reflect REC's sound resource profile and adequate capitalisation. The rating strengths are partially offset by the company's exposure to risks relating to inherent vulnerability of asset quality, and significant customer and sectoral concentration.

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Analytical Approach

For arriving at the ratings, CRISIL has combined the business and financial risk profile of REC and its subsidiaries. Furthermore, currently, CRISIL factors in support from the majority owner, GoI given its key role in financing the Indian power sector.

The analytical approach would remain unchanged once the transaction is consummated given CRISIL's understanding that all support to REC would be provided by GoI, albeit routed through PFC.

Please refer Annexure - List of entities consolidated , which captures the list of entities considered and their analytical treatment of consolidation.

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Key Rating Drivers & Detailed Description

Strengths:

*** Strategic importance to GoI, given REC's key role in financing India's power sector**

REC is strategically important to GoI as it plays an important role in the Indian power sector, not only by providing finance but also by implementing GoI's power sector policies. It is the nodal agency for channelling finance towards its rural electrification programme under the Deendayal Upadhyaya Gram Jyoti Yojana (formerly known as Rajiv

Gandhi Grameen Vidyutikaran Yojana) and Pradhan Mantri Sahaj Bijli Har Ghar Yojana (translated as the Prime Minister's Programme to provide easy electricity access to all households), or 'Saubhagya'. Furthermore, the company has been nominated as the sole nodal agency to operate the National Electricity Fund Scheme'an interest subsidy scheme introduced by GoI'to promote capital investment in the power distribution sector. REC is the second-largest lender to the sector. The company plays a developmental role in channelling finance to meet the power sector's large funding requirement, particularly of State Power Utilities (SPUs), which constitute 81% of its portfolio.

The government supports the company financially and operationally in various ways, including conferring special status to raise capital gains tax exemption bonds. Even after the proposed stake sale to PFC, GoI will indirectly control REC. CRISIL believes that GoI has strong strategic reasons and a moral obligation to support REC, both on an ongoing basis and in the event of distress, given the latter's role in implementing the government's power sector policies.

*** Strong resource profile**

REC's credit risk profile is supported by its sound resource profile, with competitive borrowing costs and a diversified, albeit wholesale, resource base. Short-term commercial paper borrowings were Rs.6750 crore as on December 31, 2018, constituting less than of 3.0% of total borrowings. On a steady state, CP borrowings are likely to remain within 5% of the total borrowings. REC's debt instruments have wide market acceptability and the company typically borrows at low spreads over government securities. Its cost of borrowing is lower than that of most of its peers, and stood at 7.14% (annualised) in the first half of fiscal 2019 (7.6% in fiscal 2018).

For fiscal 2019, extra budgetary resources of Rs 8627 crore were raised on behalf of the Ministry of Power, GoI. These bonds will be used to augment infrastructure funding, and be fully serviced by the government through the general budget; hence, a separate government guarantee was not required for issue of these bonds. In its analytical treatment, CRISIL has assumed that REC will ensure the bonds are serviced on time if need be.

*** Adequate capitalisation**

REC's capital profile provides a cushion against asset-side risks arising from high sectoral and customer concentration. The networth was Rs 35367 crore as on December 31, 2018 (Rs 35491 crore as on March 31, 2018). The reduction in networth was mainly on account of implementation of Indian Accounting Standards (IND-AS). The overall capital adequacy ratio stood at 16.84% as on December 31, 2018 (19.39% as on March 31, 2018), with a Tier I CAR of 14.62%. Gearing stood at 6.42 times as on December 31, 2018. The net worth/net NPA ratio was around 3.3 times as on December 31, 2018. Capitalisation is expected to remain adequate over the medium term, supported by a demonstrated ability to raise external capital. Accruals to networth will be supported by the company's ability to maintain good interest spreads and a low operating expense ratio. The return on assets ratio was 2.29% (annualised) in the first nine months of fiscal 2019 (2.04% in full fiscal 2018). However, profitability will remain susceptible to increase in credit costs because of weakening in asset quality in the private sector exposures.

Weakness:

*** Exposure to risks relating to inherent vulnerability of asset quality, and significant customer and sectoral concentration**

The company caters only to the power sector and faces inherent asset quality challenges because of the weak financial risk profiles of its main customers, SPUs, comprising around 81% of overall advances as on December 31, 2018. Further, top 10 borrowers constitute 39% of total loans as on December 31, 2018. Effective execution of various reform measures is extremely critical for SPUs to produce the desired positive impact, and broad-based political consensus is necessary to implement the much-needed tariff hikes to ensure sustained improvement in the performance of SPUs. However, REC has been able to manage overall asset quality risks in this segment owing to its criticality to borrowers and through various asset protection mechanisms.

REC also has around 12% exposure to the private sector as on December 31, 2018, which has been vulnerable to asset quality risks owing to issues such as lack of fuel availability, inability to pass on fuel price increases, and absence of long-term power purchase agreements for assured power offtake. In the fourth quarter of fiscal 2018, there was a sharp increase in gross non-performing assets (NPAs) to 7.15% from 2.41% as on March 31, 2018 mainly on account of revised guidelines issued by the Reserve Bank of India for recognition of stressed assets - around Rs 9591 crore or 4.01% was due to this. As on December 31, 2018, the overall gross NPAs increased further to 7.57% - the entire gross NPAs are in the private sector portfolio. Net NPAs have reduced to 3.96% as on

December 31, 2018 as provisioning cover has increased following the transition to IND-AS.

Overall, CRISIL believes that the asset quality will remain vulnerable over the medium term primarily because of the increased challenges likely to be faced with private sector borrowers. The ability to resolve stressed accounts will also be a key monitorable going ahead.

Liquidity

Asset Liability Maturity (ALM) profile of REC shows that liquidity position is adequate. The mismatches in the ALM buckets up to one year given the relatively long tenure of its assets are managed mainly through unutilised bank lines. Additionally, the debt repayments are well staggered across months, supporting its liquidity profile.

As on December 31, 2018, against the total debt of Rs 18412crore maturing till March 31, 2019, REC had total liquidity available in the form of unutilised bank lines and liquid investments of Rs 10040crore. REC continues to tap debt capital markets for fresh issuances. Around Rs 6750 crore and Rs 9849 crore were raised as CP and NCDs, respectively, in the quarter ended December 31, 2018. REC also raised term loans of Rs 11700 crore over the same period.

Outlook: Stable

CRISIL believes that REC will continue to benefit from GoI's support, given its strategic role in the implementation of GoI's power sector initiatives. Moreover, REC will maintain its healthy position in the infrastructure-financing segment along with comfortable capitalisation and earnings. The outlook may be revised to 'Negative' if there is a decline in REC's strategic importance to, or in the support it receives from, GoI. The outlook may also be revised to 'Negative' if there is a significant and sustained deterioration in REC's asset quality or profitability.

About the Company

Incorporated in 1969, REC is a public financial institution under the administrative control of the Ministry of Power, GoI. The company is registered with Reserve Bank of India as a non-banking infrastructure finance company (NBFC-IFC). Until 2003, its primary objective was to provide financial assistance on concession to SPUs for rural electrification. Its mandate was broadened in 2003 to include financing of all segments of the power sector; REC finances generation projects, including independent power projects. Since September 2009, the company's mandate has been further widened to include financing activities allied to the power sector, and power-related infrastructure, such as coal and other mining activities, and fuel supply arrangements.

Key Financial Indicators ' REC Standalone

As on / for the December 31/March 31,	Unit	2018	2018	2017
Total Assets	Rs. Cr.	279466	245267	212261
Total income	Rs. Cr.	19131	6319	5463
Profit after tax	Rs. Cr.	4508	1469	1301
Gross NPA	%	7.57	8.12	2.60
Overall capital adequacy ratio	%	16.84	19.39	21.18

Key Financial Indicators ' REC Consolidated

As on / for the March 31,	Unit	2018	2017
Total Assets	Rs. Cr.	248639	210245
Total income	Rs. Cr.	23101	24361
Profit after tax	Rs. Cr.	4689	6313
Gross NPA	%	8.12	2.60
Overall capital adequacy ratio	%	19.39	21.18

Any other information: Not applicable

Note on complexity levels of the rated instrument:
CRISIL complexity levels are assigned to various types of financial instruments. The CRISIL complexity levels are available on www.crisil.com/complexity-levels. Users are advised to refer to the CRISIL complexity levels for instruments that they consider for investment. Users may also call the Customer Service Helpdesk with queries on specific instruments.

Annexure - Details of Instrument(s)

ISIN	Name of the Instrument	Date of Allotment	Coupon Rate (%)	Maturity Date
NA	Long term Borrowing programme*	NA	NA	NA
NA	Short Term Borrowing programme*	NA	NA	NA
NA	Bonds*	NA	NA	NA
INE020B07KI7	54EC CAPITAL GAIN TAX EXEMPTION BONDS. SERIES XI	30-Apr-17	5.25%	30-Apr-20
INE020B07KJ5	54EC CAPITAL GAIN TAX EXEMPTION BONDS. SERIES XI	31-May-17	5.25%	30-May-20
INE020B07KK3	54EC CAPITAL GAIN TAX EXEMPTION BONDS. SERIES XI	30-Jun-17	5.25%	30-Jun-20
INE020B07KL1	54EC CAPITAL GAIN TAX EXEMPTION BONDS. SERIES XI	31-Jul-17	5.25%	30-Jul-20
INE020B07KM9	54EC CAPITAL GAIN TAX EXEMPTION BONDS. SERIES XI	31-Aug-17	5.25%	30-Aug-20
INE020B07KN7	54EC CAPITAL GAIN TAX EXEMPTION BONDS. SERIES XI	30-Sep-17	5.25%	30-Sep-20
INE020B07KO5	54EC CAPITAL GAIN TAX EXEMPTION BONDS. SERIES XI	31-Oct-17	5.25%	30-Oct-20
INE020B07KP2	54EC CAPITAL GAIN TAX EXEMPTION BONDS. SERIES XI	30-Nov-17	5.25%	30-Nov-20
INE020B07KQ0	54EC CAPITAL GAIN TAX EXEMPTION BONDS. SERIES XI	31-Dec-17	5.25%	30-Dec-20
INE020B07KR8	54EC CAPITAL GAIN TAX EXEMPTION BONDS. SERIES XI	31-Jan-18	5.25%	30-Jan-21
INE020B07KS6	54EC CAPITAL GAIN TAX EXEMPTION BONDS. SERIES XI	28-Feb-18	5.25%	28-Feb-21
INE020B08AJ4	Institutional Bonds	24-Aug-17	6.87%	24-Sep-20
INE020B08AK2	Institutional Bonds	7-Sep-17	7.03%	7-Sep-22
INE020B08AM8	Institutional Bonds	17-Oct-17	7.09%	17-Oct-22
INE020B08AN6	Institutional Bonds	31-Oct-17	6.99%	31-Dec-20
INE020B08AO4	Institutional Bonds	21-Nov-17	7.18%	21-May-21
INE020B08AP1	Institutional Bonds	30-Nov-17	7.45%	30-Nov-22
INE020B08AQ9	Institutional Bonds	12-Dec-17	7.70%	10-Dec-27
INE020B08AR7	Institutional Bonds	17-Jan-18	7.60%	17-Apr-21
INE020B08AS5	Institutional Bonds	12-Feb-18	7.70%	15-Mar-21
INE020B08AT3	Institutional Bonds	23-Feb-18	7.99%	23-Feb-23
INE020B08AU1	Institutional Bonds	28-Feb-18	7.77%	16-Sep-19
INE020B08AV9	Institutional Bonds	15-Mar-18	7.59%	13-Mar-20
INE020B08AW7	Institutional Bonds	15-Mar-18	7.73%	15-Jun-21
INE020B08AX5	Institutional Bonds#	21-Mar-18	8.09% semi-annual	21-Mar-28
INE020B08AY3	Institutional Bonds#	26-Mar-18	8.01% semi-annual	24-Mar-28
INE020B08AZ0	Institutional Bonds#	27-Mar-18	8.06% semi-annual	27-Mar-28
INE020B08BC7	Institutional Bonds#	28-Sept-18	8.70%	28-Sept-28
INE020B08BE3	Institutional Bonds#	15-Nov-18	8.54%	15-Nov-28
INE020B08BJ2	Institutional Bonds#	22-Jan-19	8.80%	22-Jan-29
INE020B07JN9	54EC Capital Gain Tax Exemption Bonds Series IX	31-Mar-16	6.00%	31-Mar-19
INE020B07JV2	54EC Capital Gain Tax Exemption Bonds Series IX	30-Apr-16	6.00%	30-Apr-19
INE020B07JW0	54EC Capital Gain Tax Exemption Bonds Series IX	31-May-16	6.00%	31-May-19
INE020B07JX8	54EC Capital Gain Tax Exemption Bonds Series IX	30-Jun-16	6.00%	30-Jun-19
INE020B07JY6	54EC Capital Gain Tax Exemption Bonds Series IX	31-Jul-16	6.00%	31-Jul-19
INE020B07JZ3	54EC Capital Gain Tax Exemption Bonds Series IX	31-Aug-16	6.00%	31-Aug-19
INE020B07KA4	54EC Capital Gain Tax Exemption Bonds Series IX	30-Sep-16	6.00%	30-Sep-19
INE020B07KB2	54EC Capital Gain Tax Exemption Bonds Series IX	31-Oct-16	6.00%	31-Oct-19

INE020B07KC0	54EC Capital Gain Tax Exemption Bonds Series IX	30-Nov-16	6.00%	30-Nov-19
INE020B07KD8	54EC Capital Gain Tax Exemption Bonds Series IX	31-Dec-16	5.25%	31-Dec-19
INE020B07KE6	54EC Capital Gain Tax Exemption Bonds Series IX	31-Jan-17	5.25%	31-Jan-20
INE020B07KF3	54EC Capital Gain Tax Exemption Bonds Series IX	28-Feb-17	5.25%	29-Feb-20
INE020B08518	Infra Bonds 2010-11	31-Mar-11	8.00%	31-Mar-21
INE020B08534	Infra Bonds 2010-11	31-Mar-11	8.20%	31-Mar-21
INE020B08708	Infra Bonds 2011-12	15-Feb-12	8.95%	15-Feb-22
INE020B08716	Infra Bonds 2011-12	15-Feb-12	8.95%	15-Feb-22
INE020B08724	Infra Bonds 2011-12	15-Feb-12	9.15%	15-Feb-27
INE020B08732	Infra Bonds 2011-12	15-Feb-12	9.15%	15-Feb-27
INE020B07EP5	Institutional Bonds	3-Aug-09	8.80%	3-Aug-19
INE020B07ER1	Institutional Bonds	4-Sep-09	8.72%	4-Sep-19
INE020B07EV3	Institutional Bonds	6-Oct-09	8.80%	6-Oct-19
INE020B07EY7	Institutional Bonds	17-Nov-09	8.80%	17-Nov-19
INE020B07FC0	Institutional Bonds	22-Jan-10	8.65%	22-Jan-20
INE020B08427	Institutional Bonds	8-Jun-10	8.75%	8-Jun-25
INE020B08435	Institutional Bonds	12-Jul-10	8.70%	12-Jul-19
INE020B08443	Institutional Bonds	12-Jul-10	8.75%	12-Jul-25
INE020B08450	Institutional Bonds	25-Oct-10	8.80%	25-Oct-20
INE020B08468	Institutional Bonds	29-Nov-10	8.80%	29-Nov-20
INE020B08492	Institutional Bonds	15-Mar-11	9.18%	15-Mar-21
INE020B08567	Institutional Bonds	15-Jul-11	9.63%	15-Jul-21
INE020B08591	Institutional Bonds	10-Aug-11	9.48%	10-Aug-21
INE020B08641	Institutional Bonds	11-Nov-11	9.75%	11-Nov-21
INE020B08740	Institutional Bonds	15-Jun-12	9.35%	15-Jun-22
INE020B08765	Institutional Bonds	20-Jul-12	9.39%	20-Jul-19
INE020B08799	Institutional Bonds	19-Nov-12	9.02%	19-Nov-19
INE020B08807	Institutional Bonds	19-Nov-12	9.02%	19-Nov-22
INE020B08823	Institutional Bonds	8-Mar-13	8.87%	8-Mar-20
INE020B08831	Institutional Bonds	12-Apr-13	8.82%	12-Apr-23
INE020B08849	Institutional Bonds	31-May-13	8.06%	31-May-23
INE020B07IV4	Institutional Bonds	18-Jun-14	9.02%	18-Jun-19
INE020B07IW2	Institutional Bonds	17-Jul-14	9.40%	17-Jul-21
INE020B07IZ5	Institutional Bonds	25-Aug-14	9.34%	24-Aug-24
INE020B08856	Institutional Bonds	13-Oct-14	9.04%	12-Oct-19
INE020B08864	Institutional Bonds	13-Nov-14	8.56%	13-Nov-19
INE020B08872	Institutional Bonds	4-Dec-14	8.44%	4-Dec-21
INE020B08880	Institutional Bonds	22-Dec-14	8.57%	21-Dec-24
INE020B08898	Institutional Bonds	23-Jan-15	8.23%	23-Jan-25
INE020B08906	Institutional Bonds	6-Feb-15	8.27%	6-Feb-25
INE020B08914	Institutional Bonds	23-Feb-15	8.35%	22-Feb-25
INE020B08930	Institutional Bonds	10-Apr-15	8.30%	10-Apr-25
INE020B08948	Institutional Bonds	14-Aug-15	8.37%	14-Aug-20
INE020B08955	Institutional Bonds	22-Sep-15	8.36%	22-Sep-20
INE020B08963	Institutional Bonds	7-Oct-15	8.11%	7-Oct-25

INE020B08997	Institutional Bonds	21-Oct-16	7.24%	21-Oct-21
INE020B08AA3	Institutional Bonds	7-Nov-16	7.52%	7-Nov-26
INE020B08AB1	Institutional Bonds	9-Dec-16	7.14%	9-Dec-21
INE020B08AC9	Institutional Bonds	30-Dec-16	7.52%	30-Dec-26
INE020B08AD7	Institutional Bonds	31-Jan-17	6.83%	29-Jun-20
INE020B08AE5	Institutional Bonds	20-Feb-17	7.13%	21-Sep-20
INE020B08AF2	Institutional Bonds	28-Feb-17	7.46%	28-Feb-22
INE020B08AH8	Institutional Bonds	14-Mar-17	7.95%	12-Mar-26
INE020B08AI6	Institutional Bonds	17-Mar-17	7.42%	17-Jun-20
INE020B08476	Zero Coupon Bonds	15-Dec-10	0.00%	15-Dec-20
INE020B08484	Zero Coupon Bonds	3-Feb-11	0.00%	3-Feb-21
INE020B07GG9	Tax Free Bonds	27-Mar-12	7.93%	27-Mar-22
INE020B07GG9	Tax Free Bonds	27-Mar-12	8.13%	27-Mar-22
INE020B07GH7	Tax Free Bonds	27-Mar-12	8.12%	27-Mar-27
INE020B07GH7	Tax Free Bonds	27-Mar-12	8.32%	27-Mar-27
INE020B07GU0	Tax Free Bonds	21-Nov-12	7.21%	21-Nov-22
INE020B07GV8	Tax Free Bonds	21-Nov-12	7.38%	21-Nov-27
INE020B07GW6	Tax Free Bonds	19-Dec-12	7.22%	19-Dec-22
INE020B07GW6	Tax Free Bonds	19-Dec-12	7.72%	19-Dec-22
INE020B07GX4	Tax Free Bonds	19-Dec-12	7.38%	19-Dec-27
INE020B07GX4	Tax Free Bonds	19-Dec-12	7.88%	19-Dec-27
INE020B07GY2	Tax Free Bonds	25-Mar-13	6.88%	25-Mar-23
INE020B07GY2	Tax Free Bonds	25-Mar-13	7.38%	25-Mar-23
INE020B07GZ9	Tax Free Bonds	25-Mar-13	7.04%	25-Mar-28
INE020B07GZ9	Tax Free Bonds	25-Mar-13	7.54%	25-Mar-28
INE020B07HM5	Tax Free Bonds	29-Aug-13	8.01%	29-Aug-23
INE020B07HN3	Tax Free Bonds	29-Aug-13	8.46%	29-Aug-28
INE020B07HO1	Tax Free Bonds	24-Sep-13	8.01%	24-Sep-23
INE020B07HR4	Tax Free Bonds	24-Sep-13	8.26%	24-Sep-23
INE020B07HP8	Tax Free Bonds	24-Sep-13	8.46%	24-Sep-28
INE020B07HS2	Tax Free Bonds	24-Sep-13	8.71%	24-Sep-28
INE020B07HQ6	Tax Free Bonds	24-Sep-13	8.37%	24-Sep-33
INE020B07HT0	Tax Free Bonds	24-Sep-13	8.62%	24-Sep-33
INE020B07HU8	Tax Free Bonds	11-Oct-13	8.18%	11-Oct-23
INE020B07HV6	Tax Free Bonds	11-Oct-13	8.54%	11-Oct-28
INE020B07IC4	Tax Free Bonds	24-Mar-14	8.19%	24-Mar-24
INE020B07IF7	Tax Free Bonds	24-Mar-14	8.44%	24-Mar-24
INE020B07ID2	Tax Free Bonds	24-Mar-14	8.63%	24-Mar-29
INE020B07IG5	Tax Free Bonds	24-Mar-14	8.88%	24-Mar-29
INE020B07IE0	Tax Free Bonds	24-Mar-14	8.61%	24-Mar-34
INE020B07IH3	Tax Free Bonds	24-Mar-14	8.86%	24-Mar-34
INE020B07JO7	Tax Free Bonds	23-Jul-15	7.17%	23-Jul-25
INE020B07JP4	Tax Free Bonds	5-Nov-15	6.89%	5-Nov-25
INE020B07JQ2	Tax Free Bonds	5-Nov-15	7.14%	5-Nov-25
INE020B07JR0	Tax Free Bonds	5-Nov-15	7.09%	5-Nov-30

INE020B07JS8	Tax Free Bonds	5-Nov-15	7.34%	5-Nov-30
INE020B07JT6	Tax Free Bonds	5-Nov-15	7.18%	5-Nov-35
INE020B07JU4	Tax Free Bonds	5-Nov-15	7.43%	5-Nov-35
NA	Term Loan	NA	NA	Upto 2019
NA	Long term Borrowing programme*	NA	NA	NA
NA	Long term Borrowing programme*	NA	NA	NA
NA	Long term Borrowing programme*	NA	NA	NA
NA	Short Term Borrowing programme*	NA	NA	NA
NA	Short term debt programme	NA	NA	7-365 days
NA	Short term debt programme	NA	NA	7-365 days
NA	Short term debt programme	NA	NA	7-365 days
INE020B07JM1	54EC Capital Gain Tax Exemption Bonds Series IX	29-Feb-16	6.00%	28-Feb-19
INE020B08BK0	Institutional Bonds	20-Feb-19	8.57%	20-Aug-20
INE020B08BL8	Institutional Bonds	8-Mar-19	8.60%	8-Mar-29
INE020B07LE4	54EC Capital Gain Tax Exemption Bonds Series IX	28-Feb-19	5.75%	28-Feb-24
INE020B08BM6	Institutional Bonds	13-Mar-19	8.35%	13-Mar-22
INE020B08BN4	Institutional Bonds	18-Mar-19	8.15%	18-Jun-21

Notes: Institutional bonds, 54EC Capital Gain Tax Exemption Bonds, Tax free bonds, Zero coupon bonds, infrastructure bonds and t institution are part of long-term borrowing programme,
** Yet to be issued*
 # GOI fully serviced bonds

Annexure - Details of Rating Withdrawn

ISIN	Name of the Instrument	Date of Allotment	Coupon Rate (%)	Maturity
INE020B08AL0	Institutional Bonds	26-Sep-17	6.75%	26-Ma

Annexure - List of entities consolidated

Entity Consolidated	Extent of consolidation	I
REC Power Distribution Company Limited	Full	
REC Transmission Projects Company Limited	Full	
Energy Efficiency Services Limited	Part	

Annexure - Rating History for last 3 Years

	Current			2019 (History)		2018		2017		
Instrument	Type	Outstanding Amount	Rating	Date	Rating	Date	Rating	Date	Rating	D
Bond	LT	20482.04 29-03-19	CRISIL AAA/Stable	05-03-19	CRISIL AAA/Stable		--	08-02-17	Withdrawal	17-
								23-01-17	CRISIL AAA/Stable	26-
										04-
Long-Term Borrowing Programme	LT	156691.80 29-03-19	CRISIL AAA/Stable	05-03-19	CRISIL AAA/Stable	11-12-18	CRISIL AAA/Stable	30-03-17	CRISIL AAA/Stable	17-
				21-02-19	CRISIL AAA/Stable	27-09-18	CRISIL AAA/Stable	08-02-17	CRISIL AAA/Stable	26-
				15-02-19	CRISIL AAA/Stable	28-03-18	CRISIL AAA/Stable	23-01-17	CRISIL AAA/Stable	04-
Lower Tier II Bonds	LT		--		--		--	08-02-17	Withdrawal	17-
								23-01-17	CRISIL AAA/Stable	26-
										04-
Non Convertible Debentures	LT		--		--		--	08-02-17	Withdrawal	17-
								23-01-17	CRISIL AAA/Stable	26-
										04-
Short Term Borrowing programme	ST	24000.00	CRISIL A1+	05-03-19	CRISIL A1+	11-12-18	CRISIL A1+		--	
				21-02-19	CRISIL A1+	27-09-18	CRISIL A1+			
				15-02-19	CRISIL A1+	28-03-18	CRISIL A1+			
Short Term Debt	ST	27000.00	CRISIL A1+	05-03-19	CRISIL A1+	11-12-18	CRISIL A1+	30-03-17	CRISIL A1+	17-
				21-02-19	CRISIL A1+	27-09-18	CRISIL A1+	08-02-17	CRISIL A1+	26-
				15-02-19	CRISIL A1+	28-03-18	CRISIL A1+	23-01-17	CRISIL A1+	04-
Tax Free Bond	LT		--		--		--	08-02-17	Withdrawal	17-
								23-01-17	CRISIL AAA/Stable	26-
										04-
Taxable Bond	LT		--		--		--	08-02-17	Withdrawal	17-
								23-01-17	CRISIL AAA/Stable	26-
										04-

All amounts are in Rs.Cr.

Links to related criteria

CRISILs Bank Loan Ratings - process, scale and default recognition

Rating Criteria for Banks and Financial Institutions

CRISILs Criteria for Consolidation

CRISILs Criteria for rating short term debt

Criteria for Notching up Stand Alone Ratings of Entities Based on Government Support

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D/RAT/2019-20/R-7/8

July 22, 2019

Mr. Sanjay Kumar
GM-Finance
REC Limited
Core 4 A, SCOPE Complex
7, Lodhi Road, New Delhi – 110003

Dear Sir,

Re: ICRA Credit Rating for the Rs. 78,000 crore Long Term Borrowing Programme of REC Limited for the financial year 2019-20.

Please refer to your request dated July 20, 2019 for revalidating the rating letter issued for the captioned programme.

We confirm that the **[ICRA]AAA** (pronounced ICRA triple A) rating assigned to your captioned programme and last communicated to you vide our letter dated **June 28, 2019** stands. Instruments with [ICRA]AAA rating are considered to have the highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk. The outlook on the long-term rating is **Stable.**

In any of your publicity material or other document wherever you are using our above rating, it should be stated as [ICRA]AAA (Stable).

This rating is specific to the terms and conditions of the proposed issue as was indicated to us by you and any change in the terms or size of the issue would require the rating to be reviewed by us. The rating is restricted to your Long-Term Borrowing programme size of Rs. 78,000 crore only. Further, the total utilisation of the captioned rated Long-Term Borrowings programme (including Bonds, Long Term Bank Borrowings and Bank guarantees) and Short-Term borrowing programme should not exceed Rs. 90,000 crore for financial year 2019-20.

The proposed public issue of Taxable Non-Convertible Debentures to the tune of Rs. 10,000 crore is included in the aforesaid rated long-term borrowing programme of REC Limited.

If there is any change in the terms and conditions or size of the instrument rated, as above, the same must be brought to our notice before the issue of the instrument. If there is any such change after the rating is assigned by us and accepted by you, it would be subject to our review and may result in change in the rating assigned.

The other terms and conditions for the credit rating of the aforementioned instrument shall remain the same as communicated vide our letter Ref: D/RAT/2018-19/R-7/18 dated March 27, 2019.

We look forward to further strengthening our existing relationship and assure you of our best services.

With kind regards,
For ICRA Limited

Sabyasachi Majumdar
Senior Vice President
sabyasachi@icraindia.com

Manushree Saggar
Vice President
manushrees@icraindia.com

ICRA

ICRA Limited

D/RAT/2019-20/R-7/9

August 21, 2019

Mr. Sanjay Kumar
GM-Finance
REC Limited
Core 4 A, SCOPE Complex
7, Lodhi Road
New Delhi – 110003

Dear Sir,

Re: ICRA Credit Rating for the Rs. 78,000 crore Long Term Borrowing Programme of REC Limited for the financial year 2019-20.

Please refer to your request dated August 20, 2019 for revalidating the rating letter issued for the captioned programme.

We confirm that the **[ICRA]AAA** (pronounced ICRA triple A) rating assigned to your captioned programme and last communicated to you vide our letter dated **July 22, 2019** stands. Instruments with [ICRA]AAA rating are considered to have the highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk. The outlook on the long-term rating is **Stable.**

In any of your publicity material or other document wherever you are using our above rating, it should be stated as [ICRA]AAA (Stable).

This rating is specific to the terms and conditions of the proposed issue as was indicated to us by you and any change in the terms or size of the issue would require the rating to be reviewed by us. The rating is restricted to your Long-Term Borrowing programme size of Rs. 78,000 crore only. Further, the total utilisation of the captioned rated Long-Term Borrowings programme (including Bonds, Long Term Bank Borrowings and Bank guarantees) and Short-Term borrowing programme should not exceed Rs. 90,000 crore for financial year 2019-20.

If there is any change in the terms and conditions or size of the instrument rated, as above, the same must be brought to our notice before the issue of the instrument. If there is any such change after the rating is assigned by us and accepted by you, it would be subject to our review and may result in change in the rating assigned.

The other terms and conditions for the credit rating of the aforementioned instrument shall remain the same as communicated vide our letter Ref: D/RAT/2018-19/R-7/18 dated March 27, 2019.

We look forward to further strengthening our existing relationship and assure you of our best services.

With kind regards,
For ICRA Limited

Sabyasachi Majumdar
Senior Vice President
sabyasachi@icraindia.com

Manushree Saggar
Vice President
manushrees@icraindia.com

ICRA

ICRA Limited

D/RAT/2019-20/R-7/11

September 23, 2019

Mr. Sanjay Kumar
GM-Finance
REC Limited
Core 4 A, SCOPE Complex
7, Lodhi Road
New Delhi – 110003

Dear Sir,

Re: ICRA Credit Rating for the Rs. 78,000 crore Long Term Borrowing Programme of REC Limited for the financial year 2019-20.

Please refer to your request dated September 23, 2019 for revalidating the rating letter issued for the captioned programme.

We confirm that the **[ICRA]AAA** (pronounced ICRA triple A) rating assigned to your captioned programme and last communicated to you vide our letter dated **August 21, 2019** stands. Instruments with [ICRA]AAA rating are considered to have the highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk. The outlook on the long-term rating is **Stable.**

In any of your publicity material or other document wherever you are using our above rating, it should be stated as [ICRA]AAA (Stable).

This rating is specific to the terms and conditions of the proposed issue as was indicated to us by you and any change in the terms or size of the issue would require the rating to be reviewed by us. The rating is restricted to your Long-Term Borrowing programme size of Rs. 78,000 crore only. Further, the total utilisation of the captioned rated Long-Term Borrowings programme (including Bonds, Long Term Bank Borrowings and Bank guarantees) and Short-Term borrowing programme should not exceed Rs. 90,000 crore for financial year 2019-20.

If there is any change in the terms and conditions or size of the instrument rated, as above, the same must be brought to our notice before the issue of the instrument. If there is any such change after the rating is assigned by us and accepted by you, it would be subject to our review and may result in change in the rating assigned.

The other terms and conditions for the credit rating of the aforementioned instrument shall remain the same as communicated vide our letter Ref: D/RAT/2018-19/R-7/18 dated March 27, 2019.

We look forward to further strengthening our existing relationship and assure you of our best services.

With kind regards,
For ICRA Limited

Sabyasachi Majumdar
Senior Vice President
sabyasachi@icraindia.com

Deep Inder Singh
Assistant Vice President
deep.singh@icraindia.com

ICRA

ICRA Limited

D/RAT/2019-20/R-7/13

October 11, 2019

Mr. Sanjay Kumar
GM-Finance
REC Limited
Core 4 A, SCOPE Complex
7, Lodhi Road
New Delhi – 110003

Dear Sir,

Re: **ICRA Credit Rating for the Rs. 78,000 crore Long Term Borrowing Programme of REC Limited for the financial year 2019-20.**

Please refer to your request dated October 10, 2019 for revalidating the rating letter issued for the captioned programme.

We confirm that the **[ICRA]AAA** (pronounced ICRA triple A) rating assigned to your captioned programme and last communicated to you vide our letter dated **September 23, 2019** stands. Instruments with [ICRA]AAA rating are considered to have the highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk. The outlook on the long-term rating is **Stable.** In any of your publicity material or other document wherever you are using our above rating, it should be stated as [ICRA]AAA (Stable).

This rating is specific to the terms and conditions of the proposed issue as was indicated to us by you and any change in the terms or size of the issue would require the rating to be reviewed by us. The rating is restricted to your Long-Term Borrowing programme size of Rs. 78,000 crore only. Further, the total utilisation of the captioned rated Long-Term Borrowings programme (including Bonds, Long Term Bank Borrowings and Bank guarantees) and Short-Term borrowing programme should not exceed Rs. 90,000 crore for financial year 2019-20.

The proposed public issue of Taxable Non-Convertible Debentures to the tune of Rs. 10,000 crore is included in the aforesaid rated long-term borrowing programme of REC Limited.

If there is any change in the terms and conditions or size of the instrument rated, as above, the same must be brought to our notice before the issue of the instrument. If there is any such change after the rating is assigned by us and accepted by you, it would be subject to our review and may result in change in the rating assigned.

The other terms and conditions for the credit rating of the aforementioned instrument shall remain the same as communicated vide our letter Ref: D/RAT/2018-19/R-7/18 dated March 27, 2019.

We look forward to further strengthening our existing relationship and assure you of our best services.

With kind regards,
For ICRA Limited

Anil Gupta
Vice President
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Deep Inder Singh
Assistant Vice President
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89373

REC Limited

March 28, 2019

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long-term borrowing programme FY2020	-	78,000	[ICRA]AAA (Stable); assigned
Short-term borrowing programme FY2020	-	12,000	[ICRA]A1+; assigned
Overall borrowing programme FY2020	-	90,000	
Long-term/Short-term borrowing programme FY2019	85,000	85,000	[ICRA]AAA reaffirmed; rating watch removed; stable outlook assigned/ [ICRA]A1+ reaffirmed
GoI Fully Serviced Bonds	15,000	15,000	[ICRA]AAA (Stable); reaffirmed
Long-term/Short-term borrowing programmes upto FY2018	2,84,306	2,84,306	[ICRA]AAA reaffirmed; rating watch removed; stable outlook assigned/ [ICRA]A1+ reaffirmed
Total	**3,84,306**	**4,74,306**	

**Instrument details are provided in Annexure-1*

Rationale

ICRA has removed the rating watch on the borrowing programmes of REC Limited (REC), which were under Watch with Developing Implications. Also, ratings have been reaffirmed following clarity on the acquisition of REC by Power Finance Corporation Ltd. (PFC), and the likely impact on PFC's financial profile. ICRA ratings for borrowing programmes of REC continue to derive significant strength from the company's strategic importance to the Government of India (GoI) and its dominant position in the power sector financing. Based on the discussions with the managements and stakeholders of both the entities, including the principal shareholder, ICRA understands that REC, like PFC, will remain important vehicle of GoI for implementation of various power sector schemes. Support to REC, if required, will be extended by GoI through PFC. Also, both the entities will retain the status of a Central Public Sector Enterprise, Public Financial Institution, and Infrastructure Finance Company.

REC plays an important role as a nodal agency for the GoI's rural electrification schemes under the Deen Dayal Upadhyaya Gram Jyoti Yojana (DDUGJY) and Pradhan Mantri Sahaj Bijli Har Ghar Yojana (SAUBHAGYA) and as the sole nodal agency for the operationalisation of the National Electricity Fund (NEF) scheme. Further, as one of the major power sector financiers, REC remains strategically important to the GoI, for augmenting power capacity across the country.

The ratings also continue to draw comfort from REC's adequate earnings profile (annualised net profit/average net worth of about 17% in 9MFY2019), supported by low operating costs and healthy net interest margins (NIMs) aided by access to low-cost capital gains bonds (accounting for 11% of the borrowings as on December 31, 2018). Moreover, the company's capitalisation level remains adequate with CRAR of 16.84% (Tier I – 14.62%) and gearing of 6.4 times as of December 31, 2018, though incrementally REC would be dependent on PFC for any capital requirements. The strengths are partly offset by REC's exposure to a single sector (i.e. power sector) with high concentration towards financially-weak state power utilities and the vulnerability of its exposure to private sector borrowers (12% of total loan book as on December 31, 2018) as reflected by the asset quality indicators with stage 3 assets of 7.57% of total advances as on December 31, 2018. Going forward, the company's ability to grow its loan book while maintaining adequate profitability and controlling credit costs would be the key rating sensitivity.

The rating for the Rs. 15,000 crore GOI Fully serviced bonds factors in the obligation of the GOI to service the interest and principal payments through its budgetary allocations and thus addresses the service of debt to happen as per terms of the Memorandum of Understanding between REC Limited and the Ministry of power.

Outlook: Stable

The Stable outlook reflects ICRA's expectation that REC, like PFC, will remain important to the GoI and will continue play a major role in the various power sector schemes of the Government. Consequently, both entities are likely to retain a dominant position in the power sector financing, while maintaining an adequate profitability, borrowing and capitalisation profile. The outlook on may be revised to Negative in case of a significant deterioration in the company's asset quality and/or solvency profile or change in the credit profile of PFC given that PFC will now be the majority shareholder of REC. Also, a change in REC's strategic role or a sustained decline in its profitability could warrant a rating/outlook change.

Key rating drivers

Credit strengths

Strategic importance to GoI: Being a nodal agency for the implementing various GoI schemes aimed at developing the country's power sector (such as DDUGJY and SAUBHAGYA), REC remains strategically important to the GOI for achieving its objective of augmenting power capacity across the country. Given the government support, the company has been able to raise funds at competitive rates. Precedents wherein it has received approvals from GOI to raise tax-free and 54EC low-cost capital gain bonds, provides comfort with respect to its financial flexibility and ability to raise low cost of funds. While PFC will become the majority shareholder of REC, ICRA understands that REC, like PFC, will remain important vehicle of the GoI for the implementation of its various power sector schemes. Support to REC, if required, will be extended by the GoI through PFC. Also, both entities will retain the status of a Central Public Sector Enterprise, Public Financial Institution, and Infrastructure Finance Company.

Experienced management and operational team - REC has an experienced management team with the senior team having an experience of more than 30 years in power sector financing. The company's well laid-out credit appraisal and monitoring systems have enabled it to establish itself as a preferred lender with dominant position in the power sector financing.

Adequate capitalisation – REC reported a net worth of Rs. 35,367 crore as of December 31, 2018 compared to Rs. 35,491 crore as of March 31, 2018. The reduction in the net worth resulted from the transition to Indian Accounting Standards (IND-AS)[1]. Nevertheless, the capitalisation level remains adequate with CRAR of 16.84% (Tier I – 14.62%) and gearing of 6.4 times as of December 31, 2018. Going forward, as PFC will become the majority shareholder of REC, it would be dependent on PFC for its capital requirements, if any. In this regard, ICRA expects support to REC, if needed, to be extended by GoI through PFC.

Adequate profitability profile – REC's yield moderated to 9.83% in 9MFY2019 from 9.86% and about 11% in FY2018 and FY2017, respectively, on account of a decline in systemic interest rates. The cost of funds, however, witnessed a lower decline, leading to a decline in spreads. Consequently, net interest margins (NIMs) stood at ~3.9% in 9M FY2019 compared to 4.2% and 4.5% in 9MFY2018 and 9MFY2017, respectively. Nevertheless, the company's profitability remains adequate with return on assets of 2.29% and return on equity of about 17% in 9M FY2019. Incrementally, REC is likely to maintain a spread of 2.5-3% on its lending. ICRA however notes that REC's credit costs could increase if it is unable to recover effectively from stressed assets, thereby adversely impacting the profitability.

Healthy financial flexibility - REC has been able to raise funds at competitive rates. Also, ~97% of its outstanding borrowings, as on December 31, 2018, were in the form of long-term bonds, which augur well for the maturity profile of its assets. The financial flexibility and liquidity profile of the company was also supported by sovereign ownership. Nevertheless, based on the discussions with the managements and stakeholders of both the entities, including the principal shareholders, ICRA understands that support to REC, if required, will be extended by GoI through PFC. While PFC will become the majority shareholder of REC, both entities will retain the status of a Central Public Sector Enterprise, Public Financial Institution, and Infrastructure Finance Company which would continue to support the financial flexibility enjoyed by REC. At the same time, with PFC and REC becoming a part of same group, there could be some challenges in the incremental fund-raising owing to group exposure limits that the lenders might have. However, the impact of the same would be visible only over the medium term.

Credit challenges

High concentration risk and portfolio vulnerability - REC's exposure to a single sector (i.e. power), large ticket size of loans, high concentration of exposure towards financially weak state power utilities and the vulnerability of its exposure to private sector borrowers (12% of the book as on December 31, 2018) increases its portfolio vulnerability. The risk is further heightened as REC is exempt from the concentration norms applicable to non-banking finance companies, and thus has significantly concentrated exposures. REC's independent power producer (IPP) portfolio remains impacted by concerns regarding fuel availability, disputed and competitive power sale tariffs, absence of power purchase agreements (PPAs), environmental clearance and land acquisition issues. ICRA notes that REC's Gross Stage III assets stood at 7.57% though net Stage III assets were lower at 3.96% as on December 31, 2018 on account of increased provisioning following the transition to IND-AS. Around 62% of the private sector book was recognised as a part of Stage 3 assets on which the company made provisions of ~48%. REC might have to create additional provisions if it is unable to effectively resolve the

1 The transition impacted the net worth negatively on account of higher provisions for gross stage 3 assets, creation of deferred tax assets, fair valuation of investments and other miscellaneous items including mark-to-market valuation

stressed assets. ICRA however believes that any stress in the loan book is likely to be restricted to its private sector book (12% of the total portfolio as on December 31, 2018). Moreover, with the company not sanctioning new private sector thermal projects in the last few years, the vulnerability of the IPP book is expected to improve from the current levels in the medium term. Overall, the company's ability to grow its loan book, while maintaining adequate profitability and controlling credit costs, would be imperative, going forward.

Liquidity position

REC's Asset Liability Maturity (ALM) profile remains adequate with sufficient unutilised bank lines to manage mismatches in ALM buckets up to one year. The company typically has cumulative negative mismatches in the up to one-year buckets, given the relatively long tenure of its assets. Nevertheless, healthy financial flexibility supported by its parentage and strategic importance to the GoI and availability of sufficient unutilised bank lines, provide comfort.

Analytical approach

Analytical Approach	**Comments**
Applicable Rating Methodologies	ICRA's Credit Rating Methodology for Non-Banking Finance Companies
Parent/Group Support	The ratings derive strength from REC's strategic importance to the GoI and its important role as a nodal agency for various power sector schemes of the Government, and likely support from the GoI, if required, through PFC.
Consolidation / Standalone	The ratings are based on a limited consolidation of the standalone profiles of PFC and REC.

About the company

REC Limited, incorporated in 1969, is a non-banking financial company with infrastructure finance company status. While the GoI held a majority stake in REC as of December 31, 2018, PFC is set to become the majority shareholder of the company as a share purchase agreement has been entered between the President of India and PFC for sale of 103.94 crore equity shares of REC, representing 52.63% of its total paid-up share capital.

REC's main objective is to finance and promote power sector projects across the country. While the initial mandate was to finance village electrification, pump-set energising and transmission and distribution projects, the mandate was extended in FY2003 to cover IPPs and power generation projects larger than 25 MW. REC provides loans to various state power utilities, private sector project developers, Central power sector utilities and state governments for investment in power generation, transmission, distribution and other system improvement schemes/initiatives. While its corporate office is in New Delhi, the company has 18 project offices and three sub-offices, located in most states in the country.

In FY2018, REC reported a profit after tax (PAT) of Rs. 4,647 crore on an asset base of Rs. 2,46,484 crore against PAT of Rs. 6,246 crore on an asset base of Rs. 2,09,236 crore in FY2017. It reported PAT of Rs. 4,508 crore in 9MFY2019. As on December 31, 2018, REC's reported capital adequacy was 16.84% (Tier I – 14.62%), and it had a total loan book of Rs. 2,69,170 crore (Rs. 2,39,449 crore as on March 31, 2018). Its exposure to state power utilities accounted for 80% of its total advances, followed by exposure to IPPs at 12%, while its exposure to Central and joint sector entities stood at 8% as on December 31, 2018.

Key financial indicators* (audited)

	FY2017	FY2018	9MFY2019
Total Income	23,771	22,440	19,131
PAT	6,246	4,647	4,508
Net Worth	33,326	35,491	35,367
Total Assets	2,09,236	2,46,484	2,79,466
CRAR	21.18%	19.39%	16.84%
Tier I	18.43%	16.84%	14.62%
Gearing (times)	5.0	5.6	6.4
Return on Net Worth (%)	20.17%	13.51%	17.77%
Gross NPAs (%)	2.41%	7.15%	7.57%
Net NPAs (%)	1.60%	5.68%	3.96%
Net NPA/Net Worth	9.70%	38.35%	30.16%

Source: REC; Amounts in Rs. crore; Standalone

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for last three years

	Instrument	Current Rating (FY2019)									Chronology of Rating History for the Past 3 Years		
		Type	Amount Rated (Rs. crore)	Amount Outstanding (Rs. crore)	Date & Rating						Date & Rating in FY2018	Date & Rating in FY2017	Date & Rating in FY2016
					Mar-19	Mar-19	Feb-19	Dec-18	Oct-18	Apr-18	Apr-17	Apr-16	Apr-15
1	LT/ST borrowing programme for FY2020	LT/ ST	90,000	-	[ICRA]AAA (Stable)/ A1+	-	-	-	-	-	-	-	-
2	LT/ST borrowing programme for FY2019	LT/ ST	85,000	85,000	[ICRA]AAA (Stable)/ A1+	[ICRA]AAA& / A1+	[ICRA]AAA& / A1+	[ICRA] AAA &/A1+	[ICRA]AAA (Stable)/ A1+	[ICRA]AAA (Stable)/ A1+	-	-	-
3	GoI fully serviced bonds	LT	15,000	15,000	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	-	-	-	-	-	-	-
4	LT/ST borrowing programme upto FY2018	LT/ ST	2,84,306	1,98,791*	[ICRA]AAA (Stable)/ A1+	[ICRA]AAA& / A1+	[ICRA]AAA& / A1+	[ICRA]AAA &/A1+	[ICRA]AAA (Stable)/ A1+	[ICRA]AAA (Stable)/ A1+	[ICRA]AAA (Stable)/ A1+	[ICRA]AAA (Stable)/ A1+	[ICRA]AAA (Stable)/ A1+

Note: LT: Long-term, ST: Short-term, MT; Medium-term; Long-term/short-term borrowing programmes include bonds, commercial papers, bank lines and other instruments
*&Under Rating Watch with Developing Implications; *As of March 31, 2018*
Source: ICRA research

Complexity level of the rated instrument

ICRA has classified various instruments based on their complexity as "Simple", "Complex" and "Highly Complex". The classification of instruments according to their complexity levels is available on the website www.icra.in

Annexure-1: Instrument details

ISIN No	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
INE020B07DY9	NCD	30-09-2008	10.85%	1/10/2018	657.40	[ICRA]AAA (Stable)
INE020B07EB5	NCD	24-10-2008	11.15%	24-10-2018	61.80	[ICRA]AAA (Stable)
INE020B07EG4	NCD	15-01-2009	8.65%	15-01-2019	1,495.00	[ICRA]AAA (Stable)
INE020B07EP5	NCD	3/8/2009	8.80%	3/8/2019	2,000.00	[ICRA]AAA (Stable)
INE020B07ER1	NCD	4/9/2009	8.72%	4/9/2019	868.20	[ICRA]AAA (Stable)
INE020B07EV3	NCD	6/10/2009	8.80%	7/10/2019	1,040.00	[ICRA]AAA (Stable)
INE020B07EY7	NCD	17-11-2009	8.80%	18-11-2019	995.90	[ICRA]AAA (Stable)
INE020B07FC0	NCD	22-01-2010	8.65%	22-01-2020	945.30	[ICRA]AAA (Stable)
INE020B08427	NCD	8/6/2010	8.75%	9/6/2025	1,250.00	[ICRA]AAA (Stable)
INE020B08435	NCD	12/7/2010	8.70%	12/7/2019	200.00	[ICRA]AAA (Stable)
INE020B08443	NCD	12/7/2010	8.75%	14-07-2025	1,800.00	[ICRA]AAA (Stable)
INE020B08450	NCD	25-10-2010	8.80%	26-10-2020	1,150.00	[ICRA]AAA (Stable)
INE020B08468	NCD	29-11-2010	8.80%	30-11-2020	2,120.50	[ICRA]AAA (Stable)
INE020B08476	NCD	15-12-2010	Zero Coupon bonds	15-12-2020	533.21	[ICRA]AAA (Stable)
INE020B08484	NCD	3/2/2011	Zero Coupon bonds	3/2/2021	116.07	[ICRA]AAA (Stable)
INE020B08492	NCD	15-03-2011	9.18%	15-03-2021	3,000.00	[ICRA]AAA (Stable)
INE020B08567	NCD	15-07-2011	9.63%	15-07-2021	1,500.00	[ICRA]AAA (Stable)
INE020B08591	NCD	10/8/2011	9.48%	10/8/2021	3,171.80	[ICRA]AAA (Stable)
INE020B08641	NCD	11/11/2011	9.75%	11/11/2021	3,922.20	[ICRA]AAA (Stable)
INE020B08740	NCD	15-06-2012	9.35%	15-06-2022	2,378.20	[ICRA]AAA (Stable)
INE020B08765	NCD	20-07-2012	9.39%	20-07-2019	960.00	[ICRA]AAA (Stable)
INE020B08799	NCD	19-11-2012	9.02%	19-11-2019	452.80	[ICRA]AAA (Stable)
INE020B08807	NCD	19-11-2012	9.02%	19-11-2022	2,211.20	[ICRA]AAA (Stable)
INE020B08823	NCD	8/3/2013	8.87%	9/3/2020	1,542.00	[ICRA]AAA (Stable)
INE020B08831	NCD	12/4/2013	8.82%	12/4/2023	4,300.00	[ICRA]AAA (Stable)
INE020B08849	NCD	31-05-2013	8.06%	31-05-2023	2,500.00	[ICRA]AAA (Stable)
INE020B07HX2	NCD	17-10-2013	9.24%	17-10-2018	850.00	[ICRA]AAA (Stable)
INE020B07HY0	NCD	6/11/2013	9.38%	6/11/2018	2,878.00	[ICRA]AAA (Stable)
INE020B07HZ7	NCD	3/1/2014	9.61%	3/1/2019	1,655.00	[ICRA]AAA (Stable)
INE020B07IA8	NCD	5/2/2014	9.63%	5/2/2019	2,090.00	[ICRA]AAA (Stable)
INE020B07IV4	NCD	18-06-2014	9.02%	18-06-2019	1,700.00	[ICRA]AAA (Stable)
INE020B07IW2	NCD	17-07-2014	9.40%	17-07-2021	1,515.00	[ICRA]AAA (Stable)
INE020B07IZ5	NCD	25-08-2014	9.34%	23-08-2024	1,955.00	[ICRA]AAA (Stable)
INE020B08856	NCD	13-10-2014	9.04%	11/10/2019	3,000.00	[ICRA]AAA (Stable)
INE020B08864	NCD	13-11-2014	8.56%	13-11-2019	1,700.00	[ICRA]AAA (Stable)
INE020B08872	NCD	4/12/2014	8.44%	4/12/2021	1,550.00	[ICRA]AAA (Stable)
INE020B08880	NCD	22-12-2014	8.57%	21-12-2024	2,250.00	[ICRA]AAA (Stable)
INE020B08898	NCD	23-01-2015	8.23%	23-01-2025	1,925.00	[ICRA]AAA (Stable)
INE020B08906	NCD	6/2/2015	8.27%	6/2/2025	2,325.00	[ICRA]AAA (Stable)
INE020B08914	NCD	23-02-2015	8.35%	21-02-2025	2,285.00	[ICRA]AAA (Stable)
INE020B08930	NCD	10/4/2015	8.30%	10/4/2025	2,396.00	[ICRA]AAA (Stable)

ISIN No	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
INE020B08948	NCD	14-08-2015	8.37%	14-08-2020	2,675.00	[ICRA]AAA (Stable)
INE020B08955	NCD	22-09-2015	8.36%	22-09-2020	2,750.00	[ICRA]AAA (Stable)
INE020B08963	NCD	7/10/2015	8.11%	7/10/2025	2,585.00	[ICRA]AAA (Stable)
INE020B08971	NCD	8/12/2015	8.05%	7/12/2018	2,225.00	[ICRA]AAA (Stable)
INE020B08997	NCD	21-10-2016	7.24%	21-10-2021	2,500.00	[ICRA]AAA (Stable)
INE020B08AA3	NCD	7/11/2016	7.52%	7/11/2026	2,100.00	[ICRA]AAA (Stable)
INE020B08AB1	NCD	9/12/2016	7.14%	9/12/2021	1,020.00	[ICRA]AAA (Stable)
INE020B08AC9	NCD	30-12-2016	7.54%	30-12-2026	3,000.00	[ICRA]AAA (Stable)
INE020B08AD7	NCD	31-01-2017	6.83%	29-06-2020	1,275.00	[ICRA]AAA (Stable)
INE020B08AE5	NCD	20-02-2017	7.13%	21-09-2020	835.00	[ICRA]AAA (Stable)
INE020B08AF2	NCD	28-02-2017	7.46%	28-02-2022	625.00	[ICRA]AAA (Stable)
INE020B08AH8	NCD	14-03-2017	7.95%	12/3/2027	2,745.00	[ICRA]AAA (Stable)
INE020B08AI6	NCD	17-03-2017	7.42%	17-06-2020	1,200.00	[ICRA]AAA (Stable)
INE020B08AJ4	NCD	24-08-2017	6.87%	24-09-2020	2,485.00	[ICRA]AAA (Stable)
INE020B08AK2	NCD	7/9/2017	7.03%	7/9/2022	2,670.00	[ICRA]AAA (Stable)
INE020B08AL0	NCD	26-09-2017	6.75%	26-03-2019	1,150.00	[ICRA]AAA (Stable)
INE020B08AM8	NCD	17-10-2017	7.09%	17-10-2022	1,225.00	[ICRA]AAA (Stable)
INE020B08AN6	NCD	31-10-2017	6.99%	31-12-2020	2,850.00	[ICRA]AAA (Stable)
INE020B08AO4	NCD	21-11-2017	7.18%	21-05-2021	600.00	[ICRA]AAA (Stable)
INE020B08AP1	NCD	30-11-2017	7.45%	30-11-2022	1,912.00	[ICRA]AAA (Stable)
INE020B08AQ9	NCD	12/12/2017	7.70%	10/12/2027	3,533.00	[ICRA]AAA (Stable)
INE020B08AR7	NCD	17-01-2018	7.60%	17-04-2021	1,055.00	[ICRA]AAA (Stable)
INE020B08AS5	NCD	12/2/2018	7.70%	15-03-2021	2,465.00	[ICRA]AAA (Stable)
INE020B08AT3	NCD	23-02-2018	7.99%	23-02-2023	950.00	[ICRA]AAA (Stable)
INE020B08AU1	NCD	28-02-2018	7.77%	16-09-2019	1,450.00	[ICRA]AAA (Stable)
INE020B08AV9	NCD	15-03-2018	7.59%	13-03-2020	3,000.00	[ICRA]AAA (Stable)
INE020B08AW7	NCD	15-03-2018	7.73%	15-06-2021	800.00	[ICRA]AAA (Stable)
INE020B08BA1	NCD	9/8/2018	8.55%	9/8/2028	2,500.00	[ICRA]AAA (Stable)
INE020B08BB9	NCD	27-08-2018	8.63%	25-08-2028	2,500.00	[ICRA]AAA (Stable)
INE020B07GG9	NCD	27-03-2012	7.93%/8.13%	27-03-2022	839.67	[ICRA]AAA (Stable)
INE020B07GH7	NCD	27-03-2012	8.12%/8.32%	27-03-2027	2,160.33	[ICRA]AAA (Stable)
INE020B07GU0	NCD	21-11-2012	7.21%	21-11-2022	255.00	[ICRA]AAA (Stable)
INE020B07GV8	NCD	21-11-2012	7.38%	21-11-2027	245.00	[ICRA]AAA (Stable)
INE020B07GW6	NCD	19-12-2012	7.22%/7.72%	19-12-2022	1,165.31	[ICRA]AAA (Stable)
INE020B07GX4	NCD	19-12-2012	7.38%/7.88%	19-12-2027	852.04	[ICRA]AAA (Stable)
INE020B07GY2	NCD	25-03-2013	6.88%/7.38%	25-03-2023	81.35	[ICRA]AAA (Stable)
INE020B07GZ9	NCD	25-03-2013	7.04%/7.54%	25-03-2028	49.71	[ICRA]AAA (Stable)
INE020B07HM5	NCD	29-08-2013	8.01%	29-08-2023	209.00	[ICRA]AAA (Stable)
INE020B07HN3	NCD	29-08-2013	8.46%	29-08-2028	1,141.00	[ICRA]AAA (Stable)
INE020B07HO1	NCD	24-09-2013	8.01%	24-09-2023	257.21	[ICRA]AAA (Stable)
INE020B07HR4	NCD	24-09-2013	8.26%	24-09-2023	317.85	[ICRA]AAA (Stable)
INE020B07HP8	NCD	24-09-2013	8.46%	24-09-2028	1,721.20	[ICRA]AAA (Stable)
INE020B07HS2	NCD	24-09-2013	8.71%	24-09-2028	1,089.06	[ICRA]AAA (Stable)
INE020B07HQ6	NCD	24-09-2013	8.37%	24-09-2033	16.40	[ICRA]AAA (Stable)

ISIN No	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
INE020B07HT0	NCD	24-09-2013	8.62%	24-09-2033	38.88	[ICRA]AAA (Stable)
INE020B07HU8	NCD	11/10/2013	8.18%	11/10/2023	105.00	[ICRA]AAA (Stable)
INE020B07HV6	NCD	11/10/2013	8.54%	11/10/2028	45.00	[ICRA]AAA (Stable)
INE020B07IC4	NCD	24-03-2014	8.19%	24-03-2024	290.26	[ICRA]AAA (Stable)
INE020B07IF7	NCD	24-03-2014	8.44%	24-03-2024	129.06	[ICRA]AAA (Stable)
INE020B07ID2	NCD	24-03-2014	8.63%	24-03-2029	248.09	[ICRA]AAA (Stable)
INE020B07IG5	NCD	24-03-2014	8.88%	24-03-2029	282.33	[ICRA]AAA (Stable)
INE020B07IE0	NCD	24-03-2014	8.61%	24-03-2034	26.39	[ICRA]AAA (Stable)
INE020B07IH3	NCD	24-03-2014	8.86%	24-03-2034	83.26	[ICRA]AAA (Stable)
INE020B07JO7	NCD	23-07-2015	7.17%	23-07-2025	300.00	[ICRA]AAA (Stable)
INE020B07JP4	NCD	5/11/2015	6.89%	5/11/2025	51.25	[ICRA]AAA (Stable)
INE020B07JQ2	NCD	5/11/2015	7.14%	5/11/2025	54.68	[ICRA]AAA (Stable)
INE020B07JR0	NCD	5/11/2015	7.09%	5/11/2030	133.66	[ICRA]AAA (Stable)
INE020B07JS8	NCD	5/11/2015	7.34%	5/11/2030	39.25	[ICRA]AAA (Stable)
INE020B07JT6	NCD	5/11/2015	7.18%	5/11/2035	276.61	[ICRA]AAA (Stable)
INE020B07JU4	NCD	5/11/2015	7.43%	5/11/2035	144.55	[ICRA]AAA (Stable)
INE020B07JI9	NCD	31-10-2015	6.00%	31-10-2018	541.24	[ICRA]AAA (Stable)
INE020B07JJ7	NCD	30-11-2015	6.00%	30-11-2018	449.92	[ICRA]AAA (Stable)
INE020B07JK5	NCD	31-12-2015	6.00%	31-12-2018	585.20	[ICRA]AAA (Stable)
INE020B07JL3	NCD	31-01-2016	6.00%	31-01-2019	515.57	[ICRA]AAA (Stable)
INE020B07JM1	NCD	29-02-2016	6.00%	28-02-2019	571.21	[ICRA]AAA (Stable)
INE020B07JN9	NCD	31-03-2016	6.00%	31-03-2019	1,162.88	[ICRA]AAA (Stable)
INE020B07JV2	NCD	30-04-2016	6.00%	30-04-2019	506.39	[ICRA]AAA (Stable)
INE020B07JW0	NCD	31-05-2016	6.00%	31-05-2019	525.21	[ICRA]AAA (Stable)
INE020B07JX8	NCD	30-06-2016	6.00%	30-06-2019	594.33	[ICRA]AAA (Stable)
INE020B07JY6	NCD	31-07-2016	6.00%	31-07-2019	738.39	[ICRA]AAA (Stable)
INE020B07JZ3	NCD	31-08-2016	6.00%	31-08-2019	554.25	[ICRA]AAA (Stable)
INE020B07KA4	NCD	30-09-2016	6.00%	30-09-2019	627.06	[ICRA]AAA (Stable)
INE020B07KB2	NCD	31-10-2016	6.00%	31-10-2019	588.47	[ICRA]AAA (Stable)
INE020B07KC0	NCD	30-11-2016	6.00%	30-11-2019	766.04	[ICRA]AAA (Stable)
INE020B07KD8	NCD	31-12-2016	5.25%	31-12-2019	611.29	[ICRA]AAA (Stable)
INE020B07KE6	NCD	31-01-2017	5.25%	31-01-2020	509.52	[ICRA]AAA (Stable)
INE020B07KF3	NCD	28-02-2017	5.25%	29-02-2020	523.84	[ICRA]AAA (Stable)
INE020B07KG1	NCD	31-03-2017	5.25%	31-03-2020	1,118.14	[ICRA]AAA (Stable)
INE020B07KI7	NCD	30-04-2017	5.25%	30-04-2020	463.40	[ICRA]AAA (Stable)
INE020B07KJ5	NCD	31-05-2017	5.25%	31-05-2020	503.64	[ICRA]AAA (Stable)
INE020B07KK3	NCD	30-06-2017	5.25%	30-06-2020	540.51	[ICRA]AAA (Stable)
INE020B07KL1	NCD	31-07-2017	5.25%	31-07-2020	743.21	[ICRA]AAA (Stable)
INE020B07KM9	NCD	31-08-2017	5.25%	31-08-2020	562.79	[ICRA]AAA (Stable)
INE020B07KN7	NCD	30-09-2017	5.25%	30-09-2020	598.42	[ICRA]AAA (Stable)
INE020B07KO5	NCD	31-10-2017	5.25%	31-10-2020	614.12	[ICRA]AAA (Stable)
INE020B07KP2	NCD	30-11-2017	5.25%	30-11-2020	656.33	[ICRA]AAA (Stable)
INE020B07KQ0	NCD	31-12-2017	5.25%	31-12-2020	745.84	[ICRA]AAA (Stable)
INE020B07KR8	NCD	31-01-2018	5.25%	31-01-2021	708.49	[ICRA]AAA (Stable)

ISIN No	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
INE020B07KS6	NCD	28-02-2018	5.25%	28-02-2021	869.16	[ICRA]AAA (Stable)
INE020B07KT4	NCD	31-03-2018	5.25%	31-03-2021	2,559.32	[ICRA]AAA (Stable)
INE020B07KU2	NCD	30-04-2018	5.75%	30-04-2023	278.47	[ICRA]AAA (Stable)
INE020B07KV0	NCD	31-05-2018	5.75%	31-05-2023	438.65	[ICRA]AAA (Stable)
INE020B07KW8	NCD	30-06-2018	5.75%	30-06-2023	504.79	[ICRA]AAA (Stable)
INE020B07KX6	NCD	31-07-2018	5.75%	31-07-2023	683.92	[ICRA]AAA (Stable)
INE020B07KY4	NCD	31-08-2018	5.75%	31-08-2023	499.34	[ICRA]AAA (Stable)
INE020B07KZ1	NCD	30-09-2018	5.75%	30-09-2023	238.87	[ICRA]AAA (Stable)
Borrowing Programme FY2019	NA	NA	NA	NA	82,355.96	[ICRA]AAA (Stable) /[ICRA]A1+
Borrowing Programme FY2020	NA	NA	NA	NA	90,000.00	[ICRA]AAA (Stable) /[ICRA]A1+
GOI Fully Serviced Bonds	NA	NA	NA	NA	15,000.00	[ICRA]AAA (Stable)

Source: REC Limited

Annexure-2: List of entities considered for consolidation: Not applicable

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info@icraindia.com

About ICRA Limited:

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

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India Ratings & Research

Fitch Group

Mr. A. K. Agarwal
Chairman and Managing Director,
REC Limited,
Core-4, SCOPE Complex,
7-Lodhi Road
New Delhi - 110003

July 22, 2019

Kind Attn: Mr. A. K. Agarwal, Chairman and Managing Director

Dear Sir,

Re: REC Limited – INR780billion Long-term annual borrowing programme (FY20) Ratings.

India Ratings and Research (Ind-Ra) is pleased to communicate the following ratings:-

Instrument Type	Size of Issue (billion)	Rating/Outlook
Long-term annual borrowing programme (FY20)*	INR780	IND AAA/Stable

* includes proposed Public Issue of Taxable Non-Convertible Debentures to the tune of INR100billion.

India Ratings notes that the ratings are assigned to the programme and not to the notes issued under the programme. There is no assurance that notes issued under the programme will be assigned a rating, or that the rating assigned to specific issue under the programme will have the same rating as the rating assigned to the programme.

In issuing and maintaining its ratings, India Ratings relies on factual information it receives from issuers and underwriters and from other sources India Ratings believes to be credible. India Ratings conducts a reasonable investigation of the factual information relied upon by it in accordance with its ratings methodology, and obtains reasonable verification of that information from independent sources, to the extent such sources are available for a given security or in a given jurisdiction.

The manner of India Ratings' factual investigation and the scope of the third-party verification it obtains will vary depending on the nature of the rated security and its issuer, the requirements and practices in the jurisdiction in which the rated security is offered and sold and/or the issuer is located, the availability and nature of relevant public information, access to the management of the issuer and its advisers, the availability of pre-existing third-party verifications such as audit reports, agreed-upon procedures letters, appraisals, actuarial reports, engineering reports, legal opinions and other reports provided by third parties, the availability of independent and competent third-party verification sources with respect to the particular security or in the particular jurisdiction of the issuer, and a variety of other factors.

Users of India Ratings' ratings should understand that neither an enhanced factual investigation nor any third-party verification can ensure that all of the information India Ratings relies on in connection with a rating will be accurate and complete. Ultimately, the issuer and its advisers are responsible for the accuracy of the information they provide to India Ratings and to the market in offering documents and other reports. In issuing its ratings India Ratings must rely on the work of experts, including independent auditors with respect to financial statements and attorneys with respect to legal and tax matters. Further, ratings are inherently forward-looking and embody assumptions and predictions about future events that by their nature cannot be verified as facts. As a result, despite any verification of current facts, ratings can be affected by future events or conditions that were not anticipated at the time a rating was issued or affirmed.

India Ratings & Research Private Limited A Fitch Group Company
Wockhardt Tower, Level 4, West Wing, Bandra Kurla Complex, Bandra (E), Mumbai 400 051
Tel: +91 22 4000 1700 | Fax: +91 22 4000 1701 | CIN/LLPIN: U67100MH1995FTC140049 | www.indiaratings.co.in

India Ratings seeks to continuously improve its ratings criteria and methodologies, and periodically updates the descriptions on its website of its criteria and methodologies for securities of a given type. The criteria and methodology used to determine a rating action are those in effect at the time the rating action is taken, which for public ratings is the date of the related rating action commentary. Each rating action commentary provides information about the criteria and methodology used to arrive at the stated rating, which may differ from the general criteria and methodology for the applicable security type posted on the website at a given time. For this reason, you should always consult the applicable rating action commentary for the most accurate information on the basis of any given public rating.

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It is important that you promptly provide us with all information that may be material to the ratings so that our ratings continue to be appropriate. Ratings may be raised, lowered, withdrawn, or placed on Rating Watch due to changes in, additions to, accuracy of or the inadequacy of information or for any other reason India Ratings deems sufficient

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We are pleased to have had the opportunity to be of service to you. If we can be of further assistance, please contact the undersigned at 022 – 4000 1700.

Sincerely,

India Ratings

Rakesh Valecha
Senior Director

Prashant Tarwadi
Director

Mr. A. K. Agarwal
Chairman and Managing Director
REC Limited
Core-4, SCOPE Complex,
7-Lodhi Road
New Delhi - 110003

August 29, 2019

Kind Attn: Mr. A. K. Agarwal, Chairman and Managing Director

Dear Sir,

Re: REC Limited – Long Term Ratings

India Ratings and Research (Ind-Ra) has affirmed REC Limited's Long-Term Issuer Rating at 'IND AAA'. The Outlook is Stable. The instrument-wise rating actions are as follows:

Instrument Type	Size of Issue (billion)	Rating/Outlook	Rating Action
Long-term annual borrowing programme (FY20)*	INR780	IND AAA/Stable	Affirmed
GoI fully serviced bonds	INR178.27 (reduced from INR190)	IND AAA/Stable	Affirmed
Long-term annual borrowing programmes (FY10-FY19)[@]	INR1,888.18 (reduced from INR2,146.92)	IND AAA/Stable	Affirmed

*includes proposed public issue of taxable non-convertible debentures to the tune of INR100 billion.
[@] Includes term loans totalling INR249.25 billion from financial institutions and National Social Security Fund

In issuing and maintaining its ratings, India Ratings relies on factual information it receives from issuers and underwriters and from other sources India Ratings believes to be credible. India Ratings conducts a reasonable investigation of the factual information relied upon by it in accordance with its ratings methodology, and obtains reasonable verification of that information from independent sources, to the extent such sources are available for a given security or in a given jurisdiction.

The manner of India Ratings' factual investigation and the scope of the third-party verification it obtains will vary depending on the nature of the rated security and its issuer, the requirements and practices in the jurisdiction in which the rated security is offered and sold and/or the issuer is located, the availability and nature of relevant public information, access to the management of the issuer and its advisers, the availability of pre-existing third-party verifications such as audit reports, agreed-upon procedures letters, appraisals, actuarial reports, engineering reports, legal opinions and other reports provided by third parties, the availability of independent and competent third-party verification sources with respect to the particular security or in the particular jurisdiction of the issuer, and a variety of other factors.

Users of India Ratings' ratings should understand that neither an enhanced factual investigation nor any third-party verification can ensure that all of the information India Ratings relies on in connection with a rating will be accurate and complete. Ultimately, the issuer and its advisers are responsible for the accuracy of the information they provide to India Ratings and to the market in offering documents and other reports. In issuing its ratings India Ratings must rely on the work of experts, including independent auditors with respect to financial statements and attorneys with respect to legal and tax matters. Further, ratings are inherently forward-looking and embody assumptions and predictions about future events that by their nature cannot be verified as facts. As a result, despite any verification of current facts, ratings can be affected by future events or conditions that were not anticipated at the time a rating was issued or affirmed.

India Ratings seeks to continuously improve its ratings criteria and methodologies, and periodically updates the descriptions on its website of its criteria and methodologies for securities of a given type. The criteria and methodology used to determine a rating action are those in effect at the time the rating action is taken, which for public ratings is the date of the related rating action commentary. Each rating action commentary provides information about the criteria and methodology used to arrive at the stated rating, which may differ from the general criteria and methodology for the applicable security type posted on the website at a given time. For this reason, you should always consult the applicable rating action commentary for the most accurate information on the basis of any given public rating.

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It will be important that you promptly provide us with all information that may be material to the ratings so that our ratings continue to be appropriate. Ratings may be raised, lowered, withdrawn, or placed on Rating Watch due to changes in, additions to, accuracy of or the inadequacy of information or for any other reason India Ratings deems sufficient.

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We are pleased to have had the opportunity to be of service to you. If we can be of further assistance, please contact the undersigned at +91 22 4000 1700.

Sincerely,

India Ratings

Rakesh Valecha
Senior Director

Abhishek Bhattacharya
Director

IndiaRatings
& Research

Fitch Group

Mr. A. K. Agarwal
Chairman and Managing Director
REC Limited
Core-4, SCOPE Complex,
7-Lodhi Road,
New Delhi - 110003

October 11, 2019

Kind Attn: Mr. A. K. Agarwal, Chairman and Managing Director

Dear Sir,

Re: REC Limited – INR780billion Long-term annual borrowing programme (FY20) Ratings.

India Ratings & Research Private Limited (Ind-Ra) is pleased to communicate the following ratings:-

Instrument Type	Size of Issue (billion)	Rating/Outlook
Long-term annual borrowing programme (FY20)*	INR780	IND AAA/Stable

* includes proposed Public Issue of Secured, Rated, Listed, Redeemable Non-Convertible Debentures to the tune of INR100billion.

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The manner of India Ratings' factual investigation and the scope of the third-party verification it obtains will vary depending on the nature of the rated security and its issuer, the requirements and practices in the jurisdiction in which the rated security is offered and sold and/or the issuer is located, the availability and nature of relevant public information, access to the management of the issuer and its advisers, the availability of pre-existing third-party verifications such as audit reports, agreed-upon procedures letters, appraisals, actuarial reports, engineering reports, legal opinions and other reports provided by third parties, the availability of independent and competent third-party verification sources with respect to the particular security or in the particular jurisdiction of the issuer, and a variety of other factors.

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Sincerely,

India Ratings

Rakesh Valecha
Senior Director

Abhishek Bhattacharya
Director

IndiaRatings
&Research
A Fitch Group Company

India Ratings Affirms REC at 'IND AAA'/Stable

29

AUG 2019

By Devika Malik

India Ratings and Research (Ind-Ra) has affirmed REC Limited's Long-Term Issuer Rating at 'IND AAA'. The Outlook is Stable. The instrument-wise rating actions are as follows:

Instrument Type	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of Issue (billion)	Rating/Outlook	Rating Action
Long-term annual borrowing programme (FY20)*#	-	-	-	INR780	IND AAA/Stable	Affirmed
Short-term borrowing programme (including commercial paper (CP) and bank guarantee) (FY20)	-	-	-	INR120	IND A1+	Affirmed
Short-term borrowing programme (including CP and bank guarantee) (FY19)	-	-	-	INR112.85 (reduced from INR120)	IND A1+	Affirmed
GoI fully serviced bonds#	-	-	-	INR178.27 (reduced from INR190)	IND AAA/Stable	Affirmed
Long-term annual borrowing programmes (FY10-FY19) #@	-	-	-	INR1,888.18 (reduced from INR2,146.92)	IND AAA/Stable	Affirmed

* includes proposed public issue of taxable non-convertible debentures to the tune of INR100 billion.

Details of all instruments are provided in annexure

@ Includes term loans totalling INR249.25 billion from financial institutions and National Social Security Fund

Analytical Approach: The rating approach factors in Ind-Ra's understanding of the continuance of the systemic importance of REC to the government of India (GoI) as the government needs to address issues related to the financing of rural electrification projects in the foreseeable future.

KEY RATING DRIVERS

Strong Ties with Sovereign: Power Finance Corporation (PFC) holds 52.63% shareholding in REC, and has thus become the promoter. However, the ratings continue to reflect that REC's linkages with the GoI in terms of legal ties, strategic importance, control, integration with, and ability and willingness of GoI to support REC remains undiluted. Therefore, the agency is of the opinion that under the current scenario, the financial and operational strengths/weaknesses of PFC are unlikely to have a material impact on REC's ratings.

However, considering the acquisition took place against the backdrop of bringing operational synergies and the ability of these entities to finance the power sector, Ind-Ra, based on the evolving clarity on this account, would move towards analysing the consolidated financial and operational strengths of these two entities to arrive at REC's ratings.

Nodal Public Policy Institution: REC continues to act as the nodal agency for financing rural electrification projects under centrally sponsored schemes. It has been the nodal agency for the operationalisation of the National Electricity Fund Scheme for monitoring grants, implementing Deen Dayal Upadhyaya Gram Jyoti Yojana and operationalising the Saubhagya scheme. REC continues to be a key source of low-cost funding available to financially striped power entities and a vital medium for the government to route its subsidies. It is the second-largest GoI institution supporting liquidity and funding requirements of state power entities. For schemes where it is the nodal agency, REC has been raising extra budgetary resources in the form of GoI-fully serviced bonds on the direction of the Ministry of Power and it will also continue to tap these resources as and when required by the GoI. Further, it continues to enjoy the benefits of being a navratna central public sector enterprise and a public financial institution – infrastructure finance company.

Sovereign Support: REC continues to enjoy sovereign support in terms of (i) raising low-cost funds via capital gain tax bonds (54EC bonds), and (ii) GoI's extra budgetary resources, as and when required. The presence of a GoI nominee on REC's board keeps the GoI's oversight and control over REC's operational and financial linkages intact and the relevance of REC as an extended arm of the GoI.

Pick-Up in Loan Book: REC's loan book surged 20.32% yoy to INR2,910.7 billion in 1QFY20 and 3.51% from FY19, owing to a steady rise in disbursements. The disbursements soared 88% yoy to INR156 billion in 1QFY20. In line with the previous year's trend, the distribution segment witnessed disbursements of 40.4% in 1QFY20, while the generation segment reported 25.6% of disbursements. Sanctions increased 29.42%yoy to INR243 billion in 1QFY20, with the majority recorded in the transmission and distribution segment (61.3%), followed by generation projects/entities (24.8%).

Stretched Liquidity: Although REC's overall asset profile matched the liability profile at 1QFYE20, there were mismatches recorded in most buckets for three years beginning 1 April 2019, reflecting stretched liquidity. The company also breached the Reserve Bank of India's (RBI) guidelines that the negative gap (outflows exceed inflows) in the 1 to 30/31-day time bucket should not exceed the prudential limit of 15% of outflows of the time-bucket. REC has been trying to address the mismatches by tapping medium-to-long term borrowings. However, this needs a closer monitoring of cash flows.

Ind-Ra believes REC will be able to refinance its debt through a variety of debt market instruments. REC has substantial unutilised bank limits available (INR33.45 billion as on 20 August 2019), along with comfortable available funds (1QFYE20: INR33.25 billion).

Moderate Asset Quality: With aggregate net slippages of INR5.4 billion, REC's gross non-performing assets (NPAs) rose to INR208.9 billion at end-1QFY20 from INR203.5 billion at end-FY19. However, its gross NPA ratio fell to 7.18% in 1QFY20 from 7.24% of the gross advances at FYE19, due to the strong growth in loan book. The stress in REC's loan book is mainly from its private sector exposure. Since REC's exposure to the private sector is declining (1QFYE20: 11.7%, FYE15: 17.43%), some comfort can be drawn. Provisioning of about INR100.73 billion has been done in bringing its provision coverage ratio to 48.2% at 1QFYE20 (FYE19: 47.7%). As a result, the net NPA ratio dropped to 3.72% at 1QFYE20 (FYE19: 3.79%).

Adequate Capitalisation: Post the adoption of Indian Accounting Standards since FY19, the provisioning requirement has increased, leading to higher credit cost impacting REC's capital structure adversely. This resulted in a fall in capital adequacy ratio to 17.77% in FY19 (FY18: 19.39%), which later improved to 17.90% in 1QFY20. However, it is still above the regulatory threshold of 15%.

Contraction in Net Interest Margin: Since the announcement of the acquisition of GoI's share in REC by PFC, the spread on REC's borrowings has widened. This has impacted the company's cost of borrowing and in turn the net interest margins. In 1QFY20, REC's yield on loans improved to 10.54% (1QFY19: 10.32%, FY19: 10.40%). Since REC's cost of funds increased to 7.52% in 1QFY20 (1QFY19: 7.27%, FY19: 7.16%), the net interest margins dropped to 3.59% (3.72%, 3.85%).

RATING SENSITIVITIES

Negative: The following events, individually or collectively, could be negative for the ratings:

- Weakening of REC's linkages with the GoI

- Dilution in REC's role as a public policy institution

COMPANY PROFILE

REC was set up by the GoI in 1969 to finance and promote rural electrification projects in India. It now acts as a nodal agency for financing rural electrification projects under GoI-sponsored schemes and provides financial assistance to private power entities, state electricity boards, state government departments and rural electric cooperatives for rural electrification projects.

FINANCIAL SUMMARY

Particulars	FY18	FY19
Loan assets (INR billion)	2,394.49	2,812.10
Interest income (INR billion)	217.97	247.28
Net interest income (INR billion)	84.35	90.52
Gross NPA (%)	7.15	7.24
Capital adequacy ratio (%)	19.39	17.77
Source: REC		

RATING HISTORY

Instrument Type	Current Rating/Outlook			Historical Rating/Outlook		
	Rating Type	Rated Limits (billion)	Rating	29 March 2019	28 March 2018	29 March 2017
Issuer rating	Long-term	-	IND AAA/Stable	IND AAA/Stable	IND AAA/Stable	IND AAA/Stable
Short-term borrowing programme (including commercial and bank guarantee) (FY20)	Short-term	INR120	IND A1+	IND A1+		-
Long-term annual borrowing programme (FY20)	Long-term	INR780	IND AAA/Stable	IND AAA/Stable		-
Short-term borrowing programme (including commercial and bank guarantee) (FY19)	Short-term	INR112.85	IND A1+	IND A1+	IND A1+	-
GoI fully serviced bonds	Long-term	INR178.27	IND AAA/Stable	IND AAA/Stable	IND AAA/Stable	-
Long-term annual borrowing programmes (FY10-FY19)	Long-term	INR1,888.18	IND AAA/Stable	IND AAA/Stable	IND AAA/Stable	IND AAA/Stable

ANNEXURE

Bonds

Instrument	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of Issue (billion)	Rating/Rating Watch
Bonds (FY10)	INE020B07ER1	4 September 2009	8.72	4 September 2019	INR8.68	IND AAA/Stable

Bonds (FY10)	INE020B07EV3	6 October 2009	8.8	7 October 2019	INR10.40	IND AAA/Stable
Bonds (FY10)	INE020B07EY7	17 November 2009	8.8	18 November 2019	INR9.96	IND AAA/Stable
Bonds (FY10)	INE020B07FC0	22 January 2010	8.65	22 January 2020	INR9.45	IND AAA/Stable
Bonds (FY11)	INE020B08427	8 June 2010	8.75	9 June 2025	INR12.50	IND AAA/Stable
Bonds (FY11)	INE020B08443	12 July 2010	8.75	14 July 2025	INR18.00	IND AAA/Stable
Bonds (FY11)	INE020B08450	25 October 2010	8.8	26 October 2020	INR11.50	IND AAA/Stable
Bonds (FY11)	INE020B08468	29 November 2010	8.8	30 November 2020	INR21.21	IND AAA/Stable
Bonds (FY11)	INE020B08476	15 December 2010	Zero coupon	15 December 2020	INR5.33	IND AAA/Stable
Bonds (FY11)	INE020B08484	3 February 2011	Zero coupon	3 February 2021	INR1.16	IND AAA/Stable
Bonds (FY11)	INE020B08492	15 March 2011	9.18	15 March 2021	INR30.00	IND AAA/Stable
Bonds (FY11)	INE020B08518	31 March 2011	8	31 March 2021	INR0.17	IND AAA/Stable
Bonds (FY11)	INE020B08500	31 March 2011	8.1	31 March 2021	INR0.02	IND AAA/Stable
Bonds (FY11)	INE020B08526	31 March 2011	8.2	31 March 2021	INR0.58	IND AAA/Stable
Bonds (FY11)	INE020B08534	31 March 2011	8.2	31 March 2021	INR0.04	IND AAA/Stable
Bonds (FY12)	INE020B08567	15 July 2011	9.63	15 July 2021	INR15.00	IND AAA/Stable
Bonds (FY12)	INE020B08591	10 August 2011	9.48	10 August 2021	INR31.72	IND AAA/Stable
Bonds (FY12)	INE020B08641	11 November 2011	9.75	11 November 2021	INR39.22	IND AAA/Stable
Bonds (FY12)	INE020B08708	15 February 2012	8.95	15 February 2022	INR0.06	IND AAA/Stable
Bonds (FY12)	INE020B08724	15 February 2012	9.15	15 February 2027	INR0.03	IND AAA/Stable
Bonds (FY12)	INE020B08716	15 February 2012	8.95	15 February 2022	INR0.01	IND AAA/Stable
Bonds (FY12)	INE020B08732	15 February 2012	9.15	15 February 2027	INR0.01	IND AAA/Stable
Bonds (FY12)	INE020B07GG9	27 March 2012	7.93	27 March 2022	INR8.40	IND AAA/Stable
Bonds (FY12)	INE020B07GH7	27 March 2012	8.12	27 March 2027	INR21.60	IND AAA/Stable
Bonds (FY13)	INE020B08740	15 June 2012	9.35	15 June 2022	INR23.78	IND AAA/Stable
Bonds (FY13)	INE020B08799	19 November 2012	9.02	19 November 2019	INR4.53	IND AAA/Stable
Bonds (FY13)	INE020B08807	19 November 2012	9.02	19 November 2022	INR22.11	IND AAA/Stable
Bonds (FY13)	INE020B07GU0	21 November 2012	7.21	21 November 2022	INR2.55	IND AAA/Stable
Bonds (FY13)	INE020B07GV8	21 November 2012	7.38	21 November 2027	INR2.45	IND AAA/Stable
Bonds (FY13)	INE020B07GW6	19 December 2012	7.22	19 December 2022	INR11.65	IND AAA/Stable
Bonds (FY13)	INE020B07GX4	19 December 2012	7.38	19 December 2027	INR8.52	IND AAA/Stable
Bonds (FY13)	INE020B08823	08 March 2013	8.87	09 March 2020	INR15.42	IND AAA/Stable
Bonds (FY13)	INE020B07GY2	25 March 2013	6.88	25 March 2023	INR0.81	IND AAA/Stable
Bonds (FY13)	INE020B07GZ9	25 March 2013	7.04	25 March 2028	INR0.50	IND AAA/Stable
Bonds (FY14)	INE020B08831	12 April 2013	8.82	12 April 2023	INR43.00	IND AAA/Stable
Bonds (FY14)	INE020B08849	31 May 2013	8.06	31 May 2023	INR25.00	IND AAA/Stable
Bonds (FY14)	INE020B07HM5	29 August 2013	8.01	29 August 2023	INR2.09	IND AAA/Stable
Bonds (FY14)	INE020B07HN3	29 August 2013	8.46	29 August 2028	INR11.41	IND AAA/Stable
Bonds (FY14)	INE020B07HO1	24 September 2013	8.01	24 September 2023	INR2.57	IND AAA/Stable
Bonds (FY14)	INE020B07HR4	24 September 2013	8.26	24 September 2023	INR3.18	IND AAA/Stable
Bonds (FY14)	INE020B07HP8	24 September 2013	8.46	24 September 2028	INR17.21	IND AAA/Stable
Bonds (FY14)	INE020B07HS2	24 September 2013	8.71	24 September 2028	INR10.89	IND AAA/Stable
Bonds (FY14)	INE020B07HQ6	24 September 2013	8.37	24 September 2033	INR0.16	IND AAA/Stable
Bonds (FY14)	INE020B07HT0	24 September 2013	8.62	24 September 2033	INR0.39	IND AAA/Stable
Bonds (FY14)	INE020B07HU8	11 October 2013	8.18	11 October 2023	INR1.05	IND AAA/Stable
Bonds (FY14)	INE020B07HV6	11 October 2013	8.54	11 October 2028	INR0.45	IND AAA/Stable
Bonds (FY14)	INE020B07IC4	24 March 2014	8.19	24 March 2024	INR2.90	IND AAA/Stable
Bonds (FY14)	INE020B07IF7	24 March 2014	8.44	24 March 2024	INR1.29	IND AAA/Stable
Bonds (FY14)	INE020B07ID2	24 March 2014	8.63	24 March 2029	INR2.48	IND AAA/Stable
Bonds (FY14)	INE020B07IG5	24 March 2014	8.88	24 March 2029	INR2.82	IND AAA/Stable
Bonds (FY14)	INE020B07IE0	24 March 2014	8.61	24 March 2034	INR0.26	IND AAA/Stable
Bonds (FY14)	INE020B07IH3	24 March 2014	8.86	24 March 2034	INR0.83	IND AAA/Stable
Bonds (FY15)	INE020B07IW2	17 July 2014	9.4	17 July 2021	INR15.15	IND AAA/Stable
Bonds (FY15)	INE020B07IZ5	25 August 2014	9.34	23 August 2024	INR19.55	IND AAA/Stable
Bonds (FY15)	INE020B08856	13 October 2014	9.04	11 October 2019	INR30.00	IND AAA/Stable
Bonds (FY15)	INE020B08864	13 November 2014	8.56	13 November 2019	INR17.00	IND AAA/Stable
Bonds (FY15)	INE020B08872	4 December 2014	8.44	4 December 2021	INR15.50	IND AAA/Stable
Bonds (FY15)	INE020B08880	22 December 2014	8.57	21 December 2024	INR22.50	IND AAA/Stable
Bonds (FY15)	INE020B08898	23 January 2015	8.23	23 January 2025	INR19.25	IND AAA/Stable
Bonds (FY15)	INE020B08906	06 February 2015	8.27	06 February 2025	INR23.25	IND AAA/Stable
Bonds (FY15)	INE020B08914	23 February 2015	8.35	21 February 2025	INR22.85	IND AAA/Stable

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Bonds (FY15)	INE020B08922	9 March 2015	8.27	9 March 2022	INR7.00	IND AAA/Stable
Bonds (FY16)	INE020B08930	10 April 2015	8.3	10 April 2025	INR23.96	IND AAA/Stable
Bonds (FY16)	INE020B07JO7	23 July 2015	7.17	23 July 2025	INR3.00	IND AAA/Stable
Bonds (FY16)	INE020B08948	14 August 2015	8.37	14 August 2020	INR26.75	IND AAA/Stable
Bonds (FY16)	INE020B08955	22 September 2015	8.36	22 September 2020	INR27.50	IND AAA/Stable
Bonds (FY16)	INE020B08963	7 October 2015	8.11	7 October 2025	INR25.85	IND AAA/Stable
Bonds (FY16)	INE020B07JP4	5 November 2015	6.89	5 November 2025	INR0.51	IND AAA/Stable
Bonds (FY16)	INE020B07JQ2	5 November 2015	7.14	5 November 2025	INR0.55	IND AAA/Stable
Bonds (FY16)	INE020B07JR0	5 November 2015	7.09	5 November 2030	INR1.34	IND AAA/Stable
Bonds (FY16)	INE020B07JS8	5 November 2015	7.34	5 November 2030	INR0.39	IND AAA/Stable
Bonds (FY16)	INE020B07JT6	5 November 2015	7.18	5 November 2035	INR2.77	IND AAA/Stable
Bonds (FY16)	INE020B07JU4	5 November 2015	7.43	5 November 2035	INR1.45	IND AAA/Stable
Bonds (FY17)	INE020B07JZ3	31 August 2016	6	31 August 2019	INR5.54	IND AAA/Stable
Bonds (FY17)	INE020B07KA4	30 September 2016	6	30 September 2019	INR6.27	IND AAA/Stable
Bonds (FY17)	INE020B08997	21 October 2016	7.24	21 October 2021	INR25.00	IND AAA/Stable
Bonds (FY17)	INE020B07KB2	31 October 2016	6	31 October 2019	INR5.89	IND AAA/Stable
Bonds (FY17)	INE020B08AA3	7 November 2016	7.52	7 November 2026	INR21.00	IND AAA/Stable
Bonds (FY17)	INE020B07KC0	30 November 2016	6	30 November 2019	INR7.66	IND AAA/Stable
Bonds (FY17)	INE020B08AB1	09 December 2016	7.14	09 December 2021	INR10.20	IND AAA/Stable
Bonds (FY17)	INE020B08AC9	30 December 2016	7.54	30 December 2026	INR30.00	IND AAA/Stable
Bonds (FY17)	INE020B07KD8	31 December 2016	5.25	31 December 2019	INR6.11	IND AAA/Stable
Bonds (FY17)	INE020B08AD7	31 January 2017	6.83	29 June 2020	INR12.75	IND AAA/Stable
Bonds (FY17)	INE020B07KE6	31 January 2017	5.25	31 January 2020	INR5.10	IND AAA/Stable
Bonds (FY17)	INE020B08AE5	20 February 2017	7.13	21 September 2020	INR8.35	IND AAA/Stable
Bonds (FY17)	INE020B08AF2	28 February 2017	7.46	28 February 2022	INR6.25	IND AAA/Stable
Bonds (FY17)	INE020B07KF3	28 February 2017	5.25	29 February 2020	INR5.24	IND AAA/Stable
Bonds (FY17)	INE020B08AH8	14 March 2017	7.95	12 March 2027	INR27.45	IND AAA/Stable
Bonds (FY17)	INE020B08AI6	17 March 2017	7.42	17 June 2020	INR12.00	IND AAA/Stable
Bonds (FY17)	INE020B07KG1	31 March 2017	5.25	31 March 2020	INR11.18	IND AAA/Stable
Bonds (FY18)	INE020B07KI7	30 April 2017	5.25	30 April 2020	INR4.63	IND AAA/Stable
Bonds (FY18)	INE020B07KJ5	31 May 2017	5.25	30 May 2020	INR5.04	IND AAA/Stable
Bonds (FY18)	INE020B07KK3	30 June 2017	5.25	30 June 2020	INR5.41	IND AAA/Stable
Bonds (FY18)	INE020B07KL1	31 July 2017	5.25	30 July 2020	INR7.43	IND AAA/Stable
Bonds (FY18)	INE020B08AJ4	24 August 2017	6.87	24 September 2020	INR24.85	IND AAA/Stable
Bonds (FY18)	INE020B07KM9	31 August 2017	5.25	30 August 2020	INR5.63	IND AAA/Stable
Bonds (FY18)	INE020B08AK2	7 September 2017	7.03	7 September 2022	INR26.70	IND AAA/Stable
Bonds (FY18)	INE020B07KN7	30 September 2017	5.25	30 September 2020	INR5.98	IND AAA/Stable
Bonds (FY18)	INE020B08AM8	17 October 2017	7.09	17 October 2022	INR12.25	IND AAA/Stable
Bonds (FY18)	INE020B08AN6	31 October 2017	6.99	31 December 2020	INR28.50	IND AAA/Stable
Bonds (FY18)	INE020B07KO5	31 October 2017	5.25	30 October 2020	INR6.14	IND AAA/Stable
Bonds (FY18)	INE020B08AO4	21 November 2017	7.18	21 May 2021	INR6.00	IND AAA/Stable
Bonds (FY18)	INE020B08AP1	30 November 2017	7.45	30 November 2022	INR19.12	IND AAA/Stable
Bonds (FY18)	INE020B07KP2	30 November 2017	5.25	30 November 2020	INR6.56	IND AAA/Stable
Bonds (FY18)	INE020B08AQ9	12 December 2017	7.7	10 December 2027	INR35.33	IND AAA/Stable
Bonds (FY18)	INE020B07KQ0	31 December 2017	5.25	30 December 2020	INR7.46	IND AAA/Stable
Bonds (FY18)	INE020B08AR7	17 January 2018	7.6	17 April 2021	INR10.55	IND AAA/Stable
Bonds (FY18)	INE020B07KR8	31 January 2018	5.25	30 January 2021	INR7.09	IND AAA/Stable
Bonds (FY18)	INE020B08AS5	12 February 2018	7.7	15 March 2021	INR24.65	IND AAA/Stable
Bonds (FY18)	INE020B08AT3	23 February 2018	7.99	23 February 2023	INR9.50	IND AAA/Stable
Bonds (FY18)	INE020B08AU1	28 February 2018	7.77	16 September 2019	INR14.50	IND AAA/Stable
Bonds (FY18)	INE020B07KS6	28 February 2018	5.25	27 February 2021	INR8.69	IND AAA/Stable
Bonds (FY18)	INE020B08AV9	15 March 2018	7.59	13 March 2020	INR30.00	IND AAA/Stable
Bonds (FY18)	INE020B08AW7	15 March 2018	7.73	15 June 2021	INR8.00	IND AAA/Stable
GoI fully serviced bonds	INE020B08AX5	21 March 2018	8.09	21 March 2028	INR18.37	IND AAA/Stable
GoI fully serviced bonds	INE020B08AY3	26 March 2018	8.01	26 March 2028	INR14.10	IND AAA/Stable
GoI fully serviced bonds	INE020B08AZ0	27 March 2018	8.06	27 March 2028	INR7.53	IND AAA/Stable
Bonds (FY18)	INE020B07KT4	31 March 2018	5.25	31 March 2021	INR25.59	IND AAA/Stable
Bonds (FY19)	INE020B07KU2	30 April 2018	5.75	30 April 2023	INR2.78	IND AAA/Stable
Bonds (FY19)	INE020B07KV0	31 May 2018	5.75	31 May 2023	INR4.39	IND AAA/Stable
Bonds (FY19)	INE020B07KW8	30 June 2018	5.75	30 June 2023	INR5.05	IND AAA/Stable

Bonds (FY19)	INE020B07KX6	31 July 2018	5.75	31 July 2023	INR6.83	IND AAA/Stable
Bonds (FY19)	INE020B08BA1	9 August 2018	8.55	9 August 2028	INR25.00	IND AAA/Stable
Bonds (FY19)	INE020B08BB9	27 August 2018	8.63	25 August 2028	INR25.00	IND AAA/Stable
Bonds (FY19)	INE020B07KY4	31 August 2018	5.75	31 August 2023	INR4.99	IND AAA/Stable
GoI fully serviced bonds (FY19)	INE020B08BC7	28 September 2018	8.7	28 September 2028	INR30.00	IND AAA/Stable
Bonds (FY19)	INE020B07KZ1	30 September 2018	5.75	30 September 2023	INR4.94	IND AAA/Stable
Bonds (FY19)	INE020B08BD5	22 October 2018	8.83	21 October 2022	INR21.71	IND AAA/Stable
Bonds (FY19)	INE020B07LA2	31 October 2018	5.75	31 October 2023	INR5.07	IND AAA/Stable
GoI fully serviced bonds (FY19)	INE020B08BE3	15 November 2018	8.54	15 November 2028	INR36.00	IND AAA/Stable
Bonds (FY19)	INE020B08BF0	22 November 2018	8.45	22 March 2022	INR25.72	IND AAA/Stable
Bonds (FY19)	INE020B08BG8	29 November 2018	8.56	29 November 2028	INR25.52	IND AAA/Stable
Bonds (FY19)	INE020B07LB0	30 November 2018	5.75	30 November 2023	INR4.79	IND AAA/Stable
Bonds (FY19)	INE020B08BH6	7 December 2018	8.37	7 December 2028	INR25.54	IND AAA/Stable
Bonds (FY19)	INE020B07LC8	31 December 2018	5.75	31 December 2023	INR5.65	IND AAA/Stable
GoI fully serviced bonds (FY19)	INE020B08BJ2	22 January 2019	8.8	22 January 2029	INR20.27	IND AAA/Stable
Bonds (FY19)	INE020B07LD6	31 January 2019	5.75	31 January 2024	INR5.49	IND AAA/Stable
Bonds (FY19)	INE020B08BK0	20 February 2019	8.57	20 August 2020	INR17.20	IND AAA/Stable
Bonds (FY19)	INE020B07LE4	28 February 2019	5.75	28 February 2024	INR5.70	IND AAA/Stable
GoI fully serviced bonds (FY19)	INE020B08BL8	8 March 2019	8.6	8 March 2029	INR12.00	IND AAA/Stable
Bonds (FY19)	INE020B08BM6	13 March 2019	8.35	13 March 2022	INR25.00	IND AAA/Stable
Bonds (FY19)	INE020B08BN4	18 March 2019	8.15	18 June 2021	INR27.20	IND AAA/Stable
GoI fully serviced bonds (FY19)	INE020B08BO2	25 March 2019	8.3	25 March 2029	INR40.00	IND AAA/Stable
Bonds (FY19)	INE020B08BP9	28 March 2019	8.97	28 March 2029	INR21.51	IND AAA/Stable
Bonds (FY19)	INE020B07LF1	31 March 2019	5.75	31 March 2024	INR10.78	IND AAA/Stable
Bonds (FY20)	INE020B08BQ7	16 April 2019	8.85	16 April 2029	INR16.01	IND AAA/Stable
Bonds (FY20)	INE020B07LG9	30 April 2019	5.75	30 April 2024	INR3.91	IND AAA/Stable
Bonds (FY20)	INE020B08BR5	06 May 2019	8.5	20 December 2021	INR12.45	IND AAA/Stable
Bonds (FY20)	INE020B08BS3	14 May 2019	8.8	14 May 2029	INR10.97	IND AAA/Stable
Bonds (FY20)	INE020B07LH7	31 May 2019	5.75	31 May 2024	INR4.59	IND AAA/Stable
Bonds (FY20)	INE020B08BT1	10 June 2019	8.15	10 June 2022	INR10.00	IND AAA/Stable
Bonds (FY20)	INE020B08BV7	25 June 2019	8.1	25 June 2024	INR10.18	IND AAA/Stable
Bonds (FY20)	INE020B08BU9	25 June 2019	8.3	25 June 2029	INR20.71	IND AAA/Stable
Bonds (FY20)	INE020B07LI5	30 June 2019	5.75	30 June 2024	INR4.13	IND AAA/Stable
Bonds (FY20)	INE020B07LJ3	31 July 2019	5.75	31 July 2024	INR5.96	IND AAA/Stable
Bonds (FY20)	INE020B08BW5	22 August 2019	8.18	22 August 2034	INR50.63	IND AAA/Stable
Bonds (FY20) (unutilised)					INR630.46	IND AAA/Stable
Total					INR2,597.20	
Bonds (FY10)	INE020B07EP5	03 August 2009	8.8	3 August 2019	INR20.00	WD, Paid in full
Bonds (FY11)	INE020B08435	12 July 2010	8.7	12 July 2019	INR2.00	WD, Paid in full
Bonds (FY13)	INE020B08765	20 July 2012	9.39	20 July 2019	INR9.60	WD, Paid in full
Bonds (FY15)	INE020B07IV4	18 June 2014	9.02	18 June 2019	INR17.00	WD, Paid in full
Bonds (FY16)	INE020B07JN9	31 March 2016	6	30 March 2019	INR11.63	WD, Paid in full
Bonds (FY17)	INE020B07JV2	30 April 2016	6	30 April 2019	INR5.06	WD, Paid in full
Bonds (FY17)	INE020B07JW0	31 May 2016	6	31 May 2019	INR5.25	WD, Paid in full
Bonds (FY17)	INE020B07JX8	30 June 2016	6	29 June 2019	INR5.94	WD, Paid in full
Bonds (FY17)	INE020B07JY6	31 July 2016	6	31 July 2019	INR7.38	WD, Paid in full
Bonds (FY18)	INE020B08AL0	26 September 2017	6.75	26 March 2019	INR11.50	WD, Paid in full

CP

Instrument	ISIN No.	Date of issue	Coupon Rate(%)	Maturity Date	Size of issue (Billion)	Rating
Commercial paper	INE020B14581	12 February 2019	7.60	27 September 2019	INR18.75	IND A1+
Commercial paper	INE020B14599	15 February 2019	7.72	30 December 2019	INR23.50	IND A1+
Commercial paper	INE020B14607	5 March 2019	7.90	04 March 2020	INR10.00	IND A1+
Commercial paper	INE020B14524	30 April 2019	7.51	20 September 2019	INR15.00	IND A1+
Commercial paper	INE020B14623	9 May 2019	7.80	7 February 2020	INR18.25	IND A1+
Commercial paper	INE020B14631	24 June 2019	7.59	19 June 2020	INR6.75	IND A1+
Commercial paper	INE020B14573	3 December 2018	8.04	30 April 2019	INR27.50	WD, Paid in full

COMPLEXITY LEVEL OF INSTRUMENTS

For details on the complexity level of the instruments, please visit https://www.indiaratings.co.in/complexity-indicators.

SOLICITATION DISCLOSURES

Additional information is available at www.indiaratings.co.in. The ratings above were solicited by, or on behalf of, the issuer, and therefore, India Ratings has been compensated for the provision of the ratings.

Ratings are not a recommendation or suggestion, directly or indirectly, to you or any other person, to buy, sell, make or hold any investment, loan or security or to undertake any investment strategy with respect to any investment, loan or security or any issuer.

ABOUT INDIA RATINGS AND RESEARCH

About India Ratings and Research: India Ratings and Research (Ind-Ra) is India's most respected credit rating agency committed to providing India's credit markets accurate, timely and prospective credit opinions. Built on a foundation of independent thinking, rigorous analytics, and an open and balanced approach towards credit research, Ind-Ra has grown rapidly during the past decade, gaining significant market presence in India's fixed income market.

Ind-Ra currently maintains coverage of corporate issuers, financial institutions (including banks and insurance companies), finance and leasing companies, managed funds, urban local bodies and project finance companies.

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DISCLAIMER

Applicable Criteria

Rating of Public Sector Entities

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Fitch Group

ANNEXURE B: CONSENT LETTER FROM THE DEBENTURE TRUSTEE

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CATALYST
Believe in yourself... Trust us!

July 15, 2019

To,
The Board of Directors
REC Limited
Core-4, Scope Complex, 7,
Lodhi Road, New Delhi - 110003

Dear Sir,

Sub: Proposed public issue of secured, redeemable and non-convertible debentures ("NCDs") aggregating up to ₹ 10,000 crores (Rupees Ten Thousand Crores only) by REC Limited (the "Company" and such Issue, the "Issue").

We, the undersigned, have been appointed by the Issuer as the Debenture Trustee to the Issue in accordance with regulation 4(4) of SEBI (Issue and Listing of Debt Securities), 2008. We hereby consent to be named as the Debenture Trustee to the Issue and to our name being inserted as the Debenture Trustee to the Issue in the Draft Shelf Prospectus to be filed with the BSE Limited and/or National Stock Exchange of India Limited ("**Stock Exchange(s)**") and to Securities and Exchange Board of India ("**SEBI**") and the Shelf Prospectus and Tranche Prospectus(es) to be filed with the Registrar of Companies, National Capital Territory of New Delhi and Haryana ("**RoC**"), Stock Exchange(s) and to SEBI in respect of the Issue and also in all related advertisements or communications or filings pursuant to the Issue. The following details with respect to us may be disclosed:

Name: Catalyst Trusteeship Limited
Address: GDA House, Plot No. 85, Bhusari Colony (Right), Kothrud, Pune - 411038, Maharashtra, India and Branch Office: 810, 8th Floor, Kailash Building, 26, Kasturba Gandhi Marg, New Delhi-110001
Tel: +91 20 25280081/ 011-43029101/022-49220500
Fax: +91 20 25820275/ 022-49220505
E-mail: ComplianceCTL-Mumbai@ctltrustee.com
Website: www.catalysttrustee.com
Contact Person: Mr. Umesh Salvi
SEBI Registration Number: IND000000034

We confirm that we are registered with the SEBI and that such registration is valid as on the date of this letter. We enclose a copy of our registration certificate herein as **Annexure I** and declaration regarding our registration with SEBI as **Annexure II**.

We also confirm that we have not been prohibited by SEBI to act as an intermediary in capital market issues. Further, except as disclosed below, as on the date of the Draft Shelf Prospectus, we confirm that we and our associates do not hold equity shares of the Company.

We hereby authorise you to deliver this letter of consent to the RoC, pursuant to the provisions of Section 26 of the Companies Act, 2013 and other applicable laws or any other regulatory or statutory authorities as required by law. We further confirm that the information in relation to us is true and correct.

We also agree to keep strictly confidential, until such time as the proposed transaction is publicly announced by the Company in the form of a press release, (i) the nature and scope of this transaction; and (ii) our knowledge of the proposed transaction of the Company.

We confirm that we will immediately inform you and the lead managers of any change to the above information until the date when the NCDs commence trading on the Stock Exchanges. In the absence of any such communication from us, the above information should be taken as updated information until the NCDs commence trading.

This letter may be relied upon by you, the lead managers and the legal advisors to the Issue in respect of the Issue.

For and on behalf of

Catalyst Trusteeship Limited

For CATALYST TRUSTEESHIP LIMITED

Authorised Signatory

Authorised Signatory

Name: Ms. Chesta Experto

Designation: Manager

ANNEXURE - I

डिबेंचर न्यासी | प्ररूप ख FORM B | DEBENTURE TRUSTEE

भारतीय प्रतिभूति और विनिमय बोर्ड

SECURITIES AND EXCHANGE BOARD OF INDIA

(डिबेंचर न्यासी) विनियम, 1993

(DEBENTURE TRUSTEE) REGULATIONS, 1993

000258

(विनियम 8)

(Regulation 8) **(Regulation 8A)**

रजिस्ट्रीकरण प्रमाणपत्र

CERTIFICATE OF REGISTRATION

PERMANENT REGISTRATION

1) बोर्ड, भारतीय प्रतिभूति और विनिमय बोर्ड अधिनियम, 1992 के अधीन डिबेंचर न्यासी के लिए बनाए गए नियमों और विनियमों के साथ पठित उस अधिनियम की धारा 12 की उपधारा (1) द्वारा प्रदत्त शक्तियों का प्रयोग करते हुए,

1) In exercise of the powers conferred by sub-section (1) of section 12 of the Securities and Exchange Board of India Act, 1992, read with the rules and regulations made thereunder for the debenture trustee the Board hereby grants a certificate of registration to

CATALYST TRUSTEESHIP LIMITED
GDA HOUSE, PLOT NO. 85,
BHUSARI COLONY (RIGHT), PAUD ROAD
PUNE – 411 038
MAHARASHTRA

को नियमों में, शर्तों के अधीन रहते हुए और विनियमों के अनुसार डिबेंचर न्यासी के रूप में रजिस्ट्रीकरण का प्रमाणपत्र इसके द्वारा प्रदान करता है।

as a debenture trustee subject to the conditions in the rules and in accordance with the regulations.

2) डिबेंचर न्यासी के लिए रजिस्ट्रीकरण कूट है।

2) Registration Code for the debenture trustee is **IND000000034**

3) जब तक नवीकृत न किया जाए, रजिस्ट्रीकरण का प्रमाणपत्र से तक विधिमान्य है।

3) Unless renewed, the certificate of registration is valid from to

3) This Certificate of Registration shall be valid for permanent, unless suspended or cancelled by the Board.

आदेश से
भारतीय प्रतिभूति और विनिमय बोर्ड
के लिए और उसकी ओर से
By order
For and on behalf of
Securities and Exchange Board of India

स्थान Place : **MUMBAI**

तारीख Date : **JULY 29, 2016**

MJ Sonparote

MEDHA SONPAROTE
प्राधिकृत हस्ताक्षरकर्ता Authorised Signatory

Annexure II

We hereby confirm that as on date the following details in relation to our registration with the Securities and Exchange Board of India as a Debenture Trustee is true and correct:

1.	Registration Number	IND000000034
2.	Date of registration/ Renewal of registration	July 29, 2016
3.	Date of expiry of registration	NA
4.	If applied for renewal, date of application	NA
5.	Any communication from SEBI prohibiting the entity from acting as an intermediary	NA
6.	Any enquiry/ investigation being conducted by SEBI	NA
7.	Details of any penalty imposed by SEBI	NA

CATALYST TRUSTEESHIP LIMITED

ANNEXURE C: FINANCIAL STATEMENTS

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S.K. Mittal & Co.
Chartered Accountants
E-29, South Extension Part-II
New Delhi - 110049

O.P. Bagla & Co. LLP
Chartered Accountants
8/12, Kalkaji Extension
New Delhi - 110019

EXAMINATION REPORT ON STANDALONE FINANCIAL STATEMENTS

Date: 16th October 2019

The Board of Directors
REC Limited
Core 4, SCOPE Complex,
7 Lodi Road
New Delhi 110 003
India

Dear Sirs,

Sub: Proposed public issue of secured, rated, listed, redeemable, non-convertible debentures ("NCDs") of face value of ₹1,000 (Rupees One Thousand) each aggregating up to ₹10,000 crores (Rupees Ten Thousand Crores only) by REC Limited (Formerly known as Rural Electrification Corporation Limited) ("Company") in one of more tranches from time to time ("Issue")

1. The Board of Directors have approved the accompanying Standalone Financial Statements of the Company as at and for the year ended on March 31, 2019 and 2018 comprising of Standalone Statement of Assets and Liabilities, Standalone Statement of Profit and Loss (including other comprehensive income), Standalone Cash Flow Statement ason and for the year ended March 31, 2019 and 2018, the Summary Statement of Significant Accounting Policies and Notes to Accounts, (collectively referred to as "**Standalone Financial Information under Ind AS**") annexed to this report, in accordance with the requirements of:
   - (a) Section 26 of Part I of Chapter Ill of the Companies Act, 2013 ("**the Act**");
   - (b) the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008, as amended from time to time ("SEBI Regulations"), issued by the Securities and Exchange Board of India, in pursuance of the Securities and Exchange Board of India Act, 1992.
   - (c) the Guidance Note issued by the Institute of Chartered Accountants of India ("ICAI"), as amended from time to time (the "Guidance Note").

S. K. MITTAL & CO. ★ CHARTERED ACCOUNTANTS ★ New Delhi

O.P. BAGLA & CO. LLP ★ FRN: 000018N/N500091 ★ Chartered Accountants New Delhi

to be included in the Draft Shelf Prospectus and Shelf Prospectus (hereinafter collectively referred to as the "**Prospectuses**"), in connection with the proposed public issue of NCDs by the Company.

2. These Standalone Financial Information under IND-AS and have been compiled by the management from:

   a) Audited Standalone Ind AS Financial Statements of the Company as at and for the year ended March 31, 2019, prepared in accordance with the Indian Accounting Standards (referred to as "**Ind AS**") as prescribed under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules 2015, as amended, and other accounting principles generally accepted in India, which have been approved by the Board of Directors. The comparative Statements for the year ended March 31, 2018 included in such financial Statements have been prepared by making Ind AS adjustments to the Audited Standalone Financial Statements of the Company as at and for the year ended March 31, 2018, prepared in accordance with the Accounting Standards notified under the section 133 of the Act ("**Indian GAAP**") which was approved by the Board of Directors .

   b) The Standalone Financial Statements under IND-AS also contains the proforma Standalone Ind AS Financial Statements as at April 1st, 2017. The proforma Standalone Ind AS Financial Statements have been prepared by making Ind AS adjustments to the audited Indian GAAP financial Statements as at and for the year ended March 31, 2017 which have been approved by the Board of Directors.

3. We have examined the Standalone Financial Statement under IND-AS as stated in para 1 & 2 above.

4. The Standalone Financial Statements under IND-AS as at and for the year ended March 31, 2018 has been regrouped / reclassified wherever necessary to correspond with the presentation / disclosure requirements of the financial year ended March 31, 2019 to comply with the requirements of Section 26 of the Act and the SEBI Regulations.

5. The Standalone Financial Statements under IND-AS do not reflect the effects of events that occurred subsequent to the respective dates of the reports.

6. We have complied with the relevant applicable requirement of the Standard on Quality Control (SQC) 1, Quality Control for the Firms that Perform Audits and Reviews of Historical Financial Statements, and Other Assurance and Related Service Engagements

7. Since we have not Audited any of the Financial Statements of the Company for any of

S. K. MITTAL & Co. CHARTERED ACCOUNTANTS New Delhi

O P BAGLA & CO LLP FRN: 000018N/N500091 Chartered Accountants New Delhi

the period(s), prior to the date of issue of this letter, thus, we have relied upon the Audit Report and financial Statements duly audited by the then Statutory Auditors appointed by C&AG. The data in the "Standalone Financial Information" has been extracted from the Audited Financial Statements of the Company, duly audited by the then Statutory Auditors of the Company appointed by C&AG.

8. This report should not in any way be construed as a reissuance or re-dating of any of the previous audit reports issued by M/s. A. R. & Co., Chartered Accountants and M/s. G.S. Mathur & Co., Chartered Accountants, nor should this report be construed as a new opinion on any of the financial Statements referred to herein.

9. There is no qualification in the Auditor's Report on the financial Statements for the year ended 31st March, 2019. However, there are observations in the Annexure to the Auditor's Reports which have been included in Annexure – A. These observations do not have any quantifiable impact on the Standalone Audited Financial Statements.

10. The Company's Board of Directors is responsible for preparation of the Standalone Financial Information for the purpose of inclusion in the Prospectuses to be filed with Securities and Exchange Board of India, Stock Exchanges and Registrar of Companies, National Capital Territory of Delhi and Haryana in connection with the proposed public issue of NCDs. The Board of Directors' responsibility includes designing, implementing and maintaining adequate internal control relevant to the preparation and presentation of the Standalone Financial Information. The Board of Directors is also responsible for identifying and ensuring that the Company complies with the Act, including any rules passed in pursuance thereof, Guidance Note and SEBI regulations. The Standalone Financial Information have been prepared by the management of the Company on the basis of preparation stated in note 2 above.

11. We have examined the Standalone Financial Information under IND-AS taking into consideration:

    a) The terms of reference and terms of our engagement agreed upon with you in accordance with our engagement letter dated 03rd August 2019 in connection with the proposed Issue of NCDs of the Issuer;

    b) The Guidance Note also requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI;

    c) Concepts of test checks and materiality to obtain reasonable assurance based on verification of evidence supporting the Standalone Financial Information under IND-AS; and

    d) The requirements of Section 26 of the Act and SEBI Regulations. Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the Act, the Regulations and the Guidance Note in connection with the proposed public issue of NCDs.

S. K. Mittal & Co. Chartered Accountants New Delhi

O P Bagla & Co LLP FRN: 000018N/N500091 Chartered Accountants New Delhi

12. At the Company's request, we have also examined the following other Standalone financial information of the Company (Collectively referred to as "**Other Standalone Financial Information**") proposed to be included in the Prospectuses as approved by the Board of Directors or any other Committee thereto, annexed to this report:

    a) Statements of Accounting Ratios (Standalone), as at and for the year ended March 31, 2019 and March 31, 2018
    b) Statement of Dividend (Standalone), for each of the year ended March 31, 2019 and March 31, 2018 and
    c) Capitalization Statement (Standalone), as at for the year ended March 31, 2019 and March 31, 2018.

13. We have no responsibility to update our report for events and circumstances occurring after the date of the report.

14. Our report is intended solely for the use of Board of Directors for inclusion in the Prospectuses to be filed by the Company with the Stock Exchanges and the Securities and Exchange Board of India, and Registrar of Companies, National Capital Territory of Delhi and Haryana in connection with the Proposed Issue of NCDs and is not to be used, referred to or distributed for any other purpose without our prior written consent. Accordingly we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or in, to whose hands it may come without our prior consent in writing.

M/s S.K. Mittal & Co. **Chartered Accountants,** **ICAI Firm Registration: 001135N**	**M/s O.P. Bagla & Co. LLP.** **Chartered Accountants,** **ICAI Firm Registration: 000018N/N500091**
Signature S.K. MITTAL & Co. New Delhi CHARTERED ACCOUNTANTS	**Signature** O.P. BAGLA & CO LLP FRN: 000018N/N500091 New Delhi Chartered Accountants
Name: Gaurav Mittal **Designation: Partner** **Membership Number: 099387** **Date: 16 October 2019** **UDIN: 19099387AAAADG6998**	**Name: Rakesh Kumar** **Designation: Partner** **Membership Number: 087537** **Date: 16 October 2019** **UDIN:19087537AAAADW7617**

Cc to:

1) Lead Managers to the issue

ANNEXURE A (STANDALONE)

Observation for the year ended on 31st March 2019:

In our opinion, the Company has, in all material aspects, an adequate internal financial controls system, except (i) strengthening of procedures for monitoring of utilization of funds disbursed to the borrowers, (ii) rotation of duties amongst some of the staff as per HR Policy to be implemented, over financial reporting and such internal financial controls over financial reporting were operating effectively as of 31 March 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

S. K. MITTAL & Co. * New Delhi * CHARTERED ACCOUNTANTS

O P BAGLA & CO LLP * FRN : 000018N/N500091 * New Delhi * Chartered Accountants

Balance Sheet as at 31st March 2019

(₹ in Crores)

S. No.	Particulars	Note No.	As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
	ASSETS				
(1)	**Financial Assets**				
(a)	Cash and cash equivalents	**5**	342.94	212.00	4,465.95
(b)	Other Bank Balances	**6**	1,253.31	1,570.07	28.44
(c)	Derivative financial instruments	**7**	1,802.58	690.38	628.07
(d)	Receivables				
	(i) Trade Receivables				
	(i) Other Receivables				
(d)	Loans	**8**	2,70,450.92	2,28,878.25	1,93,934.52
(e)	Investments	**9**	2,397.62	2,824.80	2,908.56
(f)	Other financial assets	**10**	18,342.48	4,224.89	54.16
	Total - Financial Assets (1)		**2,94,589.85**	**2,38,400.39**	**2,02,019.70**
(2)	**Non-Financial Assets**				
(a)	Current tax assets (net)	**11**	275.83	21.02	38.97
(b)	Deferred tax assets (net)	**12**	2,358.29	2,904.11	2,187.88
(c)	Investment Property	**13**	0.01	0.01	0.01
(d)	Property, Plant & Equipment	**14**	153.98	123.19	120.81
(e)	Capital Work-in-Progress	**14**	196.94	127.23	61.41
(f)	Intangible Assets Under Development	**14**	1.59	1.46	1.46
(g)	Other Intangible Assets	**14**	8.51	5.15	0.43
(h)	Other non-financial assets	**15**	132.30	86.63	57.98
	Total - Non-Financial Assets (2)		**3,127.45**	**3,268.80**	**2,468.95**
	Total ASSETS (1+2)		**2,97,717.30**	**2,41,669.19**	**2,04,488.65**
	LIABILITIES AND EQUITY				
	LIABILITIES				
(1)	**Financial Liabilities**				
(a)	Derivative financial instruments	**7**	159.40	317.75	354.46
(b)	Debt Securities	**16**	1,92,839.79	1,79,140.13	1,48,723.25
(c)	Borrowings (other than debt securities)	**17**	46,662.54	22,631.42	21,700.17
(d)	Subordinated Liabilities	**18**	4,818.76	2,667.36	2,667.21
(e)	Other financial liabilities	**19**	18,751.75	4,299.40	244.96
	Total - Financial Liabilities (1)		**2,63,232.24**	**2,09,056.06**	**1,73,690.05**
(2)	**Non-Financial Liabilities**				
(a)	Provisions	**20**	99.58	220.37	214.00
(b)	Other non-financial liabilities	**21**	82.54	89.61	32.84
	Total - Non-Financial Liabilities (2)		**182.12**	**309.98**	**246.84**
(3)	**EQUITY**				
(a)	Equity Share Capital	**22**	1,974.92	1,974.92	1,974.92
(b)	Other equity	**23**	32,328.02	30,328.23	28,576.84
	Total - Equity (3)		**34,302.94**	**32,303.15**	**30,551.76**
	Total - LIABILITIES AND EQUITY (1+2+3)		**2,97,717.30**	**2,41,669.19**	**2,04,488.65**

Accompanying Notes to Financial Statements **1 to 59**

Statement of Profit and Loss for the Year ended 31st March 2019

(₹ in Crores)

S. No.	Particulars	Note No.	Year ended 31.03.2019	Year ended 31.03.2018
	Revenue from Operations			
(i)	Interest Income	**24**	24,971.02	22,089.55
(ii)	Dividend Income	**25**	113.61	65.68
(iii)	Fees and Commission Income	**26**	225.09	299.39
I.	**Total Revenue from Operations (i to iii)**		**25,309.72**	**22,454.62**
II.	Other Income	**27**	31.44	12.73
III.	**Total Income (I+II)**		**25,341.16**	**22,467.35**
	Expenses			
(i)	Finance Costs	**28**	15,641.54	13,337.11
(ii)	Net translation/ transaction exchange loss	**29**	521.19	19.37
(iii)	Fees and commission Expense	**30**	34.38	24.58
(iv)	Net loss on fair value changes	**31**	348.52	573.37
(v)	Impairment on financial instruments	**32**	240.33	2,297.12
(vi)	Employee Benefits Expenses	**33**	157.53	172.42
(vii)	Depreciation and amortization	**34**	7.17	5.65
(viii)	Corporate Social Responsibility Expenses	**35**	103.39	49.45
(ix)	Other Expenses	**36**	186.61	104.13
IV.	**Total Expenses (i to ix)**		**17,240.66**	**16,583.20**
V.	**Profit before Tax (III-IV)**		**8,100.50**	**5,884.15**
VIII.	Exceptional Items		-	-
V.	**Profit before Tax (III-IV)**		**8,100.50**	**5,884.15**
VI.	**Tax Expense**	**37**		
(i)	Current tax		1,791.64	2,180.59
(ii)	Deferred Tax		545.14	(716.33)
	Total Tax Expense (i+ii)		**2,336.78**	**1,464.26**
VI.	**Profit for the period**		**5,763.72**	**4,419.89**
VII.	**Other comprehensive Income/(Loss)**			
(i)	**Items that will not be reclassified to profit or loss**			
(a)	Re-measurement gains/(losses) on defined benefit plans		(19.37)	(6.34)
(b)	Changes in Fair Value of FVOCI Equity Instruments		(47.26)	8.48
(c)	Income tax relating to these items			
	- Re-measurement gains/(losses) on defined benefit plans		6.77	2.20
	- Changes in Fair Value of FVOCI Equity Instruments		(0.68)	(0.10)
VIII.	**Other comprehensive Income/(Loss) for the period (a+b+c)**		**(60.54)**	**4.24**
IX.	**Total comprehensive Income for the period (VII+VIII)**		**5,703.18**	**4,424.13**
X.	**Basic & Diluted Earnings per Equity Share of ₹ 10 each (in ₹)**	**38**		
(1)	For continuing operations		**29.18**	**22.38**
(2)	For continuing and discontinued operations		**29.18**	**22.38**

Accompanying Notes to Financial Statements **1 to 59**

Statement of Changes in Equity for the year ended 31st March 2019

A Equity share capital

Particulars	FY 2018-19	FY 2017-18
Opening Balance	1,974.92	1,974.92
Closing Balance	1,974.92	1,974.92

B Other Equity

Particulars	Reserves & Surplus								Equity Instruments through Other Comprehensive Income	Total
	Special Reserve created u/s 36(1) (viii) of the Income Tax Act, 1961	Reserve for Bad and doubtful debts u/s 36(1)(viia) of the Income Tax Act, 1961	Reserve Fund u/s 45-IC of Reserve Bank of India Act, 1934	Debenture Redemption Reserve	Securities Premium Account	Foreign Currency Monetary Item Translation Difference Account	General Reserve	Retained Earnings		
Balance as at 1st April 2017	12,230.70	2,425.30	-	924.95	2,236.54	203.78	4,677.40	5,696.31	181.86	28,576.84
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Total Comprehensive Income	-	-	-	-	-	-	-	4,415.75	8.38	4,424.13
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% 3										
Balance as at 31st March 2018	13,813.19	2,761.10	-	1,121.54	2,236.54	(86.29)	5,177.40	5,114.51	190.24	30,328.23
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Total Comprehensive Income	-	-	-	-	-	-	-	5,751.12	(47.94)	5,703.18
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Balance as at 31st March 2019	15,136.78	3,034.72	1,153.00	1,318.13	2,236.54	(764.82)	5,177.40	4,899.39	136.88	32,328.02

Accompanying Notes to Financial Statements 1 to 59

Statement of Cash Flows for the year ended 31st March 2019

(₹ in Crores)

PARTICULARS	YEAR ENDED 31.03.2019		YEAR ENDED 31.03.2018	
A. Cash Flow from Operating Activities :				
Net Profit before Tax	**8,100.50**		**5,884.15**	
Adjustments for:				
1. Loss on derecognition of Property, Plant and Equipment (net)	0.86		0.56	
2. Depreciation & Amortization	7.17		5.65	
3. Impairment losses on financial assets	240.33		2,297.12	
4. Adjustments towards Effective Interest Rate in respect of Loans	1.33		(37.70)	
5. Adjustments towards Effective Interest Rate in respect of Borrowings	(788.28)		84.16	
6. Fair Value Changes in Derivatives	351.52		586.76	
7. Interest on Commercial Paper	402.84		135.60	
8. Interest Accrued on Zero Coupon Bonds	97.02		89.54	
9. Loss/ (Gain) on Exchange Rate fluctuation	558.51		-53.61	
10. Dividend Income	(113.61)		(65.68)	
11. Interest Income on Investments	(193.31)		(214.64)	
12. Provision made for Interest on Advance Income Tax	3.46		5.53	
Operating profit before Changes in Operating Assets & Liabilities	**8,668.34**		**8,717.44**	
Inflow / (Outflow) on account of :				
1. Loan Assets	(41,760.36)		(37,474.64)	
2. Derivatives	(1,622.07)		(685.78)	
3. Other Operating Assets	(13,895.21)		(5,437.99)	
4. Operating Liabilities	14,639.43		4,269.13	
Cash flow from Operations	**(33,969.87)**		**(30,611.84)**	
1. Income Tax Paid (including TDS)	(2,043.14)		(2,168.60)	
2. Income Tax refund	-		2.57	
Net Cash Flow from Operating Activities		**(36,013.01)**		**(32,777.87)**
B. Cash Flow from Investing Activities				
1. Sale of Property, Plant & Equipment	0.10		0.14	
2. Investment in Property, Plant & Equipment (incl. CWIP & Capital Advances)	(85.51)		(73.31)	
3. Investment in Intangible Assets (including intangible assets under development)	(5.00)		(5.35)	
4. Finance Costs Capitalised	(11.37)		(6.32)	
5. Sale of Equity Shares/ Venture Capital Funds (net of investment)	24.39		(2.08)	
6. Redemption of Debt Securities (net of investment)	398.17		94.32	
7. Interest Income from long term investments	150.68		214.64	
8. Dividend Income	113.61		65.68	
Net Cash Flow from Investing Activities		**585.07**		**287.72**
C. Cash Flow from Financing Activities				
1. Issue of Rupee Debt Securities (Net of redemptions)	4,220.72		19,558.55	
2. Issue of Commercial Paper (net of repayments)	4,143.04		3,014.84	
3. Raising of Rupee Term Loans/ WCDL from Govt./ Banks/ FIs (net of repayments)	24,350.00		(350.00)	
4. Raising of Foreign Currency Debt Securities and Borrowings (net of redemptions)	3,718.78		8,395.48	
5. Raising of Subordinated Liabilities (net of redemptions)	2,151.20		-	
6. Payment of Dividend on Equity Shares	(2,518.02)		(1,984.79)	
7. Payment of Corporate Dividend Tax	(506.84)		(397.88)	
Net Cash flow from Financing Activities		**35,558.88**		**28,236.20**
Net Increase/Decrease in Cash & Cash Equivalents		**130.94**		**(4,253.95)**
Cash & Cash Equivalents as at the beginning of the period		**212.00**		**4,465.95**
Cash & Cash Equivalents as at the end of the period		**342.94**		**212.00**

Components of Cash & Cash Equivalents as at end of the year are:

(₹ in Crores)

PARTICULARS	AS AT 31.03.2019	AS AT 31.03.2018
- Cash in Hand (including postage & imprest)	0.01	0.01
- Balances with Banks	339.97	157.45
- Short-term Deposits with Scheduled Banks	2.96	54.54
Total Cash & Cash Equivalents	**342.94**	**212.00**

Reconciliation of liabilities arising from financing activities

(₹ in Crores)

Particulars	Opening Balance	Cash Flows during the year (net)	Movement in Interest Accrued *	Non-cash Changes		Closing Balance
				Exchange Differences	EIR Adjustments	
FY 2018-19						
Rupee Debt Securities	1,68,517.14	4,220.72	124.83	-	108.71	**1,72,971.40**
Commercial Paper	3,150.44	4,143.04	-	-	402.84	**7,696.32**
Rupee Term Loans/ WCDL	414.82	24,350.00	119.43	-	-	**24,884.25**
Foreign Currency Debt Securities & other Borrowings	29,689.04	3,718.78	104.02	1,220.89	(782.48)	**33,950.25**
Subordinated Liabilities	2,667.36	2,151.20	1.58	-	(1.38)	**4,818.76**
Total	**2,04,438.80**	**38,583.74**	**349.86**	**1,220.89**	**(272.31)**	**2,44,320.98**
FY 2017-18						
Rupee Debt Securities	**1,48,723.25**	19,558.55	148.57	-	86.77	**1,68,517.14**
Commercial Paper	**-**	3,014.84	-	-	135.60	**3,150.44**
Rupee Term Loans/ WCDL	**776.66**	(350.00)	(11.84)	-	-	**414.82**
Foreign Currency Debt Securities & other Borrowings	**20,923.38**	8,395.48	46.98	235.32	87.88	**29,689.04**
Subordinated Liabilities	**2,667.21**	-	-	-	0.15	**2,667.36**
Total	**1,73,090.50**	**30,618.87**	**183.71**	**235.32**	**310.40**	**2,04,438.80**

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Note : Previous period figures have been rearranged and regrouped wherever necessary.

REC Limited (Formerly Rural Electrification Corporation Limited)
Registered Office - Core-4, SCOPE Complex, 7, Lodhi Road, New Delhi – 110003
CIN: L40101DL1969GOI005095

Notes to Accounts

1. Company Overview

REC Limited ("REC" or the "Company") was incorporated in the year 1969. The Company is domiciled in India and is limited by shares, having its registered office and principal place of business at Core-4, SCOPE Complex, 7, Lodhi Road, New Delhi-110003, India. The Company has 23 State offices spread across the country, mainly in the State Capitals and one training center at Hyderabad.

The Company is a Government Company engaged in extending financial assistance across the power sector value chain and is a Systemically Important (Non-Deposit Accepting or Holding) Non-Banking Finance Company (NBFC) registered with Reserve Bank of India (RBI) as an Infrastructure Finance Company (IFC).

REC is a leading public Infrastructure Finance Company in India and the principal products of REC are interest-bearing loans to State Electricity Boards, State Power utilities/State Power Departments and Private sector for all segments of Power infrastructure.

The Registrar of Companies, NCT of Delhi & Haryana has issued Fresh Certificate of Incorporation dated 13th October 2018, consequent upon change in the name of the Company from 'Rural Electrification Corporation Limited' to 'REC Limited'. Further, the Company has also received requisite approvals/No Objection Certificate for the said change in name from Ministry of Power, Reserve Bank of India & Stock Exchanges.

Power Finance Corporation Ltd. (PFC) has acquired 103,93,99,343 equity shares of the Company, representing 52.63% of the share capital, from the President of India. Consequently, PFC has become the holding Company of REC.

The shares of the Company are listed on National Stock Exchange of India Limited and BSE Limited.

2. Statement of Compliance and Basis of Preparation

The Company has adopted Indian Accounting Standards (referred to as "Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended) with effect from 01.04.2018. These Standalone Financial Statements comply with Ind AS notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended), applicable provisions of the Companies Act, 2013 and other applicable regulatory norms / guidelines. These are the Company's first Ind AS Standalone Financial Statements and the date of transition is 01.04.2017.

The Company prepared its standalone financial statements up to the year ended 31.03.2018, in accordance with the requirements of previous Generally Accepted Accounting Principles (previous GAAP), which included Accounting Standards (AS) specified under Section 133 of the Companies Act, 2013 read with rules made thereunder and applicable RBI directions. The Company followed the provisions of Ind AS 101-'First Time adoption of Indian Accounting Standards' in preparing its opening Ind AS Standalone Balance Sheet as of the date of transition and adjustments were made to restate the opening balances as per Ind AS. The impact of transition has been accounted for in the opening reserves as at 01.04.2017. The comparative figures have been presented in accordance with the same accounting principles that are used in preparation of the Company's first Ind AS standalone financial statements.

The mandatory exceptions and optional exemptions availed by the Company on First-time adoption have been detailed in Note 54. Along with this, the reconciliation of total equity under previous GAAP and under Ind-AS as at 1st April 2017 & 31st March 2018 and of the Profit after tax as per Previous GAAP and Total Comprehensive Income under Ind AS for the year ended 31st March 2018 has also been presented in the same note.

The financial statements for the year ended 31st March 2019 were authorized and approved for issue by the Board of Directors on 24th May 2019.

These standalone financial statements have been prepared on going concern basis following accrual system of accounting and are in accordance with the Indian Accounting Standards (referred to as "Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended), applicable provisions of the Companies Act, 2013 and other applicable regulatory norms/ guidelines.

2.1 Standards issued but not yet effective

Ind AS 116 - Leases:

On 30.03.2019, Ministry of Corporate Affairs (MCA) has notified Ind AS 116, Leases. Ind AS 116 will replace Ind AS 17 and related interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. The Standard also contains enhanced disclosure requirements for lessees.

Ind AS 12 - Appendix C, Uncertainty over Income Tax Treatments:

On 30.03.2019, MCA has notified Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments which is to be applied while performing the determination of taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. According to the appendix, companies need to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.

Amendment to Ind AS 12 – Income taxes

On 30.03.2019, MCA issued amendments to the guidance in Ind AS 12, 'Income Taxes', in connection with accounting for dividend distribution taxes. The amendment clarifies that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.

Amendment to Ind AS 19 – Plan amendment, curtailment or settlement

On 30.03.2019, Ministry of Corporate Affairs issued amendments to Ind AS 19, 'Employee Benefits', in connection with accounting for plan amendments, curtailments and settlements requiring an entity to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and to recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.

The effective date for application of these amendments is annual period beginning on or after 01.04.2019. The Company is currently evaluating the effect of these amendments on the Standalone financial statements.

3. Significant Accounting Policies

The significant accounting policies applied in preparation of the financial statements are as given below:

3.1 Basis of Preparation and Measurement

The financial statements have been prepared on historical cost basis except for certain financial assets and financial liabilities which are measured at fair values as explained in relevant accounting policies. These policies have been applied consistently for all the periods presented in the financial statements.

Functional and presentation currency

The financial statements are presented in Indian Rupee ('INR') which is also the functional currency of the Company.

3.2 Income recognition

Interest income

Interest income is recognized on time proportion basis taking into account the amount outstanding and rate applicable.

For all financial assets measured at amortized cost, interest income is recorded using the effective interest rate (EIR), i.e. the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial assets.

Interest on financial assets subsequently measured at fair value through profit and loss is recognized on an accrual basis in accordance with the terms of the respective contract.

Rebate on account of timely payment of interest by borrowers is recognized on receipt of entire interest amount due in time, in accordance with the terms of the respective contract and is netted against the corresponding interest income.

Income from Government schemes

Income of agency fee on Government schemes is recognized on accrual basis based on the services rendered.

Dividend income

Income from dividend on shares of corporate bodies and units of mutual funds is taken into account on accrual basis when REC's right to receive payment is established.

Provided that in case of final dividend, the right to receive payment shall be considered as established only upon approval of the dividend by the shareholders in the Annual General Meeting.

Other services

Fees/ charges on loan assets, other than those considered an adjustment to EIR, are accounted for on accrual basis. Pre-payment premium is accounted for by the Company in the year of receipt.

3.3 Borrowing costs

Borrowing costs consist of interest and other costs that the Company incurred in connection with the borrowing of funds. Borrowing costs that are directly attributable to the acquisition and/ or construction of a qualifying asset, till the time such a qualifying asset becomes ready for its intended use sale, are capitalized. A qualifying asset is one that necessarily takes a substantial period to get ready for its intended use.

All other borrowing costs are charged to the Statement of Profit and Loss on an accrual basis as per the effective interest rate method.

3.4 Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the period.

To calculate diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

3.5 Foreign Currency Translation

Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency of the Company using the exchange rates prevailing on the date of the transaction.

Foreign exchange gains and losses resulting from the settlement of such transactions and the re-measurement of monetary items denominated in foreign currency at period-end exchange rates are recognized in the Statement of Profit or Loss. However, for the long-term monetary items recognized in the financial statements before 1 April 2018, such gains and losses are accumulated in a "Foreign Currency Monetary Item Translation Difference Account" and amortized over the balance period of such long term monetary item, by recognition as income or expense in each of such periods.

Non-monetary items are not retranslated at period-end and are measured at historical cost (translated using the exchange rates at the transaction date).

3.6 Intangible assets

Recognition and initial measurement

Intangible assets mainly comprise of computer software which is initially measured at cost. Such assets are recognized where it is probable that the future economic benefits attributable to the assets will flow to the company.

Subsequent measurement (amortization method, useful lives and residual value)

All intangible assets with finite useful life are amortized on a straight line basis over the estimated useful lives, and a possible impairment is assessed if there is an indication that the intangible asset may be impaired. Residual values and useful lives for all intangible assets are reviewed at each reporting date. Changes, if any, are accounted for as changes in accounting estimates. Management estimates the useful life of intangible assets to be five years.

Intangible Assets under Development

Expenditure incurred which are eligible for capitalization under intangible assets is carried as 'Intangible assets under development' till they are ready for their intended use.

Derecognition of Intangible Assets

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognized in the Statement of Profit and Loss when the asset is derecognized.

3.7 Property, Plant and Equipment (PPE)

Recognition and initial measurement

Land

Land held for use is initially recognized at cost. For land, as no finite useful life can be determined, related carrying amounts are not depreciated. Land also includes land held under finance lease, which is depreciated over the lease term.

Other Tangible assets

PPE other than land is initially recognized at acquisition cost or construction cost, including any costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by the Company's management.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company beyond one year. Maintenance or servicing costs of PPE are recognized in the Statement of Profit and Loss as incurred.

Subsequent measurement (depreciation method, useful lives, residual value, and impairment)
PPE are subsequently measured at cost less accumulated depreciation and impairment losses. Depreciation on PPE is provided on the straight-line method over the useful life of the assets as prescribed under Part 'C' of Schedule II of the Companies Act, 2013.

Depreciation on assets purchased/sold during the year is charged for the full month if the asset is in use for more than 15 days, instead of charging the same on pro-rata basis from the date of purchase/sale. Depreciation on assets purchased during the year up to Rs. 5,000/- is provided @ 100%.

Leasehold land is amortized over the lease period.

The residual values, useful lives, and method of depreciation are reviewed at the end of each financial year. PPE other than land is tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

De-recognition
An item of PPE and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of an item of PPE is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognized in the Statement of Profit and Loss.

Capital Work-in-Progress
The cost of PPE under construction at the reporting date is disclosed as 'Capital work-in-progress.' The cost comprises purchase price, borrowing cost if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discount and rebates are deducted in arriving at the purchase price. Advances paid for the acquisition/ construction of PPE which are outstanding at the balance sheet date are classified under 'Capital Advances.'

3.8 Leases

Company as a lessee

At the inception of each lease, the lease arrangement is classified as either a finance lease or an operating lease, based on the substance of the lease arrangement.

Finance leases
Assets leased by the Company in its capacity as lessee where substantially all the risks and rewards of ownership vest in the Company are classified as finance leases. A finance lease is recognized as an asset and a liability at the commencement of the lease, at the lower of the fair value of the asset and the present value of the minimum lease payments.

Minimum lease payments made under finance leases are apportioned between finance charges and reduction of the lease liability. The Finance expense is allocated to each period during the lease term to produce a constant periodic rate of interest on the remaining balance of the liability.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating Leases

Leases in which the lessor does not transfer substantially all the risks and rewards of ownership of an asset to the lessee are classified as operating leases. Lease rentals are charged to statement of profit and loss on straight-line basis except where a scheduled increase in rent compensates the lessor for expected inflationary costs.

3.9 Investment property

Investment properties are the assets which have undetermined future use. Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, the investment properties are stated at cost less accumulated depreciation. The cost comprises purchase price, borrowing cost if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discount and rebates are deducted in arriving at the purchase price.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company beyond one year. All other repair and maintenance costs are recognized in the Statement of Profit and Loss as incurred.

Subsequent measurement (depreciation and useful lives)

The Company only has land as an investment property, which is not depreciated.

De-recognition

An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognized.

3.10 Financial Instruments

A Financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Initial recognition and measurement

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities is described below.

Classification and subsequent measurement of financial assets

For the purpose of subsequent measurement, financial assets are classified into the following categories upon initial recognition:

- Amortized cost
- Financial assets at fair value through profit or loss (FVTPL)
- Financial assets at fair value through other comprehensive income (FVOCI)
- Investments in equity shares of subsidiaries and joint ventures (carried at cost in accordance with Ind AS 27)

All financial assets except for those at FVTPL or equity instruments at FVOCI are subject to review for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied to each category of financial assets, which are described below.

Amortized cost

A financial asset is measured at amortized cost using Effective Interest Rate (EIR) if both of the following conditions are met:

a) the financial asset is held within a business model whose objective is to hold financial assets to collect contractual cash flows; and
b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A loss allowance for expected credit losses is recognized on financial assets carried at amortized cost.

Modification of cash flows

When the contractual cash flows of a financial asset are renegotiated or otherwise modified, and the renegotiation or modification does not result in derecognition of that financial asset, the Company recalculates the gross carrying amount of the financial asset and recognizes a modification gain or loss in profit or loss. The gross carrying amount of the financial asset shall be recalculated as the present value of the renegotiated or modified contractual cash flows that are discounted at the financial asset's original effective interest rate. Any costs or fees incurred adjust the carrying amount of the modified financial asset and are amortized over the remaining term of the modified financial asset.

Financial assets at FVTPL

Financial assets at FVTPL include financial assets that are either do not meet the criteria for amortized cost classification or are equity instruments held for trading or that meet certain conditions and are designated at FVTPL upon initial recognition. All derivative financial instruments also fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements may apply. Assets in this category are measured at fair value with gains or losses recognized in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

Financial assets at FVOCI

FVOCI financial assets comprise of equity instruments measured at fair value. An equity investment classified as FVOCI is initially measured at fair value plus transaction costs. Gains and losses are recognized in other comprehensive income and reported within the FVOCI reserve within equity, except for dividend income, which is recognized in profit or loss. There is no recycling of such gains and losses from OCI to Statement of Profit & Loss, even on the derecognition of the investment. However, the Company may transfer the same within equity.

De-recognition of financial assets

De-recognition of financial assets due to a substantial modification of terms and conditions

The Company derecognizes a financial asset, such as a loan to a customer, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, with the difference recognized as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded.

De-recognition of financial assets other than due to substantial modification

Financial assets (or where applicable, a part of financial asset or part of a group of similar financial assets) are derecognized (i.e. removed from the Company's balance sheet) when the contractual rights to receive the cash flows from the financial asset have expired, or when the financial asset and substantially all the risks and rewards are transferred. The Company also derecognizes the financial asset if it has both transferred the financial asset and the transfer qualifies for derecognition.

Classification and subsequent measurement of financial liabilities

Financial liabilities are measured subsequently at amortized cost using the effective interest method, except for financial liabilities held for trading or designated at FVTPL, that are carried subsequently at fair value with gains or losses recognized in profit or loss.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or canceled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

Derivative financial instruments and hedge accounting

The derivative financial instruments are accounted for at FVTPL. The Company does not apply hedge accounting.

3.11 Impairment of financial assets

Loan assets

The Company follows a 'three-stage' model for impairment based on changes in credit quality since initial recognition as summarised below:

- Stage 1 includes loan assets that have not had a significant increase in credit risk since initial recognition or that have low credit risk at the reporting date.

- Stage 2 includes loan assets that have had a significant increase in credit risk since initial recognition but that do not have objective evidence of impairment.
- Stage 3 includes loan assets that have objective evidence of impairment at the reporting date.

The Expected Credit Loss (ECL) is measured at 12-month ECL for Stage 1 loan assets and lifetime ECL for Stage 2 and Stage 3 loan assets. ECL is the product of the Probability of Default, Exposure at Default and Loss Given Default, defined as follows:

Probability of Default (PD) - The PD represents the likelihood of a borrower defaulting on its financial obligation, either over the next 12 months (12 months PD), or over the remaining lifetime (Lifetime PD) of the obligation.

Loss Given Default (LGD) – LGD represents the Company's expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type, and preference of claim and availability of collateral or other credit support.

Exposure at Default (EAD) – EAD is based on the amount of outstanding exposure as on the assessment date on which ECL is computed including undisbursed amounts in respect of Letters of Comfort.

Forward-looking economic information is included in determining the 12-month and lifetime PD, EAD and LGD. The assumptions underlying the expected credit loss are monitored and reviewed on an ongoing basis.

Financial assets other than Loans

In respect of its other financial assets, the Company assesses if the credit risk on those financial assets has increased significantly since initial recognition. If the credit risk has not increased significantly since initial recognition, the Company measures the loss allowance at an amount equal to 12-month expected credit losses, else at an amount equal to the lifetime expected credit losses.

To make that assessment, the Company compares the risk of a default occurring on the financial asset as at the balance sheet date with the risk of a default occurring on the financial asset as at the date of initial recognition. The Company also considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition. The Company assumes that the credit risk on a financial asset has not increased significantly since initial recognition if the financial asset is determined to have low credit risk at the balance sheet date.

Write-offs

Financial assets are written off either partially or in their entirety only when the Company has stopped pursuing the recovery.

3.12 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments (original maturity less than three months) that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

3.13 Dividend

Proposed dividends and interim dividends payable to the shareholders are recognized as changes in equity in the period in which they are approved by the shareholders' meeting and the Board of Directors respectively.

3.14 Material prior period errors

Material prior period errors are corrected retrospectively by restating the comparative amounts for the prior periods presented in which the error occurred. If the error occurred before the earliest period presented, the opening balances of assets, liabilities and equity for the earliest period presented, are restated.

3.15 Prepaid Expenses

A prepaid expense up to Rs. 1,00,000/- is recognized as expense upon initial recognition.

3.16 Taxation

Tax expense recognized in profit or loss comprises the sum of deferred tax and current tax. It is recognized in Statement of Profit and Loss, except when it relates to an item that is recognised in OCI or directly in equity, in which case, the tax is also recognised in OCI or directly in equity.

Current tax is determined as the tax payable in respect of taxable income for the year, using tax rates enacted or substantively enacted and as applicable at the reporting date, and any adjustments to tax payable in respect of previous years.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable income. Deferred tax on temporary differences associated with investments in subsidiaries and joint ventures is not provided if reversal of these temporary differences can be controlled by the Company and it is probable that reversal will not occur in the foreseeable future.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realization, provided those rates are enacted or substantively enacted by the end of the reporting period. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority.

Deferred tax liability is recognized for all taxable temporary differences. A deferred tax asset is recognized for all deductible temporary differences to the extent that it is probable that future taxable profits will be available against which the deductible temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Changes in deferred tax assets or liabilities are recognized as a component of tax income or expense in profit or loss, except where they relate to items that are recognized in other comprehensive income or directly in equity, in which case the related deferred tax is also recognized in other comprehensive income or equity, respectively.

Dividend Distribution Tax is recognized at the same time when the liability to pay a dividend is recognized.

3.17 Employee benefits

Short-term employee benefits

Short-term employee benefits including salaries, short term compensated absences (such as a paid annual leave) where the absences are expected to occur within twelve months after the end of the period in which the employees render the related service, profit sharing and bonuses payable within twelve months after the end of the period in which the employees render the related services and non-monetary benefits for current employees are estimated and measured on an undiscounted basis.

Post-employment benefit plans are classified into defined benefits plans and defined contribution plans as under:

Defined contribution plan

A defined contribution plan is a plan under which the Company pays fixed contributions in respect of the employees into a separate fund. The Company has no legal or constructive obligations to pay further contributions after its payment of the fixed contribution. The contributions made by the Company towards defined contribution plans are charged to the profit or loss in the period to which the contributions relate.

Defined benefit plan

The Company has an obligation towards gratuity, Post Retirement Medical Facility (PRMF) and Other Defined Retirement Benefit (ODRB) which are being considered as defined benefit plans covering eligible employees. Under the defined benefit plans, the amount that an employee will receive on retirement is defined by reference to the employee's length of service, final salary, and other defined parameters. The legal obligation for any benefits remains with the Company, even if plan assets for funding the defined benefit plan have been set aside.

The Company's obligation towards defined benefit plans is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. The liability recognized in the statement of financial position for defined benefit plans is the present value of the Defined Benefit Obligation (DBO) at the reporting date less the fair value of plan assets. Management estimates the DBO annually with the assistance of independent actuaries.

Actuarial gains/losses resulting from re-measurements of the liability/asset are included in Other Comprehensive Income.

Other long-term employee benefits:

Liability in respect of compensated absences becoming due or expected to be availed more than one-year after the balance sheet date is estimated on the basis of actuarial valuation performed by an independent actuary using the projected unit credit method.

Actuarial gains and losses arising from past experience and changes in actuarial assumptions are charged to statement of profit and loss in the period in which such gains or losses are determined.

Loan to employees at concessional rate

Loans given to employees at concessional rate are initially recognized at fair value and subsequently measured at amortised cost. The difference between the initial fair value of such loans and transaction value is recognised as deferred employee cost, which is amortised on a straight-line basis over the expected remaining period of the Loan. In case of change in expected remaining period of the Loan, the unamortised deferred employee cost on the date of change is amortised over the updated expected remaining period of the loan on a prospective basis.

3.18 Provisions, Contingent Liabilities, and Contingent Assets

Provisions are recognized when the Company has a present legal or constructive obligation as a result of a past event; it is probable that an outflow of economic resources will be required from the Company and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain. Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Provisions are discounted to their present values, where the time value of money is material.

A contingent liability is disclosed for:

- Possible obligations which will be confirmed only by future events not wholly within the control of the Company or
- Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

In those cases, where the outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognized or disclosure is made.

Any reimbursement that the Company can be virtually certain to collect from a third party concerning the obligation (such as from insurance) is recognized as a separate asset. However, this asset may not exceed the amount of the related provision.

Contingent assets are not recognized. However, when the inflow of economic benefits is probable, the related asset is disclosed.

3.19 Fair value measurement

The Company measures financial instruments, such as derivatives at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, including assumptions about risk, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements regularly, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

4. Significant management judgment in applying accounting policies and estimation of uncertainty

The preparation of the Company's financial statements requires management to make judgments, estimates, and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the related disclosures. Actual results may differ from these estimates.

Significant management judgments

Recognition of deferred tax assets/ liability – The extent to which deferred tax assets can be recognized is based on an assessment of the probability of the future taxable income against which the deferred tax assets can be utilized. Further, the Company Management has no intention to make withdrawal from the Special Reserve created and maintained under section 36(1)(viii) of the Income tax Act, 1961 and thus, the special reserve created and maintained is not capable of being reversed. Hence, the company does not create any deferred tax liability on the said reserve.

Evaluation of indicators for impairment of assets – The evaluation of the applicability of indicators of impairment of assets requires assessment of several external and internal factors which could result in deterioration of recoverable amount of the assets.

Non recognition of Interest Income on Credit Impaired Loans - Interest income on credit-impaired loan assets is not being recognised as a matter of prudence, pending the outcome of resolutions of stressed assets.

Significant estimates

Useful lives of depreciable/amortizable assets – Management reviews its estimate of the useful lives of depreciable/amortizable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical and economic obsolescence that may change the utility of assets.

Defined benefit obligation (DBO) – Management's estimate of the DBO is based on a number of underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses.

Fair value measurements – Management applies valuation techniques to determine the fair value of financial instruments (where active market quotes are not available). This involves developing estimates and assumptions consistent with how market participants would price the instrument. In estimating the fair value of an asset or a liability, the Company uses market-observable data to the extent it is available. In case of non-availability of market-observable data, Level 2 & Level 3 hierarchy is used for fair valuation.

Income Taxes – Significant estimates are involved in determining the provision for income taxes, including amount expected to be paid/recovered for uncertain tax positions and also in respect of expected future profitability to assess deferred tax asset.

Expected Credit Loss ('ECL') – The measurement of an expected credit loss allowance for financial assets measured at amortized cost requires the use of complex models and significant assumptions about future economic conditions and credit behavior (e.g., likelihood of customers defaulting and resulting losses). The Company makes significant judgments about the following while assessing expected credit loss to estimate ECL:

- Determining criteria for a significant increase in credit risk;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/ market and the associated ECL; and
- Establishing groups of similar financial assets to measure ECL.
- Estimating the probability of default and loss given default (estimates of recoverable amounts in case of default)

5. Cash and Cash Equivalents

(₹ in Crores)

Particulars	As at 31-03-19	As at 31-03-18	As at 01-04-17
- Balances with Banks	339.97	157.45	848.08
- Cash on Hand (including postage & imprest)	0.01	0.01	-
Sub-total	**339.98**	**157.46**	**848.08**
- Term Deposits & Other Cash Equivalents			
- Short-term Deposits with Scheduled Banks	2.96	54.54	2,457.87
- Short term Investment in Debt Mutual Funds	-	-	1,160.00
Sub-total	**2.96**	**54.54**	**3,617.87**
Total (Cash & Cash Equivalents)	**342.94**	**212.00**	**4,465.95**

5.1 There are no repatriation restrictions with respect to Cash and Cash equivalents as at the end of the reporting year and prior years presented.

6. Other Bank Balances

(₹ in Crores)

Particulars	As at 31-03-19	As at 31-03-18	As at 01-04-17
- Earmarked Balances with Banks			
- For unpaid dividends	4.15	3.49	2.75
- For grants	522.50	56.02	0.51
- Earmarked Term Deposits			
- For grants	2.15	39.02	23.20
- Deposits in Compliance of Court Order	2.47	2.31	1.98
- Balances with banks not available for use pending allotment of securities	722.04	1,469.23	-
Total (Other Bank Balances)	**1,253.31**	**1,570.07**	**28.44**

7. **Derivative Financial Instruments**

The Company has entered into derivative contracts for hedging foreign exchange risks and interest rate risks. Derivative contracts held for risk management purposes can either be accounted under hedge accounting or as economic hedges. However Company has elected not to apply hedge accounting.

Refer Note 44 for Risk Management Disclosures in respect of the derivatives.

Part I

(₹ in Crores)

	Particulars	As at 31.03.2019			As at 31.03.2018			As at 01.04.2017		
		Notional Amounts	Fair Value - Assets	Fair Value - Liabilities	Notional Amounts	Fair Value - Assets	Fair Value - Liabilities	Notional Amounts	Fair Value - Assets	Fair Value - Liabilities
(i)	**Currency Derivatives**									
	- Spot and forwards	518.78	-	10.26	-	-			-	
	- Currency swaps	5,701.69	419.05	0.41	6,584.19	173.50	71.50	13,100.71	202.64	163.19
	- Others									
	- Call Spread	3,839.01	129.43	-	6,049.10	70.76	161.17	6,029.99	168.11	126.05
	- Seagull Options	14,306.98	1,093.63	18.57	2,821.78	209.35	-			
	Sub-total (i)	**24,366.46**	**1,642.11**	**29.24**	**15,455.07**	**453.61**	**232.67**	**19,130.70**	**370.75**	**289.24**
(ii)	**Interest Rate Derivatives**									
	- Forward Rate Agreements and Interest Rate Swaps	21,436.70	160.47	130.16	27,506.20	236.77	85.08	23,089.85	257.32	65.22
	Sub-total (ii)	**21,436.70**	**160.47**	**130.16**	**27,506.20**	**236.77**	**85.08**	**23,089.85**	**257.32**	**65.22**
	Total - Derivative Financial Instruments (i + ii)	**45,803.16**	**1,802.58**	**159.40**	**42,961.27**	**690.38**	**317.75**	**42,220.55**	**628.07**	**354.46**

Part II

Included in Part I are derivatives held for hedging and risk management purposes as below:

(₹ in Crores)

	Particulars	As at 31.03.2019			As at 31.03.2018			As at 01.04.2017		
		Notional Amounts	Fair Value - Assets	Fair Value - Liabilities	Notional Amounts	Fair Value - Assets	Fair Value - Liabilities	Notional Amounts	Fair Value - Assets	Fair Value - Liabilities
(i)	Undesignated Derivatives	45,803.16	1,802.58	159.40	42,961.27	690.38	317.75	42,220.55	628.07	354.46
	Total - Derivative Financial Instruments	**45,803.16**	**1,802.58**	**159.40**	**42,961.27**	**690.38**	**317.75**	**42,220.55**	**628.07**	**354.46**

8. Loans

The Company has categorised all loans at Amortised Cost in accordance with the requirements of Ind AS 109.

(₹ in Crores)

	Particulars	As at 31.03.2019		As at 31.03.2018		As at 01.04.2017	
		Principal O/s	Amortised Cost	Principal O/s	Amortised Cost	Principal O/s	Amortised Cost
(A)	**Loans**						
(i)	Term Loans	2,79,021.68	2,79,748.67	2,33,801.39	2,34,480.65	1,98,339.82	1,99,285.98
(ii)	Working Capital Loans	2,188.00	2,200.18	5,647.93	5,673.05	3,588.85	3,609.74
	Total (A) - Gross Loans	**2,81,209.68**	**2,81,948.85**	**2,39,449.32**	**2,40,153.70**	**2,01,928.67**	**2,02,895.72**
	Less: Impairment loss allowance	(11,497.93)	(11,497.93)	(11,275.45)	(11,275.45)	(8,961.20)	(8,961.20)
	Total (A) - Net Loans	**2,69,711.75**	**2,70,450.92**	**2,28,173.87**	**2,28,878.25**	**1,92,967.47**	**1,93,934.52**
(B)	**Security Details**						
(i)	Secured by tangible assets	2,16,394.62	2,06,845.46	1,98,454.16	1,99,024.92	1,70,201.07	1,71,043.22
(ii)	Secured by intangible assets						
(iii)	Covered by Bank/ Govt. Guarantees	42,575.45	52,751.86	26,915.40	27,005.32	22,156.38	22,251.13
(iv)	Unsecured	22,239.61	22,351.53	14,079.76	14,123.46	9,571.22	9,601.37
	Total (B) - Gross Loans	**2,81,209.68**	**2,81,948.85**	**2,39,449.32**	**2,40,153.70**	**2,01,928.67**	**2,02,895.72**
	Less: Impairment loss allowance	(11,497.93)	(11,497.93)	(11,275.45)	(11,275.45)	(8,961.20)	(8,961.20)
	Total (B) - Net Loans	**2,69,711.75**	**2,70,450.92**	**2,28,173.87**	**2,28,878.25**	**1,92,967.47**	**1,93,934.52**
(C)(I)	**Loans in India**						
(i)	Public Sector	2,47,719.13	2,48,463.55	2,06,410.52	2,07,015.02	1,68,810.92	1,69,388.65
(ii)	Private Sector	33,490.55	33,485.30	33,038.80	33,138.68	33,117.75	33,507.07
	Total (C)(I) - Gross Loans	**2,81,209.68**	**2,81,948.85**	**2,39,449.32**	**2,40,153.70**	**2,01,928.67**	**2,02,895.72**
	Less: Impairment loss allowance	(11,497.93)	(11,497.93)	(11,275.45)	(11,275.45)	(8,961.20)	(8,961.20)
	Total (C)(I) - Net Loans	**2,69,711.75**	**2,70,450.92**	**2,28,173.87**	**2,28,878.25**	**1,92,967.47**	**1,93,934.52**
(C)(II)	**Loans outside India**						
(i)	Public Sector	-	-		-		-
(ii)	Private Sector	-	-		-		-
	Total (C)(II) - Gross Loans	-	-	-	-	-	-
	Less: Impairment loss allowance	-	-		-		-
	Total (C)(II) - Net Loans	-	-	-	-	-	-
	Total (C)(I) and (C)(II)	**2,69,711.75**	**2,70,450.92**	**2,28,173.87**	**2,28,878.25**	**1,92,967.47**	**1,93,934.52**

8.1 Reconciliation between the figures reported under Ind-AS and actual amounts outstanding in respect of Loans:

(₹ in Crores)

Particulars	As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
Net Loans	**2,70,450.92**	**2,28,878.25**	**1,93,934.52**
Less: Interest accrued and due on Loans classified under the same head as per Ind-AS	(445.05)	(462.37)	(781.26)
Less: Interest accrued and not due on Loans classified under the same head as per Ind-AS	(341.01)	(303.23)	(288.31)
Add: Allowance for Expected Credit Loss netted off as per Ind-AS	11,497.93	11,275.45	8,961.20
Add: Ind-AS Adjustments in respect of fees based income at Effective Interest Rate (EIR)	46.89	61.22	102.52
Gross Loans	**2,81,209.68**	**2,39,449.32**	**2,01,928.67**

8.2 Loan balance confirmations for 88.56% of total loan assets as at 31st March 2019 have been received from the borrowers. Out of the remaining 11.44% loan assets amounting to ₹ 32,163 crore for which balance confirmations have not been received, 72% loans are secured by way of hypothecation of assets, 25% by way of Government Guarantee/ Loans to Government and 3% are unsecured loans.

8.3 One of the borrowers, M/s RKM Powergen Pvt Ltd. has obtained an ad-interim order from Hon'ble High Court of Madras on 18 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.

However, the Company has created an adequate provision of ₹ 942.67 crore (As at 31st March 2018 - ₹ 942.67 crore, as at 1st April 2017 - ₹ 942.67 crore) @ 40.95% of Loan outstanding of ₹ 2,302 crore (As at 31st March 2018 - ₹ 2,302 crore, as at 1st April 2017 - ₹ 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.

9. **Investments**

(in Crores)

As at 31st March 2019	Amortised Cost	At fair value				At Cost	Total
		Through Other Comprehensive Income	Through profit or loss	Designated at fair value through profit or loss	Sub-total		
	(1)	(2)	(3)	(4)	(5=2+3+4)	(6)	(7=1+5+6)
Government Securities					-		
- Govt. of MP Power Bonds - II	47.16				-		47.16
(1 Bond of 47.16 Crores each)							
Sub-total - Government Securities	**47.16**	**-**	**-**	**-**	**-**	**-**	**47.16**
Debt Securities							
11.15% Perpetual Bonds of Indian Bank			500.31		500.31		500.31
(5,000 Bonds of 0.10 Crores each)							
11.25% Perpetual Bonds of Vijaya Bank			556.25		556.25		556.25
(5,000 Bonds of 0.10 Crores each)							
			500.31		500.31		500.31
11.25% Perpetual Bonds of Syndicate Bank							
(5,000 Bonds of 0.10 Crores each)							
Sub-total - Debt Securities	**-**	**-**	**1,556.87**	**-**	**1,556.87**	**-**	**1,556.87**
Equity Instruments							
- NHPC Ltd.		433.00			433.00		433.00
(17,53,02,206 Equity shares of 10 each)							
- Indian Energy Exchange Ltd.		206.25			206.25		206.25
(1,25,00,000 Equity shares of 1 each)							
- HUDCO Ltd.		1.56			1.56		1.56
(3,47,429 Equity shares of 10 each)							
- Universal Commodity Exchange Ltd.		-			-		-
(1,60,00,000 Equity shares of 10 each)							
- Lanco Teesta Hydro Power Pvt. Ltd.		-			-		-
(10,20,00,000 Equity shares of 10 each)							
Sub-total - Equity Instruments	**-**	**640.81**	**-**	**-**	**640.81**	**-**	**640.81**
Subsidiaries							
- REC Power Distribution Company Ltd.					-	0.05	0.05
(50,000 Equity shares of 10 each)							
- REC Transmission Projects Company Ltd.					-	0.05	0.05
(50,000 Equity shares of 10 each)							
Sub-total - Subsidiaries	**-**	**-**	**-**	**-**	**-**	**0.10**	**0.10**
Joint Ventures							
- Energy Efficiency Services Ltd.					-	146.50	146.50
(14,65,00,000 Equity shares of 10 each)							
Sub-total - Joint Ventures	**-**	**-**	**-**	**-**	**-**	**146.50**	**146.50**
Others							
- Units of 'Small is Beautiful' Fund		6.18			6.18		6.18
(61,52,200 units of 10 each)							
Sub-total - Others	**-**	**6.18**	**-**	**-**	**6.18**	**-**	**6.18**
Total - Gross (A)	**47.16**	**646.99**	**1,556.87**	**-**	**2,203.86**	**146.60**	**2,397.62**
(i) Investments outside India	-	-	-	-	-	-	-
(ii) Investments in India	47.16	646.99	1,556.87	-	2,203.86	146.60	2,397.62
Total (B)	**47.16**	**646.99**	**1,556.87**	**-**	**2,203.86**	**146.60**	**2,397.62**
Less: Allowance for impairment loss (C)	-	-	-	-	-	-	-
Total - Net (D=A-C)	**47.16**	**646.99**	**1,556.87**	**-**	**2,203.86**	**146.60**	**2,397.62**

(in Crores)

As at 31st March 2018	Amortised Cost	At fair value				At Cost	Total
		Through Other Comprehensive Income	Through profit or loss	Designated at fair value through profit or loss	Sub-total		
	(1)	(2)	(3)	(4)	(5=2+3+4)	(6)	(7=1+5+6)
Government Securities					-		
- Govt. of MP Power Bonds - II	141.48				-		141.48
(3 Bonds of 47.16 Crores each)							
Sub-total - Government Securities	**141.48**	**-**	**-**	**-**	**-**	**-**	**141.48**
Debt Securities							
- Bonds of UP Power Corporation Ltd.	317.47				-		317.47
(30,385 Bonds of 0.01 Crores each)							
- Perpetual Bonds of Indian Bank			500.31		500.31		500.31
(5,000 Bonds of 0.10 Crores each)							
- Perpetual Bonds of Vijaya Bank			500.00		500.00		500.00
(5,000 Bonds of 0.10 Crores each)							
- Perpetual Bonds of Syndicate Bank			500.31		500.31		500.31
(5,000 Bonds of 0.10 Crores each)							
Sub-total - Debt Securities	**317.47**	**-**	**1,500.62**	**-**	**1,500.62**	**-**	**1,818.09**
Equity Instruments							
- NHPC Ltd.		509.71			509.71		509.71
(18,40,11,865 Equity shares of 10 each)							
- Indian Energy Exchange Ltd.		200.36			200.36		200.36
(1,25,00,000 Equity shares of 1 each)							
- HUDCO Ltd.		2.30			2.30		2.30
(3,47,429 Equity shares of 10 each)							
- Universal Commodity Exchange Ltd.		-			-		-
(1,60,00,000 Equity shares of 10 each)							
- Lanco Teesta Hydro Power Pvt. Ltd.		-			-		-
(10,20,00,000 Equity shares of 10 each)							
Sub-total - Equity Instruments	**-**	**712.37**	**-**	**-**	**712.37**	**-**	**712.37**
Subsidiaries							
- REC Power Distribution Company Ltd.					-	0.05	0.05
(50,000 Equity shares of 10 each)							
- REC Transmission Projects Company Ltd.					-	0.05	0.05
(50,000 Equity shares of 10 each)							
Sub-total - Subsidiaries	**-**	**-**	**-**	**-**	**-**	**0.10**	**0.10**
Joint Ventures							
- Energy Efficiency Services Ltd.					-	146.50	146.50
(14,65,00,000 Equity shares of 10 each)							
Sub-total - Joint Ventures	**-**	**-**	**-**	**-**	**-**	**146.50**	**146.50**
Others							
- Units of 'Small is Beautiful' Fund		6.26			6.26		6.26
(61,52,200 units of 10 each)							
Sub-total - Others	**-**	**6.26**	**-**	**-**	**6.26**	**-**	**6.26**
Total - Gross (A)	**458.95**	**718.63**	**1,500.62**	**-**	**2,219.25**	**146.60**	**2,824.80**
(i) Investments outside India	-	-	-	-	-	-	-
(ii) Investments in India	458.95	718.63	1,500.62	-	2,219.25	146.60	2,824.80
Total (B)	**458.95**	**718.63**	**1,500.62**	**-**	**2,219.25**	**146.60**	**2,824.80**
Less: Allowance for impairment loss (C)	-	-	-	-	-	-	-
Total - Net (D=A-C)	**458.95**	**718.63**	**1,500.62**	**-**	**2,219.25**	**146.60**	**2,824.80**

(in Crores)

As at 1st April 2017	Amortised Cost	At fair value				At Cost	Total
		Through Other Comprehensive Income	Through profit or loss	Designated at fair value through profit or loss	Sub-total		
	(1)	(2)	(3)	(4)	(5=2+3+4)	(6)	(7=1+5+6)
Government Securities					-		
- Govt. of MP Power Bonds - II	235.80				-		235.80
(5 Bonds of 47.16 Crores each)							
Sub-total - Government Securities	**235.80**	**-**	**-**	**-**	**-**	**-**	**235.80**
Debt Securities							
- Bonds of UP Power Corporation Ltd.	317.47				-		317.47
(30,385 Bonds of 0.01 Crores each)							
- Perpetual Bonds of Indian Bank			500.31		500.31		500.31
(5,000 Bonds of 0.10 Crores each)							
- Perpetual Bonds of Vijaya Bank			500.00		500.00		500.00
(5,000 Bonds of 0.10 Crores each)							
- Perpetual Bonds of Syndicate Bank			500.31		500.31		500.31
(5,000 Bonds of 0.10 Crores each)							
Sub-total - Debt Securities	**317.47**	**-**	**1,500.62**	**-**	**1,500.62**	**-**	**1,818.09**
Equity Instruments							
- NHPC Ltd.		592.52			592.52		592.52
(18,40,11,865 Equity shares of 10 each)							
- Indian Energy Exchange Ltd.		109.25			109.25		109.25
(1,25,00,000 Equity shares of 1 each)							
- Universal Commodity Exchange Ltd.		-			-		-
(1,60,00,000 Equity shares of 10 each)							
- Lanco Teesta Hydro Power Pvt. Ltd.		-			-		-
(10,20,00,000 Equity shares of 10 each)							
Sub-total - Equity Instruments	**-**	**701.77**	**-**	**-**	**701.77**	**-**	**701.77**
Subsidiaries							
- REC Power Distribution Company Ltd.					-	0.05	0.05
(50,000 Equity shares of 10 each)							
- REC Transmission Projects Company Ltd.					-	0.05	0.05
(50,000 Equity shares of 10 each)							
Sub-total - Subsidiaries	**-**	**-**	**-**	**-**	**-**	**0.10**	**0.10**
Joint Ventures							
- Energy Efficiency Services Ltd.					-	146.50	146.50
(14,65,00,000 Equity shares of 10 each)							
Sub-total - Joint Ventures	**-**	**-**	**-**	**-**	**-**	**146.50**	**146.50**
Others							
- Units of 'Small is Beautiful' Fund		6.30			6.30		6.30
(61,52,200 units of 10 each)							
Sub-total - Others	**-**	**6.30**	**-**	**-**	**6.30**	**-**	**6.30**
Total - Gross (A)	**553.27**	**708.07**	**1,500.62**	**-**	**2,208.69**	**146.60**	**2,908.56**
(i) Investments outside India	-	-	-	-	-	-	-
(ii) Investments in India	553.27	708.07	1,500.62	-	2,208.69	146.60	2,908.56
Total (B)	**553.27**	**708.07**	**1,500.62**	**-**	**2,208.69**	**146.60**	**2,908.56**
Less: Allowance for impairment loss (C)	-	-	-	-	-	-	-
Total - Net (D=A-C)	**553.27**	**708.07**	**1,500.62**	**-**	**2,208.69**	**146.60**	**2,908.56**

9.1 Details of Investment in Subsidiaries and Joint Ventures:

Name of the company	Principal place of business / Country of Incorporation	Proportion of ownership interest as at		
		31.03.2019	31.03.2018	01.04.2017
Subsidiaries :				
REC Power Distribution Company Ltd.	India	100.00%	100.00%	100.00%
REC Transmission Projects Company Ltd.	India	100.00%	100.00%	100.00%
Joint Ventures :				
Energy Efficiency Services Ltd.	India	21.70%	31.71%	31.71%

The investments in subsidiaries and joint ventures are measured at cost in accordance with the provisions of Ind AS 27 'Separate Financial Statements'.

9.2 Under the Right Issue Offer of Energy Efficiency Services Limited (EESL), the Company has applied for 7,16,00,000 shares of Energy Efficiency Services Limited (EESL) for a consideration of Rs. 71.60 crores on 8th April 2019. The final allotment of shares is pending as on date and subsequent to this, the shareholding of the Company may increase in EESL.

9.3 The Company has elected an irrevocable option to designate some of the equity instruments at FVOCI (Fair Value through Other Comprehensive Income). The Company's main operation is to provide financial assistance to power sector. Thus, in order to isolate Standalone Statement of Profit & Loss from price fluctuations of these instruments, management believes that this provides a more meaningful presentation, rather than classifying them at FVTPL (Fair Value through Profit & Loss).

Details of FVOCI investments derecognised during the year

(₹ in Crores)

Name of the company	FY 2018-19			FY 2017-18		
	No. of shares derecognised	Fair Value as on de-recognition	Cumulative Gain/ loss on de-recognition	No. of shares derecognised	Fair Value as on de-recognition	Cumulative Gain/ loss on de-recognition
NHPC Limited	0.87	24.39	5.42	-	-	-

The shares of NHPC Ltd. were sold under buyback offer of the company, under which the shares were offered to be bought back at a price higher than the prevailing market price and the Company considered it as an opportunity to sell a large lot of equity shares through this mode, instead of selling the shares in open market at lower prices.

Subsequent to the derecognition of the investments on account of actual sale of the equity shares, the Company has transferred the cumulative gain or loss on such shares within equity during the period.

9.4 Under the Buy Back Offer of Indian Energy Exchange Limited, The Company has sold and consequently derecognised 2,28,789 shares for a consideration of Rs. 4.23 crores on 10th April 2019. The shares had been offered to be bought back at a price higher than the prevailing market price and the Company considered it as an opportunity to sell a large lot of equity shares through this mode, instead of selling the shares in open market at lower prices.

10. Other financial assets

The Company has categorised all the components under 'Other Financial Assets' at Amortised Cost in accordance with the requirements of Ind AS 109.

(₹ in Crores)

	Particulars	As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
(A)	**Loans to Employees**	28.80	32.72	37.05
(B)	**Advances to Employees**	0.32	0.16	0.09
(C)	**Loans & Advances to Subsidiaries**	1.72	1.49	1.35
(D)	**Security Deposits**	1.13	0.98	0.73
(E)	**Recoverable from Govt. of India**			
	- Towards GoI Fully Serviced Bonds	18,131.11	4,011.23	-
	- Agency Charges on Govt. Schemes	159.61	161.01	-
	- Reimbursement of Expenses on Govt. Schemes	0.91	8.00	9.44
	Total - Recoverable from Govt. of India	**18,291.63**	**4,180.24**	**9.44**
(F)	**Recoverable from State Electricity Boards/ Others**	6.17	5.72	2.17
(G)	**Other Amounts Recoverable**	39.40	15.85	8.92
	Less: Allowance for Expected Credit Loss	(26.69)	(12.27)	(5.59)
	Other Amounts Recoverable (Net)	**12.71**	**3.58**	**3.33**
	Total (A to G)	**18,342.48**	**4,224.89**	**54.16**

10.1 Details of Loans to Employees

The Company has categorised all loans to employees at Amortised Cost only in accordance with the requirements of Ind AS 109.

(₹ in Crores)

	Particulars	As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
(A)	**Secured Loans**			
	- To Key Managerial Personnel	-	-	0.02
	- To Others	3.74	4.14	4.45
	Sub-total (A)	**3.74**	**4.14**	**4.47**
(B)	**Unsecured Loans**			
	- To Key Managerial Personnel	0.46	0.56	0.51
	- To Others	24.60	28.02	32.07
	Sub-total (B)	**25.06**	**28.58**	**32.58**
	Total (A+B)	**28.80**	**32.72**	**37.05**

The figures above include interest accrued on such loans amounting to ₹ 5.72 crores (Previous year ₹ 5.45 crores).

11. Current tax assets (net)

(₹ in Crores)

Particulars	As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
Advance Income-tax & TDS	2,083.39	2,199.97	2,653.30
Less; Provision for Income Tax	(1,807.56)	(2,178.95)	(2,614.33)
Current tax assets (Net)	**275.83**	**21.02**	**38.97**

12. Deferred tax assets (net)

(₹ in Crores)

Particulars	As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
Deferred Tax Assets (Net)	**2,358.29**	**2,904.11**	**2,187.88**

12.1 Significant components of net deferred tax assets and liabilities for the year ended 31st March 2019 are as follows

(₹ in Crores)

Particulars	**Opening balance**	**Recognised in Profit or Loss**	**Recognised in OCI**	**Others**	**Closing balance**
Deferred Tax Assets					
Expected Credit Loss	2,979.61	(12.89)			2,966.72
Provision for Earned Leave	3.50	0.52			4.02
Provision for Medical Leave	6.91	0.66			7.57
Total Deferred Tax Assets	**2,990.02**	**(11.71)**	**-**	**-**	**2,978.31**
Deferred Tax Liabilities					
Due to different tax base of Property, Plant & Equipment	3.05	-			3.05
Unamortised Foreign Currency Exchange Fluctuations	30.15	237.11			267.26
Fair Valuation of Derivatives	(9.27)	21.31			12.04
Financial assets and liabilities measured at amortised cost	61.88	275.01			336.89
Fair Valuation of Investments	0.10		0.68		0.78
Total Deferred Tax Liabilities	**85.91**	**533.43**	**0.68**	**-**	**620.02**
Total Deferred Tax Assets (Net)	**2,904.11**	**(545.14)**	**(0.68)**	**-**	**2,358.29**

Significant components of net deferred tax assets and liabilities for the year ended 31st March 2018 are as follows

(₹ in Crores)

Particulars	**Opening balance**	**Recognised in Profit or Loss**	**Recognised in OCI**	**Others**	**Closing balance**
Deferred Tax Assets					
Expected Credit Loss	2,272.18	707.43			2,979.61
Provision for Earned Leave	10.77	(7.27)			3.50
Provision for Medical Leave	6.67	0.24			6.91
Total Deferred Tax Assets	**2,289.62**	**700.40**	**-**	**-**	**2,990.02**
Deferred Tax Liabilities					
Depreciation and Amortisation	3.79	(0.74)			3.05
Unamortised Foreign Currency Exchange Fluctuations	(70.52)	100.67			30.15
Fair Valuation of Derivatives	91.23	(100.50)			(9.27)
Financial assets and liabilities measured at amortised cost	77.24	(15.36)			61.88
Fair Valuation of Investments	-		0.10		0.10
Total Deferred Tax Liabilities	**101.74**	**(15.93)**	**0.10**	**-**	**85.91**
Total Deferred Tax Assets (Net)	**2,187.88**	**716.33**	**(0.10)**	**-**	**2,904.11**

13. Investment Property

(₹ in Crores)

Particulars	Opening Balance	Additions during the period	Sales/ adjustment during the period	Closing Balance
FY 2018-19	**0.01**	-	**-**	**0.01**
FY 2017-18	**0.01**	-	**-**	**0.01**

13.1 The company has classified the land held for undeterminable future use as investment property and is not earning any rental income on it.

13.2 Fair value of investment property:

(₹ in Crores)

Particulars	As at 31-03-19	As at 31-03-18	As at 01-04-17
Carrying Value	0.01	0.01	0.01
Fair Value	0.61	0.51	0.41

The Company obtains independent valuations for its investment properties at least annually. The best evidence of fair value is current prices in an active market for similar properties. Where such information is not available, the Company consider information from variety of sources including:

- current prices in an active market of similar properties of different nature or recent prices of similar properties in less active markets, adjusted to reflect those differences.
- current circle rates in the jurisdiction where the investment property is located.

The fair values of investment property has been determined by an independent valuer and the main inputs used are circle rates and current prices of similar properties. All resulting fair value estimates for investment property are included in Level 3.

14. Property, Plant & Equipment and Intangible Assets

(₹ in Crores)

Particulars	Property, Plant & Equipment								Capital Work-in-Progress	Intangible Assets under Development	Other Intangible Assets
	Freehold Land	Leasehold Land	Buildings	Furniture & Fixtures	EDP Equipments	Office Equipments	Vehicles	Total	Immovable Property	Computer Software	Computer Software
Gross carrying value											
As at 01.04.2017	**82.92**	**1.59**	**31.58**	**7.31**	**15.26**	**13.64**	**0.43**	**152.73**	**61.41**	**1.46**	**7.03**
Additions	-	-	0.16	1.95	2.64	3.34	-	**8.09**	59.50	-	5.35
Borrowings Cost Capitalised									6.32		
Disposals	-	-	-	0.15	2.10	0.76	0.03	**3.04**	-	-	-
As at 31.03.2018	**82.92**	**1.59**	**31.74**	**9.11**	**15.80**	**16.22**	**0.40**	**157.78**	**127.23**	**1.46**	**12.38**
Additions	27.47	-	-	1.75	4.97	3.22	-	**37.41**	58.34	0.13	4.87
Borrowings Cost Capitalised								**-**	11.37		
Disposals	-	-	-	0.21	0.85	0.94	-	**2.00**	-	-	-
As at 31.03.2019	**110.39**	**1.59**	**31.74**	**10.65**	**19.92**	**18.50**	**0.40**	**193.19**	**196.94**	**1.59**	**17.25**
Accumulated depreciation/ amortisation											
As at 01.04.2017 *	**-**	**0.25**	**7.62**	**5.31**	**11.57**	**6.89**	**0.28**	**31.92**	**-**	**-**	**6.60**
Charge for the year	-	0.04	0.48	0.56	2.04	1.88	0.02	**5.02**	**-**	**-**	0.63
Adjustment for disposals	-	-	-	0.08	1.92	0.32	0.03	**2.35**	**-**	**-**	-
As at 31.03.2018	**-**	**0.29**	**8.10**	**5.79**	**11.69**	**8.45**	**0.27**	**34.59**	**-**	**-**	**7.23**
Charge for the year	-	0.02	0.48	0.59	2.27	2.27	0.03	**5.66**	**-**	**-**	1.51
Adjustment for disposals	-	-	-	0.06	0.59	0.39	-	**1.04**	-	-	**-**
As at 31.03.2019	**-**	**0.31**	**8.58**	**6.32**	**13.37**	**10.33**	**0.30**	**39.21**	**-**	**-**	**8.74**
Net block as at 01.04.17 *	**82.92**	**1.34**	**23.96**	**2.00**	**3.69**	**6.75**	**0.15**	**120.81**	**61.41**	**1.46**	**0.43**
Net block as at 31.03.18	**82.92**	**1.30**	**23.64**	**3.32**	**4.11**	**7.77**	**0.13**	**123.19**	**127.23**	**1.46**	**5.15**
Net block as at 31.03.19	**110.39**	**1.28**	**23.16**	**4.33**	**6.55**	**8.17**	**0.10**	**153.98**	**196.94**	**1.59**	**8.51**

** represents deemed cost on the date of transition to Ind AS. Gross block and accumulated depreciation/ amortisation from the previous GAAP have been disclosed for the purpose of better understanding of the original cost of assets.*

14.1 As on 31st March 2019, the formalities regarding registration of conveyance deed in respect of certain immovable properties acquired by the Company are yet to be executed. The details are as below:

(₹ in Crores)

Particulars	As at 31.03.2019		As at 31.03.2018		As at 01.04.2017	
	Land	Building	Land	Building	Land	Building
Gross Carrying Value	68.31	4.59	45.92	4.59	45.92	4.59
Net Carrying Value	68.31	2.20	45.92	2.26	45.92	2.32

14.2 As on 31st March 2019, certain Property, Plant & Equipment has been pledged as security against secured borrowings of the Company as per the details below:

(₹ in Crores)

Particulars	As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
Gross Carrying Value	3.45	3.45	3.45
Net Carrying Value	2.46	2.50	2.55

14.3 In the opinion of management, there are no events or changes in circumstances that indicate the impairment of PPE and Intangible Assets in terms of Ind AS 36 '*Impairment of Assets*'. Accordingly, no provision for impairment has been made.

14.4 While the Company has not made any specific borrowings for construction of a qualifying asset, the Company has capitalised certain borrowing costs on account of general borrowings at an average rate of borrowings for the Company in terms of Ind AS 23 'Borrowing Costs'.

14.5 Disclosure in respect of Intangible Assets as required under Ind-AS 38 "*Intangible Assets*"

Amortisation Rate 20% (100% in case the total cost of the asset is ₹ 5,000 or less)

15. Other non-financial assets

(₹ in Crores)

	Particulars	As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
(A)	**Capital Advances**	35.72	45.96	40.23
(B)	**Other Advances**	28.86	20.46	0.68
(C)	**Balances with Govt. Authorities**	48.00	6.55	1.80
(D)	**Prepaid Expenses**	7.51	-	0.28
(E)	**Deferred Employee Cost**	12.20	13.60	14.89
(F)	**Other Assets**	0.01	0.06	0.10
	Total (A to F)	**132.30**	**86.63**	**57.98**

16. Debt Securities

The Company has categorised all debt securities at amortised cost in accordance with the requirements of Ind AS 109.

(₹ in Crores)

	Particulars	As at 31.03.2019		As at 31.03.2018		As at 01.04.2017	
		Face Value	Amortised Cost	Face Value	Amortised Cost	Face Value	Amortised Cost
(A)	**Secured Long-Term Debt Securities**						
(i)	Institutional Bonds	11,019.40	11,599.27	22,138.60	23,099.72	27,591.90	28,818.34
(ii)	54EC Capital Gain Tax Exemption Bonds	23,157.88	24,010.13	22,235.89	23,051.75	19,477.40	20,196.18
(iii)	Tax Free Bonds	12,648.41	13,082.66	12,648.41	13,078.66	12,648.41	13,075.50
(iv)	Bond Application Money	722.04	720.48	1,469.23	1,469.23	-	-
	Sub-total (A)	**47,547.73**	**49,412.54**	**58,492.13**	**60,699.36**	**59,717.71**	**62,090.02**
(B)	**Unsecured Long-Term Debt Securities**						
(i)	Institutional Bonds	1,18,253.90	1,22,201.55	1,03,069.70	1,06,530.16	82,284.40	85,437.09
(ii)	Infrastructure Bonds	91.43	98.75	110.47	126.07	111.64	124.13
(iii)	Zero Coupon Bonds	1,259.57	1,258.56	1,162.59	1,161.55	1,073.09	1,072.01
(iv)	Foreign Currency Bonds	12,796.69	12,172.07	7,480.06	7,472.55	-	-
	Sub-total (B)	**1,32,401.59**	**1,35,730.93**	**1,11,822.82**	**1,15,290.33**	**83,469.13**	**86,633.23**
(C)	**Unsecured Short-Term Debt Securities**						
(i)	Commercial Paper	7,975.00	7,696.32	3,250.00	3,150.44	-	-
	Sub-total (C)	**7,975.00**	**7,696.32**	**3,250.00**	**3,150.44**	**-**	**-**
	Total - Debt Securities (A+B+C)	**1,87,924.32**	**1,92,839.79**	**1,73,564.95**	**1,79,140.13**	**1,43,186.84**	**1,48,723.25**
	Debt Securities issued in/ outside India						
(i)	Debt Securities in India	1,75,127.63	1,80,667.72	1,66,084.89	1,71,667.58	1,43,186.84	1,48,723.25
(ii)	Debt Securities outside India	12,796.69	12,172.07	7,480.06	7,472.55	-	-
	Total - Debt Securities	**1,87,924.32**	**1,92,839.79**	**1,73,564.95**	**1,79,140.13**	**1,43,186.84**	**1,48,723.25**

16.1 Details of Secured Long-Term Debt Securities - *Refer Note 17.8 for details of the security*

(i) Institutional Bonds

(₹ in Crores)

Particulars	As at 31.03.2019		As at 31.03.2018		As at 01.04.2017	
	Face Value	Amortised Cost	Face Value	Amortised Cost	Face Value	Amortised Cost
123-IIIB Series - 9.34% Redeemable at par on 23.08.2024	1,955.00	2,062.61	1,955.00	2,063.48	1,955.00	2,063.36
123-I Series - 9.40% Redeemable at par on 17.07.2021	1,515.00	1,615.29	1,515.00	1,615.16	1,515.00	1,614.64
92-II Series - 8.65% Redeemable at par on 22.01.2020	945.30	960.65	945.30	960.53	945.30	960.42
91-II Series - 8.80% Redeemable at par on 18.11.2019	995.90	1,028.23	995.90	1,028.09	995.90	1,027.98
90-C-II Series - 8.80% Redeemable at par on 07.10.2019	1,040.00	1,084.29	1,040.00	1,084.13	1,040.00	1,083.98
90-B-II Series - 8.72% Redeemable at par on 04.09.2019	868.20	911.48	868.20	911.34	868.20	911.21
90th Series - 8.80% Redeemable at par on 03.08.2019	2,000.00	2,116.21	2,000.00	2,116.20	2,000.00	2,116.20
122nd Series - 9.02% Redeemable at par on 18.06.2019	1,700.00	1,820.51	1,700.00	1,819.82	1,700.00	1,820.00
119th Series - 9.63% Redeemed at par on 05.02.2019	-	-	2,090.00	2,121.40	2,090.00	2,119.20
88th Series - 8.65% Redeemed at par on 15.01.2019	-	-	1,495.00	1,521.82	1,495.00	1,521.69
118th Series - 9.61% Redeemed at par on 03.01.2019	-	-	1,655.00	1,693.23	1,655.00	1,692.88
117th Series - 9.38% Redeemed at par on 06.11.2018	-	-	2,878.00	2,985.72	2,878.00	2,985.32
87-A-III Series - 11.15% Redeemed at par on 24.10.2018	-	-	61.80	64.77	61.80	64.73
116-II Series - 9.24% Redeemed at par on 17.10.2018	-	-	850.00	885.63	850.00	885.48
87-II Series - 10.85% Redeemed at par on 01.10.2018	-	-	657.40	693.12	657.40	693.04
86-B-III Series - 10.85% Redeemed at par on 14.08.2018	-	-	432.00	460.50	432.00	461.78
86-A Series - 10.70% Redeemed at par on 30.07.2018	-	-	500.00	536.06	500.00	536.05
85th Series - 9.68% Redeemed at par on 13.06.2018	-	-	500.00	538.72	500.00	538.87
83rd Series - 9.07% Redeemed at par on 28.02.2018	-	-	-	-	685.20	711.02
82nd Series - 9.85% Redeemed at par on 28.09.2017	-	-	-	-	883.10	933.81
124-I Series - 9.06% Redeemed at par on 22.09.2017	-	-	-	-	2,610.00	2,730.98
123-IIIA Series - 9.25% Redeemed at par on 25.08.2017	-	-	-	-	1,275.00	1,345.70
Total - Institutional Bonds	**11,019.40**	**11,599.27**	**22,138.60**	**23,099.72**	**27,591.90**	**28,818.34**

(ii) 54EC Capital Gain Tax Exemption Bonds

(₹ in Crores)

Particulars	As at 31.03.2019		As at 31.03.2018		As at 01.04.2017	
	Face Value	Amortised Cost	Face Value	Amortised Cost	Face Value	Amortised Cost
Series XII (2018-19) - 5.75% Redeemable at par during financial year 2023-24	5,929.73	6,083.83	-	-	-	-
Series XI (2017-18) - 5.25% Redeemable at par during financial year 2020-21	9,565.23	9,934.60	8,096.27	8,298.32	-	-
Series X (2016-17) - 5.25%- 6.00% Redeemable at par during financial year 2019-20	7,662.92	7,991.70	7,662.92	7,987.12	7,662.92	7,854.44
Series X (2015-16) - 6.00% Redeemed at par during financial year 2018-19	-	-	6,476.70	6,766.31	6,476.70	6,764.10
Series IX (2014-15) - 6.00% Redeemed at par during financial year 2017-18	-	-	-	-	5,337.78	5,577.64
Total - 54EC Capital Gain Tax Exemption Bonds	**23,157.88**	**24,010.13**	**22,235.89**	**23,051.75**	**19,477.40**	**20,196.18**

(iii) Tax Free Bonds

(₹ in Crores)

Particulars	As at 31.03.2019		As at 31.03.2018		As at 01.04.2017	
	Face Value	Amortised Cost	Face Value	Amortised Cost	Face Value	Amortised Cost
Series 2015-16 Tranche 1 Redeemable at par. Bonds amounting to ₹ 105.93 Crores are redeemable on 05.11.2025, ₹ 172.90 Crores are redeemable on 05.11.2030 and ₹ 421.17 Crores are redeemable on 05.11.2035 with interest rates varying from 6.89% to 7.43% payable annually	700.00	713.65	700.00	713.50	700.00	713.40
Series 2015-16 Series 5A 7.17% Redeemable at par on 23.07.2025	300.00	306.92	300.00	306.89	300.00	306.87
Series 2013-14 Tranche 2 Redeemable at par. Bonds amounting to ₹ 419.32 Crores are redeemable on 22.03.2024, ₹ 530.42 Crores are redeemable on 23.03.2029 and ₹ 109.66 Crores are redeemable on 24.03.2034 with interest rates varying from 8.19% to 8.88% payable annually	1,059.40	1,084.83	1,059.40	1,084.41	1,059.40	1,084.06
Series 2013-14 Series 4A & 4B Redeemable at par. Bonds amounting to ₹ 105.00 Crores are redeemable on 11.10.2023 and ₹ 45.00 Crores are redeemable on 11.10.2028 with interest rates varying from 8.18% to 8.54% payable annually	150.00	155.64	150.00	155.61	150.00	155.59
Series 2013-14 Tranche 1 Redeemable at par. Bonds amounting to ₹ 575.06 Crores are redeemable on 25.09.2023, ₹ 2,810.26 Crores are redeemable on 25.09.2028 and ₹ 55.28 Crores are redeemable on 26.09.2033 with interest rates varying from 8.01% to 8.71% payable annually	3,440.60	3,523.11	3,440.60	3,521.95	3,440.60	3,521.01
Series 2013-14 Series 3A & 3B Redeemable at par. Bonds amounting to ₹ 209.00 Crores are redeemable on 29.08.2023 and ₹ 1,141.00 Crores are redeemable on 29.08.2028 with interest rates varying from 8.01% to 8.46% payable annually	1,350.00	1,414.77	1,350.00	1,414.61	1,350.00	1,414.47
Series 2012-13 Tranche 2 Redeemable at par. Bonds amounting to ₹ 81.35 Crores are redeemable on 27.03.2023 and bonds amounting to ₹ 49.71 Crores are redeemable on 27.03.2028 with interest rates varying from 6.88% to 7.54% payable annually	131.06	133.84	131.06	133.79	131.06	133.75
Series 2012-13 Tranche 1 Redeemable at par. Bonds amounting to ₹ 1,165.31 Crores are redeemable on 19.12.2022 and bonds amounting to ₹ 852.04 Crores are redeemable on 20.12.2027 with interest rates varying from 7.22% to 7.88% payable annually	2,017.35	2,062.29	2,017.35	2,061.43	2,017.35	2,060.74
Series 2012-13 Series 2A & 2B Redeemable at par. Bonds amounting to ₹ 255.00 Crores are redeemable on 21.11.2022 and bonds amounting to ₹ 245.00 Crores are redeemable on 22.11.2027 with interest rates of 7.21% and 7.38% respectively payable annually	500.00	512.92	500.00	512.90	500.00	512.88
Series 2011-12 Redeemable at par. Bonds amounting to ₹ 839.67 Crores are redeemable on 28.03.2022 and bonds amounting to ₹ 2,160.33 Crores are redeemable on 29.03.2027 with interest rates varying from 7.93% to 8.32% payable annually	3,000.00	3,174.69	3,000.00	3,173.57	3,000.00	3,172.73
Total - Tax Free Bonds	**12,648.41**	**13,082.66**	**12,648.41**	**13,078.66**	**12,648.41**	**13,075.50**

(iv) Bond Application Money

(₹ in Crores)

Particulars	As at 31.03.2019		As at 31.03.2018		As at 01.04.2017	
	Face Value	Amortised Cost	Face Value	Amortised Cost	Face Value	Amortised Cost
54EC Capital Gain Tax Exemption Bonds 5.75% Redeemable at par after 5 years from the deemed date of allotment	722.04	720.48	1,469.23	1,469.23	-	-
Total - Bond Application Money	**722.04**	**720.48**	**1,469.23**	**1,469.23**	**-**	**-**

16.2 Details of Unsecured Long-Term Debt Securities

(i) Institutional Bonds

(₹ in Crores)

Particulars	As at 31.03.2019		As at 31.03.2018		As at 01.04.2017	
	Face Value	Amortised Cost	Face Value	Amortised Cost	Face Value	Amortised Cost
169th Series - 8.37% Redeemable at par on 07.12.2028	2,554.00	2,620.27	-	-	-	-
168th Series - 8.56% Redeemable at par on 29.11.2028	2,552.40	2,624.99	-	-	-	-
163rd Series - 8.63% Redeemable at par on 25.08.2028	2,500.00	2,627.34	-	-	-	-
162nd Series - 8.55% Redeemable at par on 09.08.2028	2,500.00	2,636.73	-	-	-	-
156th Series - 7.70% Redeemable at par on 10.12.2027	3,533.00	3,614.04	3,533.00	3,613.97	-	-
147th Series - 7.95% Redeemable at par on 12.03.2027	2,745.00	2,745.25	2,745.00	2,745.17	2,745.00	2,754.66
142nd Series - 7.54% Redeemable at par on 30.12.2026	3,000.00	3,055.73	3,000.00	3,055.05	3,000.00	3,056.23
140th Series - 7.52% Redeemable at par on 07.11.2026	2,100.00	2,151.90	2,100.00	2,151.81	2,100.00	2,161.69
136th Series - 8.11% Redeemable at par on 07.10.2025	2,585.00	2,670.69	2,585.00	2,670.51	2,585.00	2,670.34
95-II Series - 8.75% Redeemable at par on 14.07.2025	1,800.00	1,913.49	1,800.00	1,913.51	1,800.00	1,911.93
94th Series - 8.75% Redeemable at par on 09.06.2025	1,250.00	1,339.00	1,250.00	1,338.98	1,250.00	1,343.87
133rd Series - 8.30% Redeemable at par on 10.04.2025	2,396.00	2,452.88	2,396.00	2,452.71	2,396.00	2,452.55
131st Series - 8.35% Redeemable at par on 21.02.2025	2,285.00	2,303.12	2,285.00	2,304.15	2,285.00	2,304.13
130th Series - 8.27% Redeemable at par on 06.02.2025	2,325.00	2,492.75	2,325.00	2,492.58	2,325.00	2,491.89
129th Series - 8.23% Redeemable at par on 23.01.2025	1,925.00	2,063.19	1,925.00	2,063.04	1,925.00	2,062.47
128th Series - 8.57% Redeemable at par on 21.12.2024	2,250.00	2,418.29	2,250.00	2,418.12	2,250.00	2,417.43
114th Series - 8.82% Redeemable at par on 12.04.2023	4,300.00	4,666.20	4,300.00	4,665.88	4,300.00	4,665.58
159th Series - 7.99% Redeemable at par on 23.02.2023	950.00	957.07	950.00	956.94	-	-
155th Series - 7.45% Redeemable at par on 30.11.2022	1,912.00	1,958.62	1,912.00	1,958.39	-	-
111-II Series - 9.02% Redeemable at par on 19.11.2022	2,211.20	2,283.10	2,211.20	2,282.93	2,211.20	2,282.77
152nd Series - 7.09% Redeemable at par on 17.10.2022	1,225.00	1,263.82	1,225.00	1,263.65	-	-
150th Series - 7.03% Redeemable at par on 07.09.2022	2,670.00	2,774.70	2,670.00	2,774.39	-	-
107th Series - 9.35% Redeemable at par on 15.06.2022	2,378.20	2,554.12	2,378.20	2,553.93	2,378.20	2,553.76
167th Series - 8.45% Redeemable at par on 22.03.2022	2,571.80	2,576.88	-	-	-	-
173th Series - 8.35% Redeemable at par on 11.03.2022	2,500.00	2,509.41	-	-	-	-
132nd Series - 8.27% Redeemable at par on 09.03.2022	700.00	750.61	700.00	750.52	700.00	750.28
145th Series - 7.46% Redeemable at par on 28.02.2022	625.00	628.75	625.00	628.65	625.00	628.55
165th Series - 8.83% Redeemable at par on 21.01.2022	2,171.00	2,206.47	-	-	-	-
141st Series - 7.14% Redeemable at par on 09.12.2021	1,020.00	1,037.69	1,020.00	1,037.34	1,020.00	1,041.79
127th Series - 8.44% Redeemable at par on 04.12.2021	1,550.00	1,664.56	1,550.00	1,664.41	1,550.00	1,663.91
105th Series - 9.75% Redeemable at par on 11.11.2021	3,922.20	4,069.16	3,922.20	4,068.06	3,922.20	4,067.65
139th Series - 7.24% Redeemable at par on 21.10.2021	2,500.00	2,574.49	2,500.00	2,574.18	2,500.00	2,578.86
101-III Series - 9.48% Redeemable at par on 10.08.2021	3,171.80	3,363.70	3,171.80	3,363.38	3,171.80	3,363.10
100th Series - 9.63% Redeemable at par on 15.07.2021	1,500.00	1,602.90	1,500.00	1,602.90	1,500.00	1,602.90
174th Series - 8.15% Redeemable at par on 18.06.2021	2,720.00	2,727.18	-	-	-	-
161B Series - 7.73% Redeemable at par on 15.06.2021	800.00	848.86	800.00	802.50	-	-
154th Series - 7.18% Redeemable at par on 21.05.2021	600.00	636.89	600.00	615.06	-	-
157th Series - 7.60% Redeemable at par on 17.04.2021	1,055.00	1,131.27	1,055.00	1,070.69	-	-
158th Series - 7.70% Redeemable at par on 15.03.2021	2,465.00	2,473.14	2,465.00	2,472.82	-	-
98th Series - 9.18% Redeemable at par on 15.03.2021	3,000.00	3,012.83	3,000.00	3,012.83	3,000.00	3,012.83
153rd Series - 6.99% Redeemable at par on 31.12.2020	2,850.00	2,898.98	2,850.00	2,898.63	-	-
97th Series - 8.80% Redeemable at par on 30.11.2020	2,120.50	2,183.11	2,120.50	2,182.96	2,120.50	2,182.83
96th Series - 8.80% Redeemable at par on 26.10.2020	1,150.00	1,193.81	1,150.00	1,193.78	1,150.00	1,193.79
149th Series - 6.87% Redeemable at par on 24.09.2020	2,485.00	2,572.86	2,485.00	2,572.53	-	-
135th Series - 8.36% Redeemable at par on 22.09.2020	2,750.00	2,817.11	2,750.00	2,816.94	2,750.00	2,816.78
144th Series - 7.13% Redeemable at par on 21.09.2020	835.00	840.00	835.00	839.87	835.00	841.05
172nd Series - 8.57% Redeemable at par on 20.08.2020	1,790.00	1,806.05	-	-	-	-
134th Series - 8.37% Redeemable at par on 14.08.2020	2,675.00	2,740.10	2,675.00	2,739.75	2,675.00	2,739.43
143rd Series - 6.83% Redeemable at par on 29.06.2020	1,275.00	1,289.08	1,275.00	1,288.90	1,275.00	1,288.73
148th Series - 7.42% Redeemable at par on 17.06.2020	1,200.00	1,203.42	1,200.00	1,203.24	1,200.00	1,203.08
161A Series - 7.59% Redeemable at par on 13.03.2020	3,000.00	3,010.44	3,000.00	3,010.27	-	-
113th Series - 8.87% Redeemable at par on 09.03.2020	1,542.00	1,550.86	1,542.00	1,550.72	1,542.00	1,550.60
111-I Series - 9.02% Redeemable at par on 19.11.2019	452.80	467.65	452.80	467.61	452.80	467.57
126th Series - 8.56% Redeemable at par on 13.11.2019	1,700.00	1,755.25	1,700.00	1,754.99	1,700.00	1,753.95
125th Series - 9.04% Redeemable at par on 11.10.2019	3,000.00	3,124.59	3,000.00	3,125.66	3,000.00	3,125.27
160th Series - 7.77% Redeemable at par on 16.09.2019	1,450.00	1,510.68	1,450.00	1,459.49	-	-
108-II Series - 9.39% Redeemable at par on 20.07.2019	960.00	1,022.94	960.00	1,022.83	960.00	1,022.73
95-I Series - 8.70% Redeemable at par on 12.07.2019	200.00	212.54	200.00	212.54	200.00	210.11
151st Series - 6.75% Redeemed at par on 26.03.2019	-	-	1,150.00	1,151.02	-	-
137th Series - 8.05% Redeemed at par on 07.12.2018	-	-	2,225.00	2,268.92	2,225.00	2,269.08
146th Series - 6.88% Redeemed at par on 03.09.2018	-	-	3,300.00	3,430.46	3,300.00	3,317.51
112th Series - 8.70% Redeemed at par on 01.02.2018	-	-	-	-	1,500.00	1,520.94
109th Series - 9.25% Redeemed at par on 28.08.2017	-	-	-	-	1,734.70	1,830.00
108-I Series - 9.40% Redeemed at par on 20.07.2017	-	-	-	-	2,125.00	2,264.47
Total - Institutional Bonds	**1,18,253.90**	**1,22,201.55**	**1,03,069.70**	**1,06,530.16**	**82,284.40**	**85,437.09**

(ii) Infrastructure Bonds

(₹ in Crores)

Particulars	As at 31.03.2019		As at 31.03.2018		As at 01.04.2017	
	Face Value	Amortised Cost	Face Value	Amortised Cost	Face Value	Amortised Cost
Series-II (2011-12) - Redeemable at par	11.07	18.37	29.50	45.09	29.50	41.97
Series-I (2010-11) - Redeemable at par	80.36	80.38	80.97	80.98	82.14	82.16
Total - Infrastructure Bonds	**91.43**	**98.75**	**110.47**	**126.07**	**111.64**	**124.13**

Details of Infrastructure Bonds issued are as under :

Series II (2011-12) allotted on 15.02.2012

(₹ in Crores)

Rate of Interest	As at 31.03.2019	As at 31.03.2018	As at 31.03.2017	Redemption Details
9.15% Cumulative	-	13.44	13.44	Redeemable on the date falling 15 years from the date of allotment with buyback option by bondholders after 7 years
9.15% Annual	-	5.00	5.00	
8.95% Cumulative	5.73	5.72	5.72	Redeemable on the date falling 10 years from the date of allotment
8.95% Annual	1.38	1.38	1.38	
9.15% Cumulative	2.83	2.83	2.83	Redeemable on the date falling 15 years from the date of allotment
9.15% Annual	1.13	1.13	1.13	
Total	**11.07**	**29.50**	**29.50**	

Amounts have been shown at face value

Series I (2010-11) allotted on 31.03.2011

(₹ in Crores)

Rate of Interest	As at 31.03.2019	As at 31.03.2018	As at 31.03.2017	Redemption Details
8.00%	16.92	17.07	17.40	Redeemable on the date falling 10 years from the date of allotment with buyback option by bondholders after 5/6/7/8/9 years
8.20%	58.04	58.50	59.34	
8.10%	1.61	1.61	1.61	Redeemable on the date falling 10 years from the date of allotment
8.20%	3.79	3.79	3.79	
Total	**80.36**	**80.97**	**82.14**	

Amounts have been shown at face value

(iii) Zero Coupon Bonds

(₹ in Crores)

Particulars	As at 31.03.2019		As at 31.03.2018		As at 01.04.2017	
	Face Value *	Amortised Cost	Face Value *	Amortised Cost	Face Value *	Amortised Cost
ZCB - Series II (Net of unamortised discount, 89,510 bonds with face value of ₹ 30,000 each redeemable at par on 03.02.2021)	230.11	229.95	211.59	211.43	194.57	194.40
ZCB - Series I (Net of unamortised discount, 3,92,700 bonds with face value of ₹ 30,000 each redeemable at par on 15.12.2020)	1,029.46	1,028.61	951.00	950.12	878.52	877.61
Total - Zero Coupon Bonds	**1,259.57**	**1,258.56**	**1,162.59**	**1,161.55**	**1,073.09**	**1,072.01**

** represents the face value net of unamortised discount on issue of Zero Coupon Bonds*

(iv) Foreign Currency Bonds

(₹ in Crores)

Particulars	As at 31.03.2019		As at 31.03.2018		As at 01.04.2017	
	Face Value	Amortised Cost	Face Value	Amortised Cost	Face Value	Amortised Cost
5.250% US $700 Mn Bonds - Redeemable at par on 13.11.2023	4,841.99	4,882.85	-	-	-	-
4.625% US $300 Mn Bonds - Redeemable at par on 22.03.2028	2,075.14	1,848.33	1,951.32	1,921.19	-	-
3.875% US $450 Mn Green Bonds - Redeemable at par on 07.07.2027	3,112.71	2,693.94	2,926.98	2,930.28	-	-
3.068% US $400 Mn Bonds - Redeemable at par on 18.12.2020	2,766.85	2,746.95	2,601.76	2,621.08	-	-
Total - Foreign Currency Bonds	**12,796.69**	**12,172.07**	**7,480.06**	**7,472.55**	**-**	**-**

16.3 Details of Unsecured Short-Term Debt Securities

(i) Commercial Paper

(₹ in Crores)

Particulars	As at 31.03.2019		As at 31.03.2018		As at 01.04.2017	
	Face Value	Amortised Cost	Face Value	Amortised Cost	Face Value	Amortised Cost
Commercial Paper	7,975.00	7,696.32	3,250.00	3,150.44	-	-

Details of Commercial Paper outstanding:

(₹ in Crores)

Particulars	As at 31.03.2019		As at 31.03.2018		As at 01.04.2017	
	Face Value	Amortised Cost	Face Value	Amortised Cost	Face Value	Amortised Cost
51st Series - 7.43% Repaid on 04.09.2018	-	-	3,250.00	3,150.44	-	-
57th Series - 8.04% Repayable on 30.04.2019	2,750.00	2,732.99	-	-	-	-
58th Series - 7.60% Repayable on 27.09.2019	1,875.00	1,808.27			-	-
59th Series - 7.72% Repayable on 30.12.2019	2,350.00	2,222.86			-	-
60th Series - 7.90% Repayable on 04.03.2020	1,000.00	932.20	-	-	-	-
Total	**7,975.00**	**7,696.32**	**3,250.00**	**3,150.44**	**-**	**-**

17. Borrowings (Other than Debt Securities)

The Company has categorised all borrowings (other than debt securities) at Amortised Cost in accordance with the requirements of Ind AS 109.

(₹ in Crores)

	Particulars	As at 31.03.2019		As at 31.03.2018		As at 01.04.2017	
		Principal O/s	Amortised Cost	Principal O/s	Amortised Cost	Principal O/s	Amortised Cost
(A)	**Secured Long-Term Borrowings**						
(i)	Term Loans from Others - Financial Institutions	200.00	207.33	400.00	414.82	750.00	776.66
	Sub-total (A)	**200.00**	**207.33**	**400.00**	**414.82**	**750.00**	**776.66**
(B)	**Unsecured Long-Term Borrowings**						
(i)	Finance Lease Obligations	0.11	0.11	0.11	0.11	0.13	0.13
(ii)	Term Loans from Govt. of India	5,000.00	5,121.84	-	-	-	-
(iii)	Term Loans from Banks	18,550.00	18,555.08	-	-	-	-
(iv)	Term Loans from Financial Institutions	1,000.00	1,000.00	-	-	-	-
(v)	Foreign Currency Borrowings	17,637.62	17,450.46	18,515.81	18,404.43	21,080.55	20,923.38
(vi)	FCNR (B) Loans	933.81	936.96	1,534.18	1,534.57	-	-
	Sub-total (B)	**43,121.54**	**43,064.45**	**20,050.10**	**19,939.11**	**21,080.68**	**20,923.51**
(C)	**Unsecured Short-Term Borrowings**						
(i)	FCNR (B) Loans	3,389.39	3,390.76	2,276.54	2,277.49	-	-
(ii)	Loans repayable on demand from Banks	-	-	-	-	-	-
	Sub-total (C)	**3,389.39**	**3,390.76**	**2,276.54**	**2,277.49**	**-**	**-**
	Total - Borrowings (other than Debt Securities) (A to C)	**46,710.93**	**46,662.54**	**22,726.64**	**22,631.42**	**21,830.68**	**21,700.17**
	Borrowings (other than Debt Securities) in/ outside India						
(i)	Borrowings in India	29,073.31	29,212.08	4,210.83	4,226.99	750.13	776.79
(ii)	Borrowings outside India	17,637.62	17,450.46	18,515.81	18,404.43	21,080.55	20,923.38
	Total - Borrowings (other than Debt Securities)	**46,710.93**	**46,662.54**	**22,726.64**	**22,631.42**	**21,830.68**	**21,700.17**

17.1 Details of Secured Long-term Borrowings - *Refer Note 17.8 for details of the security*

(i) Secured Term Loans from Others - Financial Institutions

(₹ in Crores)

Particulars	As at 31.03.2019		As at 31.03.2018		As at 01.04.2017	
	Principal O/s	Amortised Cost	Principal O/s	Amortised Cost	Principal O/s	Amortised Cost
- Life Insurance Corporation of India (LIC)	200.00	207.33	400.00	414.82	750.00	776.66
Loan repayable in equal annual installments of ₹ 200 crores, next instalment due on 01.10.2019						
Total - Term Loans from Others - Financial Institutions	**200.00**	**207.33**	**400.00**	**414.82**	**750.00**	**776.66**

17.2 Details of Unsecured Long-term Borrowings

(i) Unsecured Term Loans from Govt. of India

(₹ in Crores)

Particulars	As at 31.03.2019		As at 31.03.2018		As at 01.04.2017	
	Principal O/s	Amortised Cost	Principal O/s	Amortised Cost	Principal O/s	Amortised Cost
- Loan from National Small Savings Fund (NSSF)	5,000.00	5,121.84	-	-	-	-
Loan repayable on 13.12.2028						
Total - Term Loans from Govt.	**5,000.00**	**5,121.84**	**-**	**-**	**-**	**-**

(ii) Unsecued Term Loans from Banks

(₹ in Crores)

Particulars	As at 31.03.2019		As at 31.03.2018		As at 01.04.2017	
	Principal O/s	Amortised Cost	Principal O/s	Amortised Cost	Principal O/s	Amortised Cost
- Canara Bank	500.00	500.12	-	-	-	-
Loan repayable on 05.03.2024						
- Corporation Bank	1,000.00	1,000.00	-	-	-	-
Loan repayable in 6 semi annual instalments, first instalment due on 06.09.2021.						
- HDFC Bank	2,000.00	2,000.46	-	-	-	-
Rs. 500 Crore repayable on 29.04.2020, Rs. 300 Crore repayable on 29.09.2023, Rs. 350 Crore repayable on 11.10.2023, Rs. 350 Crore repayable on 06.11.2023, Rs. 500 Crore repayable on 15.01.2024						
- United Bank of India	1,000.00	1,004.50	-	-	-	-
Loan repayable in 4 semi annual instalments, first instalment due on 13.09.2022						
- Bank of India	2,000.00	2,000.00	-	-	-	-
Loan repayable in 8 quarterly instalments, first instalment due on 05.05.2022						
- Punjab National Bank	3,500.00	3,500.00	-	-	-	-
Rs. 2,000 Crore repayable in 3 annual instalments and first instalment due on 14.09.2021, Rs. 1,500 Crore repayable in 3 annual instalments and first instalment due on 20.02.2022						
- State Bank of India	7,300.00	7,300.00	-	-	-	-
Rs. 5,000 Crore repayable in 3 annual instalments and first instalment due on 15.10.2021, Rs. 2,300 Crore repayable in 5 annual instalments and first instalment due on 05.09.2020						
- Oriental Bank of Commerce	750.00	750.00	-	-	-	-
Loan repayable in 8 semi-annual instalments, first instalment due on 05.09.2021						
- Union Bank of India	500.00	500.00	-	-	-	-
Loan repayable in 6 semi-annual instalments, first instalment due on 31.07.2021						
Total - Unsecured Term Loans from Banks	**18,550.00**	**18,555.08**	**-**	**-**	**-**	**-**

(iii) Unsecured Term Loans from Others - Financial Institutions

(₹ in Crores)

Particulars	As at 31.03.2019		As at 31.03.2018		As at 01.04.2017	
	Principal O/s	Amortised Cost	Principal O/s	Amortised Cost	Principal O/s	Amortised Cost
- Indian Infrastructure Finance Company Ltd. (IIFCL)	1,000.00	1,000.00	-	-	-	-
Repayable on 04.06.2022						
Total - Term Loans from Others - Financial Institutions	**1,000.00**	**1,000.00**	**-**	**-**	**-**	**-**

(iv) Foreign Currency Borrowings

Particulars	As at 31.03.2019		As at 31.03.2018		As at 01.04.2017	
	Principal O/s	Amortised Cost	Principal O/s	Amortised Cost	Principal O/s	Amortised Cost
(1) ODA Loans - Guaranteed by Govt. of India						
JICA Loan -)((						
)(((						
3.73% KfW Loan - 1 ,						
2.89% KfW-II Loan - 1 ,						
1.86% KfW-III Loan - 1 ,						
Sub-Total (1)	**702.14**	**702.22**	**1,051.48**	**1,051.53**	**1,271.68**	**1,271.20**
(2) Bilateral/ Syndicated Loans						
¥19.029 Bn 1						
US $285 Mn - 1						
US $250 Mn - , ,						
US $400 Mn - 1						
US $400 Mn - 1						
US $300 Mn - 1						
US $250 Mn - , ,						
US $300 Mn - 1						
US $250 Mn - 1						
US $120 Mn - 1						
US $100 Mn - 1						
US $230 Mn - 1						
US $200 Mn - 1						
US $57.50 Mn - 1						
US $240 Mn - 1						
US $160 Mn - 1						
US $250 Mn - 1						
¥ 10,327.12 Mn - 1						
US $250 Mn - 1						
US $75 Mn - 1						
Sub-Total (2)	**16,935.48**	**16,748.24**	**17,464.33**	**17,352.90**	**19,808.87**	**19,652.18**
Total - Foreign Currency Borrowings (1+2)	**17,637.62**	**17,450.46**	**18,515.81**	**18,404.43**	**21,080.55**	**20,923.38**

(v) FCNR (B) Loans

Particulars	As at 31.03.2019		As at 31.03.2018		As at 01.04.2017	
	Principal O/s	Amortised Cost	Principal O/s	Amortised Cost	Principal O/s	Amortised Cost
US $235.87 Mn - 1						
US $135 Mn - , ,						
Total - FNCR (B) Loans	**933.81**	**936.96**	**1,534.18**	**1,534.57**	**-**	**-**

17.3 Unsecured Short-Term Borrowings

(i) FCNR (B) Loans

Particulars	As at 31.03.2019		As at 31.03.2018		As at 01.04.2017	
	Principal O/s	Amortised Cost	Principal O/s	Amortised Cost	Principal O/s	Amortised Cost
4 2 , 1						
4 2 , 1						
4 2 , 1						
4 2 , 1						
4 2 , 1						
4 2 , 1						
4 2 , 1						
Total - FNCR (B) Loans	**3,389.39**	**3,390.76**	**2,276.54**	**2,277.49**	**-**	**-**

17.4 There has been no default as on the Balance Sheet date in repayment of borrowings and interest.

17.5 Term Loans from Govt./ banks/ financial institutions as mentioned in Note No. 17.1 (i) and 17.2 (i) to (iii) have been raised at interest rates ranging from 8.15% to 9.20% payable on monthly/quarterly/semi annual rests.

17.6 Foreign Currency Borrowings in Note No. 17.2 (iv) (2) have been raised at interest rates ranging from a spread of 65 bps to 150 bps over 6 Months' USD/JPY LIBOR (London Inter Bank Offered Rate)

17.7 Subsequent to the announcement of the strategic sale of Government of India's existing 52.63% of total paid up equity shareholding in REC Limited to Power Finance Corporation Ltd. (PFC), the Company had undertaken a consent solicitation exercise during the financial year ended 31st March 2019 for the modification in the 'Change of Control' covenant of certain External Commercial Borrowings (ECBs). In terms of the approval of the Reserve Bank of India and in compliance with the extant ECB framework, the Company has paid Consent Fees to the international bondholders/ lenders consenting to such modification, falling within the prescribed annual all-in-cost ceiling considering the remaining maturities of the related borrowings. The Company has accordingly amortised the Consent Fees as per Effective Interest Rate (EIR) method under Ind-AS 109 over the remaining maturities of the ECBs.

17.8 Security Details of Secured Debt Securities and Borrowings

For all the secured bonds issued by the Company and outstanding as at 31st March 2019, 100% security cover has been maintained by way of mortgage on certain immovable properties and/or charge on the receivables of the Company.

The Bond Series 90, 90 B-II, 90 C-II, 91-II and 92-II of Institutional Bonds are secured by a charge on (a) mortgage of Flat no. 640, Asiad Games Village, New Delhi and (b) pari passu charge on the receivables of our Company, both present and future, save and except receivables hypothecated to Vistra ITCL (India) Ltd. (formerly known as IL&FS Trust Company Ltd.) on the basis of joint hypothecation agreement dated 24th September, 2010 in favour of IDBI Trusteeship Services Ltd.

The Bond Series 122 of Institutional Bonds is secured by a charge on first pari passu charge on the book debts of the issuer both present & future which are charged to other lenders/ trustees and as may be agreed between the issuer and the trustee, pursuant to the terms of the Debenture /Bond Trust cum Hypothecation Deed with a minimum security cover of one time of the aggregate face value amount of the bonds outstanding at all times in favor of IDBI Trusteeship Services Ltd.

The Bond Series 123-I and 123-IIIB of Institutional Bonds are secured by way of first pari passu charge on the specified immovable property and the book debts of the Issuer which are charged to other lender / trustee and as may be agreed between the Issuer and the Trustee, pursuant to the terms of the Bond Trust Deed with a minimum security cover of one time of the aggregate face value of amount of bonds outstanding at all times and amount of interest due thereon in favor of IDBI Trusteeship Services Ltd.

Tax Free Bonds issued during FY 2011-12 are secured by first pari passu charge on premises at Shop No. 12, Ground Floor, Block No. 35, Church Road, Mylapore, Chennai and hypothecation of receivables of ₹ 4,998.66 Crores of MSEDCL in favour of Vistra ITCL (India) Ltd. (formerly known as IL&FS Trust Company Ltd.).

Tax Free Bonds issued during FY 2013-14 are secured by first pari passu charge on the book debts (other than those that are exclusively charged/earmarked to lenders / other Trustees) of the Company in favour of SBICap Trustee Company Ltd.

The Bond Series X, XI and XII of 54EC Capital Gain Tax Exemption Bonds and Tax Free Bonds issued during FY 2012-13 & 2015-16 are secured by first pari passu charge on (a) mortgage of premises at Sub Plot No. 8, TPS No 2, FP No. 584P, situated at Village Subhanpura, Distt Vadodara and (b) hypothecation of receivables (other than those that are exclusively charged/ earmarked to lenders / other Trustees) in favour of SBICap Trustee Company Ltd.

The term loan from Life Insurance Corporation of India is secured by a charge on the receivables of our Company, both present and future, save and except certain specific receivables hypothecated to Vistra ITCL (India) Ltd. (formerly known as IL&FS Trust Company Ltd.) on the basis of joint hypothecation agreement dated 24th September, 2010 in favour of IDBI Trusteeship Services Ltd.

Refer Note No. 8 and 14.2 for the carrying value of receivables and Property, Plant and Equipment (PPE) pledged as security.

18. Subordinated Liabilities

The Company has categorised all debt securities at amortised cost in accordance with the requirements of Ind AS 109.

(₹ in Crores)

	Particulars	As at 31.03.2019		As at 31.03.2018		As at 01.04.2017	
		Face Value	Amortised Cost	Face Value	Amortised Cost	Face Value	Amortised Cost
(i)	**175th Series - Subordinate Tier-II Bonds -** 8.97% Redeemable at par on 28.03.2029	2,151.20	2,151.24	-	-	-	-
(ii)	**115th Series - Subordinate Tier-II Bonds -** 8.06% Redeemable at par on 31.05.2023	2,500.00	2,667.52	2,500.00	2,667.36	2,500.00	2,667.21
	Total - Subordinated Liabilities	**4,651.20**	**4,818.76**	**2,500.00**	**2,667.36**	**2,500.00**	**2,667.21**
	Subordinated Liabilities in/ outside India						
(i)	Borrowings in India	4,651.20	4,818.76	2,500.00	2,667.36	2,500.00	2,667.21
(ii)	Borrowings outside India	-	-	-	-	-	-
	Total - Subordinated Liabilities	**4,651.20**	**4,818.76**	**2,500.00**	**2,667.36**	**2,500.00**	**2,667.21**

18.1 Ratings assigned by credit rating agencies and migration of ratings during the year

Domestic Credit Ratings

Particulars	Long Term Rating	Short Term Rating
CRISIL	CRISIL AAA	CRISIL A1+
ICRA	ICRA AAA	ICRA A1+
CARE	CARE AAA	CARE A1+
India Ratings and Research	IND AAA	IND A1+

International Credit Ratings

Particulars	Rating	Outlook
Fitch Ratings	BBB-	Stable
Moody's	Baa3	Stable

There has been no migration of ratings during the year.

18.2 Reconciliation between carrying values and the actual amounts outstanding in respect of Borrowings:

(₹ in Crores)

Particulars	Debt Securities	Other Borrowings	Subordinated Liabilities	Total
As at 31st March 2019				
Total Amount as per Ind-AS	**1,92,839.79**	**46,662.54**	**4,818.76**	**2,44,321.09**
Less: Interest accrued on Borrowings classified under the same head as per Ind-AS	(6,061.84)	(207.10)	(169.96)	**(6,438.90)**
Add: Ind-AS Adjustments in respect of transaction costs at Effective Interest Rate (EIR)	1,146.37	255.49	2.40	**1,404.26**
Total Borrowings Outstanding	**1,87,924.32**	**46,710.93**	**4,651.20**	**2,39,286.45**
As at 31st March 2018				
Total Amount as per Ind-AS	1,79,140.13	22,631.42	2,667.36	**2,04,438.91**
Less: Interest accrued on Borrowings classified under the same head as per Ind-AS	(5,836.08)	(84.64)	(168.38)	**(6,089.10)**
Add: Ind-AS Adjustments in respect of transaction costs at Effective Interest Rate (EIR)	260.90	179.86	1.02	**441.78**
Total Borrowings Outstanding	**1,73,564.95**	**22,726.64**	**2,500.00**	**1,98,791.59**
As at 1st April 2017				
Total Amount as per Ind-AS	1,48,723.25	21,700.17	2,667.21	**1,73,090.63**
Less: Interest accrued on Borrowings classified under the same head as per Ind-AS	(5,635.15)	(101.81)	(168.38)	**(5,905.34)**
Add: Ind-AS Adjustments in respect of transaction costs at Effective Interest Rate (EIR)	98.74	232.32	1.17	**332.23**
Total Borrowings Outstanding	**1,43,186.84**	**21,830.68**	**2,500.00**	**1,67,517.52**

19. Other Financial Liabilities

(₹ in Crores)

	Particulars	As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
(A)	**Unpaid Dividends**	4.15	3.49	2.75
(B)	**Bond Application Money refundable and interest accrued thereon**	0.05	-	-
(C)	**Unpaid Principal & Interest on Bonds**			
	- Matured Bonds & Interest Accrued thereon	39.52	47.03	51.54
	- Interest on Bonds	15.91	14.27	15.19
	Sub-total (C)	**55.43**	**61.30**	**66.73**
(D)	**Funds Received from Govt. of India for Disbursement as Subsidy/ Grant (cumulative)**	77,352.65	56,780.96	46,154.67
	Add: Interest on Subsidy/ Grant (net of refund)	17.23	11.13	2.18
	Less: Disbursed to Beneficiaries (cumulative)	(76,843.10)	(56,694.92)	(46,131.01)
	Undisbursed Funds to be disbursed as Subsidy/ Grant	**526.78**	**97.17**	**25.84**
(E)	**Payables towards Bonds Fully serviced by Govt. of India**	17,996.06	4,007.17	-
(F)	Payable towards funded staff benefits	31.78	2.84	13.63
(G)	Other Liabilities	137.50	127.43	136.01
	Total (A to G)	**18,751.75**	**4,299.40**	**244.96**

19.1 Subsidy Under Accelerated Generation & Supply Programme (AG&SP):

The Company is maintaining an Interest Subsidy Fund Account and was given AG&SP subsidy (for disbursement to the eligible borrowers) by Govt. of India at net present value calculated at indicative rates and year in accordance with GOI's letter vide D.O.No. 32024/17/97-PFC dated 23.09.1997 and O.M.No.32024/23/2001-PFC dated 07.03.2003 irrespective of the actual repayment schedule, moratorium year and duration of repayment of the eligible schemes. The impact of difference between the indicative rate and year considered at the time of drawl and the actual can be ascertained only after the end of the respective schemes.

Net amount of ₹ 0.63 Crores as at 31st March 2019 (₹ 0.53 Crores as at 31st March 2018, ₹ 0.86 Crores as at 1st April 2017) represents the balance amount of interest subsidy fund, which is to be passed on to the borrowers against their interest liability arising in future, under Accelerated Generation & Supply Programme (AG&SP), which comprises of the following :-

(₹ in Crores)

Particulars	FY 2018-19	FY 2017-18
Opening Balance of Interest Subsidy Fund	0.53	0.86
Add: Interest earned during the year	0.11	0.02
Less: Interest subsidy passed on to the borrower	0.01	0.35
Closing Balance of Interest Subsidy Fund	**0.63**	**0.53**

19.2 Government of India has appointed REC Ltd. as a nodal agency for implementation of Deen Dayal Upadhyaya Gram Jyoti Yojna (DDUGJY). The funds received for disbursement to various agencies under the scheme are kept in a separate bank account. The undisbursed funds for the scheme (including the funds received under erstwhile RGGVY Scheme) including interest earned thereto are classified under "Undisbursed Subsidy/ grant" under the head "*Other Financial Liabilities* ".

During the year, interest earned of ₹ 25.03 Crores (Previous year ₹ 18.15 Crores) has been taken to DDUGJY Subsidy account. Further, during the year, an amount of ₹ 23.51 crores (Previous year ₹ 10.33 crores) has been refunded back to MoP out of the total interest on subsidy.

19.3 The movement in Interest on Subsidy/ Grant is explained as under:

(₹ in Crores)

Particulars	FY 2018-19	FY 2017-18
Opening Balance	11.13	2.18
Add: Interest earned during the year	70.21	20.49
Less: Amount refunded to Govt. during the year	64.10	11.32
Less: Disbursement out of Interest earned on account of AG&SP Grant	0.01	0.22
Closing Balance	**17.23**	**11.13**

19.4 For meeting GOI's funding requirement of DDUGJY Scheme, during the year, the Company has raised an aggregate amount of ₹ 13,827 crores (Previous year ₹ 4,000 crores) through unsecured, redeemable, non-convertible, taxable bonds in the nature of debentures of face value of ₹ 10 lacs at par on private placement basis. As per Ministry of Power (MoP) letter dated 16th July 2018 and 19th July 2018, the repayment of principal and interest of the above bonds shall be made by GoI by making suitable budget provisions in the demand of Ministry of Power. Accordingly, the amount of such bonds along-with interest is also appearing as recoverable by the Company from Govt. of India.

Details of the GoI Fully Serviced Bonds raised are as follows:

(₹ in Crores)

Particulars	Coupon Rate	Interest Frequency	Redemption Date	As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
GoI-I Series	8.09%	Semi-annual	21-03-28	1,837.00	1,837.00	-
GoI-II Series	8.01%	Semi-annual	24-03-28	1,410.00	1,410.00	-
GoI-III Series	8.06%	Semi-annual	27-03-28	753.00	753.00	-
GoI-IV Series	8.70%	Semi-annual	28-09-28	3,000.00	-	-
GoI-V Series	8.54%	Semi-annual	15-11-28	3,600.00	-	-
GoI-VI Series	8.80%	Semi-annual	22-01-29	2,027.00	-	-
GoI-VII Series	8.60%	Semi-annual	08-03-29	1,200.00	-	-
GoI-VIII Series	8.30%	Semi-annual	25-03-29	4,000.00	-	-
Total				**17,827.00**	**4,000.00**	**-**

20. Provisions

(₹ in Crores)

	Particulars	As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
	Provisions for			
(A)	**Employee Benefits**			
	Earned Leave Liability	11.51	10.01	31.13
	Post Retirement Medical Benefits	-	105.19	97.15
	Medical Leave Liability	21.67	19.77	19.27
	Settlement Allowance	1.42	1.24	1.27
	Economic Rehabilitation Scheme	3.69	3.34	3.45
	Long Service Award	1.24	2.57	2.83
	Incentive	46.99	19.19	20.34
	Pay Revision	13.06	58.90	14.59
	Sub-total (A)	**99.58**	**220.21**	**190.03**
(B)	**Others**			
	Expected Credit Loss on Letters of Comfort	-	0.16	23.97
	Sub-total (B)	**-**	**0.16**	**23.97**
	Total (A+B)	**99.58**	**220.37**	**214.00**

21. Other Non-financial Liabilities

(₹ in Crores)

	Particulars	As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
(A)	Income Received in Advance	-	-	0.08
(B)	Sundry Liabilities Account (Interest Capitalisation)	21.99	45.99	-
(C)	Unamortised Fee on Undisbursed Loans	25.76	10.10	6.50
(D)	Advance received from Govt. towards Govt. Schemes	5.17	-	-
(E)	Statutory Dues	29.62	33.52	26.26
	Total (A to E)	**82.54**	**89.61**	**32.84**

22. Equity Share Capital

(₹ in Crores)

Particulars	As at 31.03.2019		As at 31.03.2018		As at 01.04.2017	
	No. of Shares	Amount	No. of Shares	Amount	No. of Shares	Amount
Authorised : Equity shares of ₹ 10 each	5,00,00,00,000	5,000.00	5,00,00,00,000	5,000.00	5,00,00,00,000	5,000.00
Issued, Subscribed and Paid up : Fully paid up Equity shares of ₹ 10 each	1,97,49,18,000	1,974.92	1,97,49,18,000	1,974.92	1,97,49,18,000	1,974.92
Total	**1,97,49,18,000**	**1,974.92**	**1,97,49,18,000**	**1,974.92**	**1,97,49,18,000**	**1,974.92**

22.1 Reconciliation of the number of shares outstanding at the beginning and at the end of the year

(₹ in Crores)

Particulars	FY 2018-19		FY 2017-18	
	No. of Shares	Amount	No. of Shares	Amount
Share Capital at the beginning of the year	1,97,49,18,000	1,974.92	1,97,49,18,000	1,974.92
Add: Bonus shares issued & allotted during the year	-	-	-	-
Share Capital at the end of the year	**1,97,49,18,000**	**1,974.92**	**1,97,49,18,000**	**1,974.92**

22.2 Allotment of Bonus Shares during the year and during preceding five years

During the current year and preceding five years, no bonus shares were issued by the Company except in the FY 2016-17, when the Company had allotted 98,74,59,000 Equity Shares as fully paid up by way of bonus shares.

22.3 The Company has neither issued any equity shares pursuant to contract without payment being received in cash nor has there been any buy-back of shares in the current year and five years immediately preceding the balance sheet date.

22.4 Rights, Preferences and Restrictions attached to Equity shares

The holders of the equity shares of the Company are entitled to receive dividends as and when declared by the Company and enjoy proportionate voting rights in case any resolution is put to vote. Further, the shareholders have all such rights, as may be available to a shareholder of a listed public company, under the Companies Act, 2013 and rules made thereunder, Companies Act, 1956 (to the extent applicable), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Memorandum of Association and Articles of Association of the Company.

22.5 Shareholders holding more than 5% of fully paid-up equity shares as at Balance Sheet date:

Name of the Shareholder	As at 31.03.2019		As at 31.03.2018		As at 01.04.2017	
	No. of Shares	Percentage	No. of Shares	Percentage	No. of Shares	Percentage
The President of India	-	0.00%	1,15,16,78,783	58.32%	1,16,25,04,472	58.86%
Power Finance Corporation Ltd.	1,03,94,95,247	52.63%	95,904	0.00%	95,904	0.00%
HDFC Trustee Company Ltd. A/c HDFC Hybrid Debt Fund	11,46,83,937	5.81%	4,60,84,438	2.33%	3,47,22,538	1.76%
Life Insurance Corporation of India	5,49,13,706	2.78%	5,51,51,984	2.79%	12,63,22,504	6.40%

During the financial year 2018-19, the President of India acting through Ministry of Power, Government of India divested/sold the shareholding in the Company as below:

Particulars	Period	No. of Shares	Percentage
Holding of the President of India as on 01-04-2018		1,15,16,78,783	58.32%
Disinvestment through Bharat 22 ETF	June 2018	(64,73,244)	-0.33%
Disinvestment through CPSE ETF Further Fund Offer 3 (FFO 3)	December 2018	(10,14,70,139)	-5.14%
Disinvestment through Bharat 22 ETF Additional Offering Period (AOP)	February 2019	(43,36,057)	-0.22%
Sale of Stake to Power Finance Corporation Ltd.	March 2019	(1,03,93,99,343)	-52.63%
Holding of the President of India as on 31-03-2019		-	0.00%

22.6 Details of equity shares held by the Holding Company, including the subsidiaries and associates

Name of the Company	As at 31.03.2019		As at 31.03.2018		As at 01.04.2017	
	No. of Shares	Percentage	No. of Shares	Percentage	No. of Shares	Percentage
Power Finance Corporation Ltd.	1,03,94,95,247	52.63%	95,904	0.00%	95,904	0.00%

23. Other Equity

(₹ in Crores)

	Particulars	As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
(A)	**Other Reserves**			
(i)	Special Reserve created u/s 36(1) (viii) of the Income Tax Act, 1961	15,136.78	13,813.19	12,230.70
(ii)	Reserve for Bad and doubtful debts u/s 36(1)(viia) of the Income Tax Act, 1961	3,034.72	2,761.10	2,425.30
(iii)	Reserve Fund u/s 45-IC of Reserve Bank of India Act, 1934	1,153.00	-	-
(iv)	Debenture Redemption Reserve	1,318.13	1,121.54	924.95
(v)	Securities Premium	2,236.54	2,236.54	2,236.54
(vi)	Foreign Currency Monetary Item Translation Difference Account	(764.82)	(86.29)	203.78
(vii)	General Reserve	5,177.40	5,177.40	4,677.40
(B)	**Retained Earnings**	4,899.39	5,114.51	5,696.31
(C)	**Other Comprehensive Income (OCI)**			
	- Equity Instruments through Other Comprehensive Income	136.88	190.24	181.86
	Total - Other Equity	**32,328.02**	**30,328.23**	**28,576.84**

Additions and deductions to the components of 'Other Equity' has been disclosed in 'Statement of Changes in Equity'.

23.1 Draw down from Reserves

No amount has been drawn from the reserves during the financial year 2018-19 and financial year 2017-18.

23.2 Securities Premium

Securities Premium represents the premium received by the Company on issue of shares and debt securities. It is utilised in accordance with the provisions of the Companies Act, 2013.

23.3 Debenture Redemption Reserve (DRR)

In accordance with provisions of Section 71(4) of the Companies Act, 2013 as further clarified by the Companies (Share Capital and Debentures) Rules, 2014 issued by Ministry of Corporate Affairs, Govt. of India, the company creates Debenture Redemption Reserve (DRR) upto 25% of the value of debentures issued through public issue as per present SEBI (Issue and Listing of Debt Securities) Regulations, 2008 during the maturity period of such debentures, and no DRR is required in the case of privately placed debentures. The amounts credited to the DRR may not be utilised except to redeem debentures. On redemption of debentures, the amount may be transferred from DRR to retained earnings.

23.4 Foreign Currency Monetary Item Translation Difference Account

The company had opted towards an irrevocable option 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 Para 46A of the erstwhile applicable Accounting Standard 11 'The Effects of Changes in Foreign Exchange Rates'. Ind AS 101 allows an entity to continue the policy adopted for accounting for exchange differences arising from translation of long-term foreign currency monetary items recognised in the financial statements for the period ending immediately before the beginning of the first Ind AS financial reporting period as per the previous GAAP. The balance in this account represents the unamortised gain/ (loss) which will be amortised over the balance period of the eligible long term foreign currency monetary liabilities.

23.5 Special Reserve created u/s 36(1) (viii) of the Income Tax Act, 1961

Special Reserve created u/s 36(1) (viii) of the Income Tax Act, 1961 is maintained by the Company in order to enable the Company to avail tax benefits. As per section 36(1)(viii) of the Income Tax Act, 1961, the company is eligible for deduction not exceeding 20% of profit derived from long term finance activity, provided such amount is transferred and maintained in special reserve account.

23.6 Reserve for Bad and doubtful debts u/s 36(1)(viia) of the Income Tax Act, 1961

Reserve for Bad and doubtful debts u/s 36(1)(viia) of the Income Tax Act, 1961 is maintained by the Company in order to enable the Company to avail tax benefits. As per Section 36(1)(viia) of the Income Tax Act, 1961, the Company is eligible to avail deduction in respect of any provision/ reserve made for bad and doubtful debts, not exceeding five per cent of the total income as per Income Tax Act. The reserve so maintained shall be primarily utilised for adjustment of actual bad debts or part thereof.

23.7 Reserve Fund u/s 45-IC of Reserve Bank of India Act, 1934

Till the financial year 2017-18, the Company, being a Govt. NBFC, was exempt from creation and maintainence of Reserve Fund as specified u/s 45-IC of Reserve Bank of India Act, 1934. However, the said exemption has been withdrawn by the Reserve Bank of India (RBI) vide Notification No. DNBR (PD) CC.No.092/03.10.001/2017-18 dated 31st May 2018. Accordingly, the Company is now creating the Reserve Fund as required u/s 45IC of RBI Act, 1934, wherein at least 20% of net profit every year will be transferred before the declaration of dividend. No appropriation is allowed to be made from the reserve fund except for the purpose as may be specified by the Bank from time to time and further, any such appropriation is also required to be reported to the Bank within 21 days from the date of such withdrawal.

23.8 General Reserve

In view of the erstwhile provisions of the Companies Act, 1956, the Company had transferred certain percentage of the profits to General Reserve before declaration of dividend. However, Companies Act, 2013 does not mandate transfer of profits to General Reserve before declaration of dividend.

23.9 Other Comprehensive Income (OCI)

The Company has elected to recognise changes in the fair value of certain investments in equity securities through other comprehensive income. These changes are accumulated within the OCI reserve within equity. The Group transfers amounts from this reserve to retained earnings when the related equity securities are derecognised.

23.10 Dividend declared/ proposed by the Company for Equity Shares of ₹ 10/- each

Particulars	**Year ended 31.03.2019**		**Year ended 31.03.2018**	
	Dividend per Equity Share (₹)	**Dividend Amount** (₹ in Crores)	**Dividend per Equity Share** (₹)	**Dividend Amount** (₹ in Crores)
Interim Dividend	11.00	2,172.41	7.40	1,461.44
Final Proposed Dividend	-	-	1.75	345.61
Total Dividend for the year	**11.00**	**2,172.41**	**9.15**	**1,807.05**

As per the requirements of Ind-AS 10 'Events after the Reporting Period', the Company is not required to provide for the dividend proposed by the Board of Directors after the end of the financial year. Such appropriation is made after the approval in the Annual General Meeting (AGM) in case of final dividend. The total payout on account of final proposed dividend including the impact of dividend distribution tax is as under:

(₹ in Crores)

Particulars	**Year ended 31.03.2019**	**Year ended 31.03.2018**
Final Proposed Dividend	-	345.61
Dividend Distribution Tax on Final Proposed Dividend	-	71.04
Total Payout on account of Final Proposed Dividend	**-**	**416.65**

24. Interest Income

(₹ in Crores)

	Particulars	Year ended 31.03.2019			Year ended 31.03.2018		
		On Financial Assets measured at Fair Value through OCI	On Financial Assets measured at Amortised Cost	On Financial Assets measured at Fair Value through Profit or Loss	On Financial Assets measured at Fair Value through OCI	On Financial Assets measured at Amortised Cost	On Financial Assets measured at Fair Value through Profit or Loss
(A)	**Interest on Loan Assets**						
(i)	Long term financing	-	24,405.17	-	-	21,386.39	-
	Less: Rebate for timely payments/completion etc		(6.11)			(16.43)	
	Long term financing (net)	-	24,399.06	-	-	21,369.96	-
(ii)	Short term financing	**-**	328.84	-		426.61	
	Sub-total (A)	**-**	**24,727.90**	**-**	**-**	**21,796.57**	**-**
(B)	**Interest Income from Investments**						
(i)	Interest from CP/ ICD	-	0.67	**-**		0.98	
(ii)	Interest from Govt. Securities	**-**	9.43	-		16.98	
(iii)	Interest from Long Term Investments	-	15.63	168.25		29.41	168.25
	Sub-total (B)	**-**	**25.73**	**168.25**	**-**	**47.37**	**168.25**
(C)	**Interest on Deposits with Banks**						
(i)	Interest from Deposits	**-**	42.40	**-**		68.66	
	Sub-total (C)	**-**	**42.40**	**-**	**-**	**68.66**	**-**
(D)	**Other Interest Income**						
(i)	Interest from Income Tax Refund	**-**	-	**-**		0.62	
(ii)	Interest from Staff Advances	**-**	3.89	**-**		4.33	
(iii)	Interest from Subsidiary Companies	**-**	-	**-**		0.03	
(iv)	Interest on Mobilisation Advance	**-**	2.80	**-**		3.68	
(v)	Unwinding of Discount of Security Deposits		0.05			0.04	
	Sub-total (D)	**-**	**6.74**	**-**	**-**	**8.70**	**-**
	Total (A to D)	**-**	**24,802.77**	**168.25**	**-**	**21,921.30**	**168.25**

25. Dividend Income

(₹ in Crores)

Particulars	Year ended 31.03.2019	Year ended 31.03.2018
- Dividend from Subsidiary Companies	90.84	25.91
- Dividend on Mutual Funds	-	-
- Dividend from Other Investments	22.77	39.77
Total - Dividend Income	**113.61**	**65.68**

25.1 Details of dividend recognised on equity investments designated at FVOCI :

(₹ in Crores)

Particulars	Year ended 31.03.2019	Year ended 31.03.2018
Dividend on:		
- Investments held at the end of the year	22.53	39.77
- Investments derecognized during the year	0.24	-
Total	**22.77**	**39.77**

26. Fees and Commission Income

(₹ in Crores)

Particulars	Year ended 31.03.2019	Year ended 31.03.2018
Fees based Income	2.78	5.19
Prepayment Premium	139.29	106.41
Fee for Implementation of Govt. Schemes	83.02	187.79
Total - Fees and Commission Income	**225.09**	**299.39**

27. Other Income

(₹ in Crores)

Particulars	Year ended 31.03.2019	Year ended 31.03.2018
- Provision Written Back	10.37	-
- Fees from Training Courses	8.69	6.85
- Miscellaneous Income	12.38	5.88
Total (A+B)	**31.44**	**12.73**

28. Finance Costs

Finance Costs have been incurred on financial liabilities measured at amortised cost.

(₹ in Crores)

	Particulars	Year ended 31.03.2019	Year ended 31.03.2018
(i)	**Interest on Debt Securities**		
	- Domestic Debt Securities	12,971.21	11,901.20
	- Foreign Currency Debt Securities	441.83	124.01
	- Commercial Paper	402.84	135.60
	Sub-Total (i)	**13,815.88**	**12,160.81**
(ii)	**Interest on Borrowings**		
	- Loans from Govt. of India	121.84	-
	- Loans from Banks/ Financial Institutions	594.29	87.33
	- External Commercial Borrowings	914.19	888.11
	Sub-Total (ii)	**1,630.32**	**975.44**
(iii)	**Interest on Subordinated Liabilities**		
	- Subordinate Bonds	203.25	201.65
	Sub-Total (iii)	**203.25**	**201.65**
(iv)	**Other Interest Expense**		
	- Interest on Advance Income Tax	3.46	5.53
	Sub-Total (iv)	**3.46**	**5.53**
	Total - Finance Costs	**15,652.91**	**13,343.43**
	Less: Finance Costs Capitalised	(11.37)	(6.32)
	Total - Finance Costs (Net)	**15,641.54**	**13,337.11**

29. Net translation/ transaction exchange loss/ (gain)

(₹ in Crores)

Particulars	Year ended 31.03.2019	Year ended 31.03.2018
Net translation/ transaction exchange loss/ (gain)	521.19	19.37
Total	**521.19**	**19.37**

The figures above include amortisation of net translation/ transaction exchange loss/ (gain) on Long Term Foreign Currency Monetary Items recognised in the financial statements before 1st April 2018 amounting to ₹ 726.35 crores (Previous year ₹ 21.67 crores).

29.1 The foreign currency monetary items are translated at FBIL (Financial Benchmark India Private Ltd) reference rates prevailing at the end of each reporting period or where the FBIL reference rate is not available for any currency, the closing rate for the same date quoted on Bloomberg. The respective rates as on the reporting date are as below:

Exchange Rates	USD/INR	JPY/INR	Euro/INR
As at 31st March 2019	69.1713	0.6252	77.7024
As at 31st March 2018	*65.0441*	*0.6154*	*80.6222*
As at 1st April 2017	*64.8386*	*0.5796*	*69.2476*

** Prior to introduction of FBIL reference rates, RBI reference rates were being used by the Company. RBI has handed over the responsibility of computing and disseminating reference rate for USD/INR and exchange rate of other major currencies to FBIL with effect from July 10, 2018.*

30. Fees and commission expense

(₹ in Crores)

	Particulars	Year ended 31.03.2019	Year ended 31.03.2018
(i)	Guarantee Fee	11.06	13.81
(ii)	Listing and Trusteeship Fee	1.67	1.54
(iii)	Agency Fees	0.78	1.65
(iv)	Credit Rating Expenses	2.85	5.95
(v)	Other Finance Charges	18.02	1.63
	Total (i to iv)	**34.38**	**24.58**

31. **Net Gain/ (loss) on Fair Value Changes**

(₹ in Crores)

	Particulars	Year ended 31.03.2019	Year ended 31.03.2018
(A)	**Net gain/ (loss) on financial instruments at Fair Value through profit or loss**		
(i)	**On trading Portfolio**	**-**	**-**
(ii)	**On financial instruments designated at fair value through profit or loss**		
	- Changes in fair value of Derivatives	(351.52)	(586.76)
	- Changes in fair value of Short-term investment of surplus funds in Mutual Funds	3.00	13.39
	Sub-total (ii)	**(348.52)**	**(573.37)**
	Total (A)	**(348.52)**	**(573.37)**
	Breakup of Fair Value Changes		
	- Realised	(619.05)	(817.51)
	- Unrealised	270.53	244.14
	Total Net Gain/ (loss) on Fair Value Changes	**(348.52)**	**(573.37)**

**Fair value changes in this schedule are other than those arising on account of accrued interest income/ expense.*

32. **Impairment on financial instruments**

(₹ in Crores)

	Particulars	Year ended 31.03.2019		Year ended 31.03.2018	
		On financial instruments measured at FVOCI	On financial instruments measured at Amortised Cost	On financial instruments measured at FVOCI	On financial instruments measured at Amortised Cost
(i)	- Loans	-	222.32	-	2,290.43
(ii)	- Others	-	18.01	-	6.69
	Total (i+ii+iii)	**-**	**240.33**	**-**	**2,297.12**

33. **Employee Benefits Expense**

(₹ in Crores)

Particulars	Year ended 31.03.2019	Year ended 31.03.2018
- Salaries and Allowances	111.39	128.65
- Contribution to Provident Fund and Other Funds	14.65	13.96
- Gratuity	2.89	1.63
- Expenses towards Post Retirement Medical Facility	8.81	9.24
- Rent towards Residential Accomodation for Employees	0.69	1.64
- Staff Welfare Expenses	19.10	17.30
Total	**157.53**	**172.42**

33.1 Rent for Residential Accommodation of Employees is on account of rent (net of recoveries) on lease arrangements for premises which are taken for residential use of employees, which are usually renewable on mutually agreed terms and are cancellable.

33.2 **Pay Revision of Employees of the Company**

The pay revision of the employees of the Company had become due w.e.f. 1st January 2017. The Company has implemented the revision in pay scales of Board and below Board Level Executives during the financial year 2018-19 in line with the recommendations of 3rd Pay Revision Committee constituted by the Department of Public Enterprises (DPE), Govt. of India. Further, the pay revision of non-executive employees has also been approved by the Board of Directors in March 2019 and the arrears in this respect will be paid out during the financial year 2019-20.

34. **Depreciation and amortization**

(₹ in Crores)

Particulars	Year ended 31.03.2019	Year ended 31.03.2018
- Depreciation on Property, Plant & Equipment	5.66	5.02
- Amortization on Intangible Assets	1.51	0.63
Total	**7.17**	**5.65**

35. **Corporate Social Responsibility Expenses**

(₹ in Crores)

Particulars	Year ended 31.03.2019	Year ended 31.03.2018
- Direct Expenditure	98.83	46.67
- Overheads	4.56	2.78
Total	**103.39**	**49.45**

35.1 Disclosure in respect of CSR Expenses:

(a) Details of Gross Amount required to be spent by the Company during the year:

(₹ in Crores)

Particulars	Year ended 31.03.2019	Year ended 31.03.2018
Amount required to be spent on CSR activities as per Section 135 (5) of Companies Act, 2013	**157.29**	**161.95**
Carry forward from previous year	189.27	76.77
Gross amount required to be spent	**346.56**	**238.72**
Amount spent during the year	103.39	49.45
Unspent Amount	**243.17**	**189.27**

(b) Amount spent during the year (₹ in Crores) :

	Particulars	Year ended 31.03.2019			Year ended 31.03.2018		
		In Cash	Yet to be paid	Total	In Cash	Yet to be paid	Total
(i)	**Construction/ acquisition of any asset**	-	-	-	-	-	-
(ii)	**On purpose other than (i) above**						
	Sanitation / Waste Management / Drinking water			-			-
	Education/ Vocational/ Skill Development			-			-
	Environmental Sustainability (Solar Applications/	98.83		98.83	45.86	0.81	46.67
	Afforestation/ Energy efficient LED lighting)			-			-
	Administrative overheads including training, impact assessment etc.	4.56	-	4.56	2.78	-	2.78
	Total (ii)	**103.39**	**-**	**103.39**	**48.64**	**0.81**	**49.45**

36. Other Expenses

(₹ in Crores)

Particulars	Year ended 31.03.2019	Year ended 31.03.2018
- Travelling and Conveyance	14.99	12.59
- Publicity & Promotion Expenses	81.72	8.56
- Repairs and Maintenance	6.91	8.96
- Rent, taxes and energy costs	13.91	10.67
- Insurance Charges	0.05	0.16
- Communication costs	2.51	2.44
- Printing & stationery	3.72	3.26
- Director's sitting fees	0.24	0.18
- Auditors' fees and expenses	1.58	1.24
- Legal & Professional Charges	11.47	6.75
- Donations & Charity	2.00	-
- Net Loss on Disposal of Property, Plant & Equipment	0.86	0.56
- Monitoring Expenses	19.29	28.25
- Miscellaneous Expenses	27.36	20.51
Total	**186.61**	**104.13**

36.1 Disclosure in respect of Auditors' fees and expenses

(₹ in Crores)

Particulars	Year ended 31.03.2019	Year ended 31.03.2018
Fees paid to statutory auditors :		
- as auditor	0.44	0.40
- for taxation matters *	0.28	0.11
- for company law matters (includes limited review fees)	0.45	0.26
- for other services		
(i) Certification of MTN Offer Document/ Comfort Letter	0.20	0.30
(ii) Other Certifications	0.08	0.05
- for reimbursement of expenses	0.03	0.02
Sub-total	**1.48**	**1.14**
Non-recoverable tax credit in respect of fees paid to auditors	0.10	0.10
Total - Auditor's fees and expenses	**1.58**	**1.24**

** includes ₹ 0.09 crores (Previous year ₹ 0.02 crores) of Tax Audit fees pertaining to earlier years.*

37. Tax Expense

(₹ in Crores)

Particulars	Year ended 31.03.2019	Year ended 31.03.2018
- Current tax expense	1,805.65	2,170.40
- Current tax expense/ (benefit) pertaining to earlier years	(14.01)	10.19
Sub-total - Current Tax	**1,791.64**	**2,180.59**
- Deferred tax expense/ (credit)	545.14	(716.33)
Total	**2,336.78**	**1,464.26**

37.1 Reconciliation of Effective Tax Rate

The reconciliation of estimated income tax expense at statutory income tax rate to income tax expense reported in statement of profit and loss is as follows:

(₹ in Crores)

Particulars	Year ended 31.03.2019	Year ended 31.03.2018
Profit before Tax	**8,100.50**	**5,884.15**
Statutory income tax rate	**34.944%**	**34.608%**
Expected income tax expense	**2,830.64**	**2,036.39**
Tax effect of income tax adjustments:		
Benefit of deduction u/s 36(1)(viii) of Income Tax Act 1961	(462.51)	(542.45)
Non-allowability of CSR expenses	19.08	10.15
Other non-deductible tax expenses	0.43	2.14
Interest on Advance Income tax disallowed	1.20	1.91
Exempt income	(38.05)	(20.79)
Income Tax Earlier Years	(14.01)	10.19
Impact of different tax rates	-	(33.28)
Tax expense	**2,336.78**	**1,464.26**

37.2 Applicable tax rate has increased from 34.608% to 34.944% in the current financial year due to increase in Education Cess rate from 3% to 4%.

38. Earnings per Share

Particulars	Year ended 31.03.2019	Year ended 31.03.2018
Numerator		
Profit for the period from continuing operations as per Statement of Profit and Loss (₹ in Crores)	5,763.72	4,419.89
Profit for the period from continuing and discontinued operations as per Statement of Profit and Loss (₹ in Crores)	5,763.72	4,419.89
Denominator		
Weighted average Number of equity shares	1,97,49,18,000	1,97,49,18,000
Basic & Diluted Earnings per Share (in ₹ for an equity share of ₹ 10 each) (for continuing operations)	29.18	22.38
Basic & Diluted Earnings per Share (in ₹ for an equity share of ₹ 10 each) (for continuing and discontinued operations)	29.18	22.38

39. Contingent Liabilities and Commitments :

39.1 Contingent Liabilities not provided for in respect of:

(₹ in Crores)

	Particulars	As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
(A)	**Claims against the Company not acknowledged as debts**	0.08	0.08	2.37
(B)	**Taxation Demands**			
	- Demands raised by the Income Tax Department	86.01	57.16	42.77
	- Demands against appeals filed by the Income Tax Department against the relief allowed to the Company	30.42	37.07	40.18
	- Demands raised in respect of Service Tax	0.36	0.36	0.36
(C)	**Others**			
	- Letters of Comfort	-	13.51	173.36

The amount referred to in 'A' above are in respect of cases pending in various courts including arbitration cases and is dependent upon the outcome of settlement of court/arbitration cases.

The amount referred to in 'B' above are against various demands raised by the Income Tax Department/ Service Tax Department including the cases pending in Delhi High Court/ Supreme Court. The company is contesting these tax demands and the management believes that its position will likely be upheld in the appellate process. Further, the ultimate outcome of these proceedings will not have a material adverse effect on the Company's financial position and results of operations.

39.2 Commitments not provided for in respect of:

(₹ in Crores)

Particulars	As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
- Contracts remaining to be executed on capital account			
- Towards Property, Plant & Equipment	362.23	403.75	272.33
- Towards Intangible Assets	2.82	1.93	2.60
- Other Commitments			
- CSR Commitments	299.16	260.12	143.98

40. Details of Registration/ License/ authorisation obtained from financial sector regulators:

	Particulars	Regulator Name	Registration Details
(i)	Corporate Identification Number	Ministry of Corporate Affairs	L40101DL1969GOI005095
(ii)	Registration Number	Reserve Bank of India	14.000011
(iii)	Legal Entity Identifier (LEI) Code	Global Legal Entity Identifier Foundation (GLEIF)	335800B4YRYWAMIJZ374

41. Implementation of Govt. Schemes

41.1 Pradhan Mantri Sahaj Bijli Har Ghar Yojana (SAUBHAGYA)

Government of India has launched a scheme "Pradhan Mantri Sahaj Bijli Har Ghar Yojana" - Saubhagya to achieve universal household electrification in the country. The scheme envisages to provide last mile connectivity and electricity connections to all remaining un-electrified households in rural areas and poor households in urban areas by 31st March, 2019. The capital outlay of Saubhagya Scheme is Rs 16,320 Crore including Gross Budgetary Support of Rs 12,320 Crore during the entire implementation period. Ministry of Power designated REC as the Nodal agency for operationalization of Saubhagya Scheme.

With the active support and cooperation of States/Power Utilities and other stakeholders, cumulatively 2.62 Crore Households Were electrified since launch of Saubhagya scheme upto 31st March, 2019. During FY 2018-19, 2.22 Crore households were electrified. Accordingly, All States (except Chhattisgarh with 18,734 un-electrified Households) have declared achievement of saturation of household electrification.

41.2 Deen Dayal Upadhyaya Gram Jyoti Yojana (DDUGJY)

Deendayal Upadhyaya Gram Jyoti Yojana (DDUGJY) is the flagship scheme of Government of India covering all aspects of rural power distribution. Under the scheme 60% of the project cost (85% for special States) is provided as grant by Government of India and additional grant upto 15% (5% for special States) on achievement of prescribed milestones. DDUGJY facilitates towards achievement of '24x7 Power for All' in the country through the following project components:

(i) Separation of agriculture and non-agriculture feeders facilitating adequate power supply to agriculture & continuous power supply to non-agricultural consumers in the rural areas;

(ii) Strengthening and augmentation of sub-transmission & distribution infrastructure in rural areas, including metering of distribution transformers/ feeders/ consumers;

(iii) Micro-grid and Off-grid distribution network;

(iv) Rural Electrification component under the RGGVY 12th and 13th plans, subsumed to DDUGJY.

The components at (i) and (ii) of the above scheme will have an estimated outlay of Rs. 43,033 Crore including budgetary support of Rs. 33,453 Crore from Government of India during the entire implementation period. The scheme of RGGVY as approved by CCEA for continuation in 12th and 13th plan have been subsumed in this scheme as a separate Rural Electrification (RE) component. During FY 2018-19, grant of Rs. 20,593 Crore has been received from Ministry of Power for utilization of implementing Government programmes (DDUGJY & Saubhagya) by the State Power Utilities/ Discoms across the Country.

41.3 National Electricity Fund (NEF)

The National Electricity Fund (NEF), an interest subsidy scheme, has become operational since FY 2012-13. The scheme has been introduced by the Government of India to promote capital investment in the distribution sector. The scheme provides interest subsidy linked with reform measures, on the loans taken by public and private distribution power utilities for various capital works in the Distribution sector. NEF would provide interest subsidy aggregating up to ₹ 8,466 Crore (including interest subsidy to the borrowers, Service Charges to the Nodal Agency, payments to Independent Evaluators and other incidental expenses) spread over 14 years for loan disbursement against projects approved during 2012-13 and 2013-14. REC has been nominated as the Nodal Agency for operationalization of NEF scheme across the country.

42. Capital management

The Company manages its capital to ensure that it will continue as going concern while maximizing the return to stakeholders. The capital structure of the Company consists of the equity and the long-term borrowings made by the Company.

Management assesses the Company's capital requirements in order to maintain an efficient overall financing structure while avoiding excessive leverage. The Company manages the capital structure and raises funds through the suitable instruments, in light of the dynamic business environment and liquidity position within the sector. Further, with regard to capital restructuring, the Company is also guided, inter alia, by guidelines on "Capital Restructuring of Central Public Sector Enterprises" issued by Department of Investment and Public Asset Management (DIPAM), Ministry of Finance, Department of Public Enterprises in respect of issue of bonus shares, dividend distribution, buy back of equity shares etc. The Company has complied with all externally imposed capital requirements.

The debt-equity ratio of the Company is as below:

(₹ in Crores)

Particulars	As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
Total debt	2,39,286.45	1,98,791.59	1,67,517.52
Net Worth	34,302.94	32,303.15	30,551.76
Debt-equity ratio	**6.98**	**6.15**	**5.48**

Total debt represents principal outstanding.

Dividend Distribution Policy

BoD monitors the dividend pay-out to the shareholders of the Company. Dividend distribution policy of the Company focuses on various factors including but not limited to the present & future capital requirements, profits earned during the financial year, Capital to Risk-weighted Assets Ratio (CRAR), cost of raising funds from alternate sources, cash flow position and applicable taxes including tax on dividend, subject to the guidelines as applicable from time to time, cash flow position and net worth of the Company, subject to the guidelines as applicable from time to time.

As per the extant guidelines issued by DIPAM, Govt. of India, Company is required to pay a minimum annual dividend of 30% of PAT or 5% of the net-worth, whichever is higher. Though the Company endeavors to declare the dividend as per these guidelines, the Company may propose lower dividend after analysis of various financial parameters, cash flow position and funds required for future growth.

The Company has also adopted various policies for the management of the Company which inter-alia include Comprehensive Risk Management Policy, Whistle Blower Policy, Code for Prevention of Insider Trading in REC Equity Shares/Securities, Policy for prevention of Fraud, The Code of Business Conduct and Ethics for Board Members and Senior Management, Fair Practices Code, etc.

43. Capital to Risk-weighted Assets Ratio

The Company is complying with the Capital Adequacy requirements as prescribed by the Reserve Bank of India. Being an NBFC and Infrastructure Finance Company (NBFC-IFC), REC is required to maintain a Capital to Risk Weighted Assets Ratio (CRAR) of 15% (with a minimum Tier I Capital of 10%).

	Particulars	As at 31.03.19	As at 31.03.18	As at 01.04.17
(i)	CRAR (%)	17.77%	17.00%	18.97%
(ii)	CRAR - Tier I Capital (%)	14.44%	14.40%	16.16%
(iii)	CRAR - Tier II Capital (%)	3.33%	2.60%	2.81%

Details of Tier II capital and perpetual debt instruments raised during the financial year are as under:

(₹ in Crores)

Particulars	FY 2018-19	FY 2017-18
Amount of subordinated debt raised as Tier-II capital	2,151.20	-
Amount raised by issue of Perpetual Debt Instruments	-	-

44. Financial Risk Management

The Company's board of directors has overall responsibility for the establishment and oversight of the Company risk management framework. The Company has formulated a comprehensive Risk Management Policy, which covers, inter-alia, Credit Risk, Operational Risk and Market Risk of the organization. The Company's risk management policies are guided by well-defined policies appropriate for various risk categories, independent risk oversight and periodic monitoring. A Risk Management Committee (RMC) has also been constituted under the chairmanship of an Independent Director, whose main function is to identify and monitor various risks of the organization and to suggest actions for mitigation of the same.

This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the related impact in the financial statements.

Risk	Exposure arising from	Measurement	Management
Credit risk	Cash and cash equivalents, loans, financial assets measured at amortised cost, investment in debt securities	Ageing analysis	Bank deposits, liquid funds, diversification of asset base, credit limits and collateral.
Liquidity risk	Borrowings, debt securities, subordinated liabilities, and other financial liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities
Market risk - Currency risk	Recognised financial assets and liabilities not denominated in Indian Rupee (INR)	Cash flow forecasting	Derivative contracts/ hedging, if required
Market risk - interest rate risk	Borrowings, debt securities and subordinated liabilities at variable interest rates	Sensitivity analysis	Derivative contracts
Market risk - equity price risk	Investments in quoted equity securities	Sensitivity analysis	Diversification of portfolio, with focus on strategic investments

In order to avoid excessive concentrations of risk, the Company's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

44.1 Credit Risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company's exposure to credit risk is influenced mainly by cash and cash equivalents, other bank balances, investments, loan assets, trade receivables and other financial assets. The Company continuously monitors defaults of customers and other counterparties and incorporates this information into its credit risk controls.

44.1.1 Financial assets that expose the entity to credit risk

(₹ in Crores)

	Particulars	As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
(i)	**Low credit risk on financial reporting date**			
	Cash and cash equivalents	342.94	212.00	4,465.95
	Bank balances other than above	1,253.31	1,570.07	28.44
	Loans *	2,56,448.62	2,07,067.88	1,84,379.61
	Investments **	1,604.03	1,959.57	2,053.89
	Other financial assets	18,369.17	4,237.16	59.75
(ii)	**Moderate credit risk**			
	Loans *	4,412.62	15,266.53	12,850
(iii)	**High credit risk**			
	Loans *	20,348.44	17,128.42	4,872.69

* Represents the principal outstanding (along with undisbursed amount towards Letters of Comfort) without deduction for expected credit losses

** This does not include investments in quoted equity instruments and venture capital funds as they are carried at FVOCI and investments in subsidiares and joint ventures as they are carried at cost in line with the exemption given under Ind AS 27.

Cash and cash equivalents and bank deposits

Credit risk related to cash and cash equivalents and bank deposits is managed by parking funds in investment grade rated instruments and highly rated banks and also diversifying the deposit base by investing in different instruments/ banks across the country.

Loans

Credit risk related to borrowers are mitigated through adequate security arrangements for the loans by way of hypothecation of future project loan assets, receivables, inventories or any other assets, Govt. Guarantees, Corporate guarantees etc. and additionally Collaterals wherever required. The Company closely monitors the credit-worthiness of the promoters through well-defined entity appraisal guidelines that are configured from systematic institutional and project appraisal process analysis to assess the credit risk and define credit limits of borrower, thereby, limiting the credit risk to pre-calculated amounts. These processes include a detailed appraisal methodology, identification of risks and suitable structuring and credit risk mitigation measures in form of pre-disbursement conditions.

Other financial assets measured at amortized cost

Other financial assets measured at amortized cost includes loans and advances to employees and subsidiaries, security deposits and other amounts recoverable, including from Govt. of India. Credit risk related to these other financial assets is managed by monitoring the recoverability of such amounts continuously.

44.1.2 Expected Credit Losses (ECL) for financial assets other than loans

Company provides for expected credit losses on financial assets other than loans by assessing individual financial instruments for expectation of any credit losses:

- For cash and cash equivalents and other bank balances - Since the Company deals with only high-rated banks and financial institutions for banking operations and the liquid funds category in the debt funds with consistent track record for short term investment of surplus funds, credit risk in respect of cash and cash equivalents, other bank balances and bank deposits is evaluated as very low.

- **For investments -** Considering that the investments are in debt securities of the State Govt./ minimum investment grade rated Government Companies and Public Sector Banks, credit risk is considered low.

- For other financial assets - Credit risk is evaluated based on Company's knowledge of the credit worthiness of those parties and loss allowance is measured for 12 month expected credit losses upon initial recognition and provide for lifetime expected credit losses upon significant increase in credit risk.

Details of expected credit loss for financial assets other than loans is disclosed as follows:

(₹ in Crores)

Particulars	Gross Carrying Amount	ECL	Net Carrying amount
As at 31st March 2019			
Cash and cash equivalents	342.94	-	342.94
Bank balances other than above	1,253.31	-	1,253.31
Investments	1,604.03	-	1,604.03
Other financial assets *	18,369.17	26.69	18,342.48
As at 31st March 2018			
Cash and cash equivalents	212.00	-	212.00
Bank balances other than above	1,570.07	-	1,570.07
Investments	1,959.57	-	1,959.57
Other financial assets *	4,237.16	12.27	4,224.89
As at 1st April 2017			
Cash and cash equivalents	4,465.95	-	4,465.95
Bank balances other than above	28.44	-	28.44
Investments	2,053.89	-	2,053.89
Other financial assets *	59.75	5.59	54.16

** The impairment allowance has been provided in full on 'Other financial assets' considered as credit-impaired.*

44.1.3 Expected Credit Loss for loans

For risk management reporting purposes, the Company considers and consolidates following elements of credit risk:

(i) **Credit default risk:** The risk of loss arising from a debtor being unlikely to pay its loan obligations in full or the debtor is more than 90 days past due on any material credit obligation; default risk may impact all credit-sensitive transactions, including loans and securities.

(ii) **Concentration risk:** The risk associated with any single exposure or group of exposures with the potential to produce large enough losses to threaten Company's core operations.

Credit Risk Management

Credit risk is the single largest risk of the Company's business, and therefore the Company has developed several processes and controls to manage it. The credit risk are managed at different levels including at appraisal, disbursements and post disbursement monitoring. To mitigate this risk, the company follows systematic institutional and project appraisal process to assess the credit risk. These processes include a detailed appraisal methodology, identification of risks and suitable structuring and credit risk mitigation measures. Further, on regular basis the projects risk are reviewed and categorised as High/Moderate/Low on the basis of different risk parameters and exposure of the project as per Project Risk Categorization Frameworks. The process for Credit Risk Management are as under :

(i) The Company has "Integrated Rating Guidelines" and "Comprehensive Risk Management Policy" covering credit assessment, risk grading, collateral requirements, reporting, monitoring of end utilisation of funds etc.. Further, independent Lender legal counsels are appointed to ensure effective documentation and mitigation of legal risk.

(ii) For all existing private sector projects, where the Company is Lead Financial Institution, the Company engages lender's engineers, financial advisors and insurance advisors, which are independent agencies who act on behalf of various lenders and consortium members. The Lenders' Engineers conducts periodic site visits and submits reports on progress status of the project, after discussion with borrower and inspection/ review of relevant documents. Lender's financial advisors submit the statements of fund flow and utilization of funds in the project periodically. In cases where the Company is not the lead FI, the tasks related to LE and LFA services are being coordinated with the lead lender.

A separate Project Management Agency (PMA) is being appointed for each of new project being financed by REC , which shall be stationed at project site to closely monitor various project execution activities including review of invoices, fund utilization and insurance for the project. PMA shall verify the bills of original equipment manufacturer/supplier, composite works contractor and give its recommendation for disbursement.

(iii) The Company has an authorisation structure for the approval and renewal of credit facilities. Authorisation limits have been established commensurating with the size of business proposal at CMD/Executive Committee/Loan Committee/Board of Directors based on the recommendation of Screening Committee, as appropriate.

(iv) The Company has developed risk grading structure to categorise its exposures according to the degree of risk of default by charging appropriate interest rates and security package.

(v) Regular reports on the credit quality of loan portfolios are provided to Risk Management Committee and Board, which may require appropriate corrective action to be taken.

(vi) External agencies are appointed from time to time to review the guidelines, policy and existing practices being followed by business units along with providing the specialist skills to promote best practice throughout the Company for management of credit risk.

(vii) Individual and Group Credit Exposures are assessed against designated limits, before facilities are committed to borrowers by the business unit concerned. Sanction of additional facilities are also subject to the same review process.

(viii) The Company continuously monitors delays and/ or default of borrowers & other counterparties and their recoverability. On occurrence of default in the borrower's account, the Company initiates necessary steps to cure the default which may involve action(s) including, but not limited to, Special Mention Account (SMA) reporting to RBI, credit information reporting to Central Repository of Information on Large Credits (CRILC), etc. regularization of the account by recovering all over dues, invocation of guarantees/ securities to recover the dues, conversion of loan into equity as per loan agreement, restructuring of loan account, formulating resolution plan with the borrower, change in ownership, Corporate Insolvency Resolution Process (CIRP), sale of the exposures to other entities/ investors and other recovery mechanisms.

(B) Credit risk Measurement

REC has appointed an independent agency, IRR Advisory Services Pvt. Ltd. for developing the methodology, evaluation and calculation of ECL as per Ind AS 109. A comprehensive model for measurement of Credit risk has been developed based on key financial and operational parameters to assess improvement/ deterioration in credit quality. The credit risk model also provides a rating and the expected loss in case of default. The Company has considered following parameters in the model:

Quantitative factors

Debt/ EBITDA (20% weightage)
Return on Capital Employed (30% weightage)
Interest Coverage (20% weightage)
Cash Interest Coverage (30% weightage)

Qualitative Factors

(i) Quarter wise Operational Parameters like PPA, PLF, ACS – ARR Gap, and LAF
(ii) Actual Default dates, loan restructuring details
(iii) Cost run over and time delay in commissioning of the project for under construction projects
(iv) Parent support
(v) Turnover caps
(vi) Conduct of account

(C) Measurement of Expected Credit Loss (ECL)

Ind AS 109 outlines a "three stage" model for impairment based on changes in credit quality since initial recognition as summarised below:

- A financial instrument that is not credit impaired on initial recognition and whose credit risk has not increased significantly since initial recognition is classified as "Stage 1".
- If a significant increase in credit risk since initial recognition is identified, the financial instrument is moved to "Stage 2" but is not yet deemed to be credit impaired.
- If a financial instrument is credit impaired, it is moved to "Stage 3".
- Financial instrument in Stage 1 have their ECL measured at an amount equal to expected credit loss that results from default events possible within the next 12 months. Instruments in Stage 2 or Stage 3 criteria have their ECL measured on lifetime basis.

(D) Significant Increase in Credit Risk (SICR)

The Company considers a financial instrument to have experienced a significant increase in credit risk when one or more of the following quantitative or qualitative criteria are met.

Quantitative criteria

The company has assumed that a 2 notch downgrade in credit rating since inception to be considered as significant increase in credit risk.

Qualitative criteria

In case of significant delay in commissioning in under construction projects, it is assumed that there is significant increase in risk and loan is moved to stage 2.

Backstop

A backstop is applied by the Company on any financial instrument if the payment is greater than or equal to Rs. 1 crore and the borrower is more than 30 days past due on its contractual payments. However, based on historical data, it has been noticed that such overdue amounts for more than 30 days do not signify significant increase in credit risk for state utilities. Therefore, the Company has applied this criteria only for private entities.

(E) Low credit risk exemption

Ind-AS provides an optional simplification to assume that the credit risk on a financial asset has not increased significantly since initial recognition (and thus remain in stage 1) if the financial asset is considered to have a low credit risk at the reporting date.

Credit risk is considered to be 'low' when the financial instrument has a low risk of default, the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfill its contractual cash flow obligations.

The Company considers loan assets having External credit rating between AAA to A, to have low credit risk. Further, the Company has taken low credit risk exemption for all state utilities as the Company considers that loans to state sector have a low credit risk in comparison to lending to private sector mainly due to low default/ loss history in state sector and availability of government guarantee in certain loans. Further, presence of Government interest in these projects lowers the risk of non-recoverability of dues.

(F) Definition of default and credit-impaired assets

The Company defines a financial instrument as in default, which is fully aligned with the definition of credit-impaired, when the loan account is more than 90 days past due on its contractual payments.

(G) Measuring ECL - explanation of inputs, assumptions and estimation techniques

Expected credit losses are the product of the probability of default (PD), exposure at default (EAD) and loss given default (LGD), defined as follows:

- PD represents the likelihood of the borrower defaulting on its obligation either over next 12 months or over the remaining lifetime of the instrument.
- EAD is based on the amounts that the Company expects to be owed at the time of default over the next 12 months or remaining lifetime of the instrument.

- LGD represents the Company's expectation of loss given that a default occurs. LGD is expressed in percentage and remains unaffected from the fact that whether the financial instrument is a Stage 1 asset, or Stage 2 or even Stage 3. However, it varies by type of borrower, availability of collateral or other credit support.

Determination of Probability of Default (PD)

The Company has analysed the transition matrix of various rating agencies (CRISIL, Care and India Ratings) and has taken average of transition matrix of these rating agencies to arrive at the annual average transition matrix. This average annual transition matrix was extrapolated to arrive at the lifetime probability of default of various rating grades by loan tenure / maturity profile i.e. lifetime PD.

Loss Given Default (LGD) computation model

Based on the historical trend, research and industry benchmarking the Company has constructed a LGD model. Factors reviewed in the LGD model include Project cost per unit, current PLF, parent / state support, PPA status, FSA, fuel cost pass-through status, years of existing default etc. Based on internal research, for Thermal plants company has benchmarked project cost and PLF level to estimate viable scenario for operating profitably and recoverability is calculated accordingly. Similarly company assumes that although Renewable companies and Transmission companies face collection issues from distribution companies leading to longer working capital cycle but they are sustainable on long term basis. For State Utilities, the Company has factored in the state support and assumed that the State governments would step in to repay debt obligations of the state utilities as witnessed in the past during the Uday scheme, thus state credit rating and corresponding PD is considered to compute LGD.

Further, where REC and PFC (Group Companies) are in Consortium for Stage-III Loan accounts, LGD is taken on the following basis:

(a) In cases where either REC or PFC is lead lender, LGD % calculated by the lead lender is adopted

(b) In cases where neither REC nor PFC is lead lender, higher of the LGD% worked out by REC and PFC is adopted.

(H) Key assumptions used in measurement of ECL

(i) The Company considers the date of initial recognition as the base date from which significant increase in credit risk is determined.

(ii) Cost Overrun and time delay in commissioning is considered for computing credit rating for under construction projects.

(iii) Turnover Cap and Parent support is considered for assigning final ratings.

(iv) Since the Company has a right to cancel any sanctioned but undrawn limits to any of its borrowers, EAD is assumed to be outstanding balance as on the reporting date.

(I) Forward looking information incorporated in ECL models

The assessment of significant increase in risk and the calculation of ECL both incorporate forward-looking information. Further, the Credit Rating Models also consider the forward looking information in the determination of the credit rating to be assigned to the borrower, by taking into consideration various financial ratios and extension of the project completion. As such, the Base Case Scenario reflects the most appropriate basis for the computation of ECL for the Company. After analysis of the forward looking information and the economic situation, no upturn/downturn scenario seems to be applicable or requiring any consideration in inputs used for ECL computation.

(J) Credit Risk Exposure

Credit Risk Exposure in respect of the borrowers with different credit ratings is as under

As at 31st March 2019

(₹ in Crores)

External rating range	Stage 1	Stage 2	Stage 3	Total
AAA	-	-	-	-
AA	3,239.02	-	-	3,239.02
A	56,158.84	-	-	56,158.84
BBB	40,834.51	-	-	40,834.51
BB	57,967.67	519.32	-	58,486.99
B	47,683.74	1,030.31	-	48,714.05
C	46,119.65	2,862.99	-	48,982.64
D	-	-	20,348.44	20,348.44
Government Loan	4,445.19	-	-	4,445.19
Gross carrying amount	**2,56,448.62**	**4,412.62**	**20,348.44**	**2,81,209.68**
Loss allowance	525.26	1,273.72	9,698.95	11,497.93
Carrying amount	**2,55,923.36**	**3,138.90**	**10,649.49**	**2,69,711.75**

As at 31st March 2018

(₹ in Crores)

External rating range	Stage 1	Stage 2	Stage 3	Total
AAA	-	-	-	-
AA	3,198.11	-	-	3,198.11
A	51,693.57	-	-	51,693.57
BBB	17,974.14	-	-	17,974.14
BB	53,056.43	10,594.28	-	63,650.71
B	30,981.40	-	-	30,981.40
C	46,596.39	4,672.25	-	51,268.64
D	-	-	17,128.42	17,128.42
Government Loan	3,567.83	-	-	3,567.83
Gross carrying amount	**2,07,067.88**	**15,266.53**	**17,128.42**	**2,39,462.83**
Loss allowance	1,090.78	1,694.30	8,490.53	11,275.61
Carrying amount	**2,05,977.10**	**13,572.23**	**8,637.89**	**2,28,187.22**

As at 1st April 2017

(₹ in Crores)

External rating range	Stage 1	Stage 2	Stage 3	Total
AAA	-	-	-	-
AA	3,371.83	-	-	3,371.83
A	32,324.46	-	-	32,324.46
BBB	21,635.16	-	-	21,635.16
BB	51,057.87	-	-	51,057.87
B	34,743.10	-	-	34,743.10
C	37,949.19	12,849.73	-	50,798.92
D	-	-	4,872.69	4,872.69
Government Loan	3,298.00	-	-	3,298.00
Gross carrying amount	**1,84,379.61**	**12,849.73**	**4,872.69**	**2,02,102.03**
Loss allowance	1,324.86	5,011.36	2,648.95	8,985.17
Carrying amount	**1,83,054.75**	**7,838.37**	**2,223.74**	**1,93,116.86**

(K) Collateral and other credit enhancements

The Company employs a range of policies and practices to mitigate credit risk. The most common of these is accepting collateral for funds disbursed. The Company has internal policies on the acceptability of specific classes of collateral or credit risk mitigation. The principal collateral types for loans and advances are:

- Mortgage of Immovable properties
- Hypothecation of Moveable property
- Assignment of project contract documents
- Pledge of instruments through which promoters' contribution is infused in the project
- Pledge of Promoter Shareholding
- Corporate and personal Guarantee of Promoters

(L) Loss allowance

The loss allowance recognized in the period is impacted by a variety of factors, as described below:

- Transfers between Stage 1 and Stages 2 or 3 due to financial instruments experiencing significant increases (or decreases) of credit risk or becoming credit-impaired in the period, and the consequent “step up” (or “step down”) between 12-month and Lifetime ECL
- Additional allowances for new financial instruments recognised during the period, as well as releases for financial instruments de-recognised in the period
- Impact on the measurement of ECL due to changes in PDs, EADs and LGDs in the period, arising from regular refreshing of inputs to models
- Financial assets derecognised during the period and write-offs of allowances related to assets that were written off during the period

The following tables explain the changes in the loan assets (including undisbursed Letters of Comfort) and the corresponding ECL allowance between the beginning and the end of the reporting period:

(₹ in Crores)

FY 2018-19	Stage 1		Stage 2		Stage 3		Total	
	Gross Amount	12 months ECL	Gross Amount	Lifetime ECL	Gross Amount	Lifetime ECL	Gross Amount	ECL
Opening Balance	**2,07,067.88**	**1,090.78**	**15,266.52**	**1,694.30**	**17,128.43**	**8,490.53**	**2,39,462.83**	**11,275.61**
Transfer to 12 months ECL	10,594.28	21.95	(10,594.28)	(21.95)	-	-	-	-
Transfer to life time ECL not credit impaired	(549.56)	(4.38)	1,775.34	372.11	(1,225.78)	(367.73)	-	-
Transfer to Lifetime ECL credit impaired	(2,763.00)	(625.75)	(1,865.40)	(527.07)	4,628.40	1,152.82	-	-
Additional provision due to changes in PD/ LGD	-	(16.82)	-	(266.20)	-	423.75	-	140.73
New Financial assets originated or purchased (including further disbursements in existing assets)	56,669.38	78.30	63.82	22.54	-	-	56,733.20	100.84
Financial Assets that have been derecognised (including recoveries in existing assets)	(14,570.35)	(18.83)	(233.39)	-	(182.61)	(0.42)	(14,986.35)	(19.25)
Closing Balance	**2,56,448.63**	**525.25**	**4,412.61**	**1,273.73**	**20,348.44**	**9,698.95**	**2,81,209.68**	**11,497.93**

(₹ in Crores)

FY 2017-18	Stage 1		Stage 2		Stage 3		Total	
	Gross Amount	12 months ECL	Gross Amount	Lifetime ECL	Gross Amount	Lifetime ECL	Gross Amount	ECL
Opening Balance	**1,84,379.60**	**1,324.86**	**12,849.73**	**5,011.36**	**4,872.69**	**2,648.95**	**2,02,102.02**	**8,985.17**
Transfer to 12 months ECL	217.78	43.56	-	-	(217.78)	(43.56)	-	-
Transfer to life time ECL not credit impaired	(11,127.58)	(70.64)	11,127.58	70.64	-	-	-	-
Transfer to Lifetime ECL credit impaired	(3,473.14)	(446.62)	(8,504.68)	(3,455.79)	11,977.82	3,902.41	-	-
Additional provision due to changes in PD/ LGD	-	112.07	-	16.23	-	1,982.73	-	2,111.03
New Financial assets originated or purchased	43,799.44	150.11	289.57	52.15	593.02	-	44,682.03	202.26
Financial Assets that have been derecognised	(6,728.22)	(22.56)	(495.68)	(0.29)	(97.32)	-	(7,321.22)	(22.85)
Closing Balance	**2,07,067.88**	**1,090.78**	**15,266.52**	**1,694.30**	**17,128.43**	**8,490.53**	**2,39,462.83**	**11,275.61**

(M) Details of Stage wise Exposure and Impairment Loss Allowance:

(₹ in Crores)

Particulars	Stage I	Stage II	Stage III	Total
As on 1st April 2017				
Total Exposure	1,84,379.61	12,849.73	4,872.69	2,02,102.03
Impairment Allowance	1,324.86	5,011.36	2,648.95	8,985.17
ECL %	0.72%	39.00%	54.36%	4.45%
As on 31st March 2018				
Total Exposure	2,07,067.88	15,266.53	17,128.42	2,39,462.83
Impairment Allowance	1,090.78	1,694.30	8,490.53	11,275.61
ECL %	0.53%	11.10%	49.57%	4.71%
As on 31st March 2019				
Total Exposure	2,56,448.62	4,412.62	20,348.44	2,81,209.68
Impairment Allowance	525.26	1,273.72	9,698.95	11,497.93
ECL %	0.20%	28.87%	47.66%	4.09%

(N) Concentration of credit risk

The Company monitors concentration of credit risk (loan assets including undisbursed Letters of Comfort) by type of industry in which the borrower operates, further bifurcated into type of borrower, whether state or private.

(₹ in Crores)

Particulars	As at 31.03.2019		As at 31.03.2018		As at 01.04.2017	
	Gross Amount	ECL	Gross Amount	ECL	Gross Amount	ECL
Concentration by industry						
Generation	1,31,019.56	10,730.93	1,12,763.35	10,357.10	99,789.89	8,222.57
Renewables	4,463.99	74.13	3,276.99	63.17	2,119.13	53.64
Transcos	51,995.18	429.47	43,432.91	624.88	40,228.28	505.43
Discoms	89,285.76	262.07	76,421.75	229.39	56,666.73	202.27
Government Loans	4,445.19	1.33	3,567.83	1.07	3,298.00	1.26
Total	**2,81,209.68**	**11,497.93**	**2,39,462.83**	**11,275.61**	**2,02,102.03**	**8,985.17**
Concentration by ownership						
State	2,47,719.13	445.42	2,06,410.51	403.70	1,68,810.92	317.77
Private	33,490.55	11,052.51	33,052.32	10,871.90	33,291.10	8,667.40
Total	**2,81,209.68**	**11,497.93**	**2,39,462.83**	**11,275.61**	**2,02,102.03**	**8,985.17**

(O) Sector-wise Credit-impaired Assets - Percentage of Stage-III Assets to Total Advances in that sector

Particulars	As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
Power Sector	7.24%	7.15%	2.41%

(P) Movement of Credit-impaired Assets

(₹ in Crores)

	Particulars	FY 2018-19	FY 2017-18
(i)	**Gross Credit-impaired Assets to Gross Advances (%)**	7.24%	7.15%
(ii)	**Net Credit-impaired Assets to Net Advances (%)**	3.95%	3.79%
(iii)	**Movement of Credit-impaired Assets (Gross)**		
(a)	Opening balance	17,128.43	4,872.69
(b)	Additions during the year	4,628.40	12,570.84
(c)	Reductions during the year	(1408.39)	(315.10)
(d)	Closing balance	**20,348.44**	**17,128.43**
(iv)	**Movement of Credit-impaired Assets (Net)**		
(a)	Opening balance	8,637.90	2,223.74
(b)	Additions during the year	3,051.83	6,685.70
(c)	Reductions during the year	(1040.24)	(271.54)
(d)	Closing balance	**10,649.49**	**8,637.90**
(v)	**Movement of provisions for Credit-impaired Assets**		
(a)	Opening balance	8,490.53	2,648.95
(b)	Provisions made during the year	1,576.57	5,885.14
(c)	Write-off / write-back of excess provisions	(368.15)	(43.56)
(d)	Closing balance	**9,698.95**	**8,490.53**

(Q) Write off policy

The Company writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include ceasure of enforcement activity or where the Company's recovery method is foreclosing on collateral and the value of collateral is such that there is no reasonable expectation of recovery in full.

44.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due.

The Company manages its liquidity risk through a mix of strategies, including forward-looking resource mobilization based on projected disbursements and maturing obligations. The Company has put in place an effective Asset Liability Management System and has also constituted an Asset Liability Management Committee ("ALCO") which monitors the liquidity risk with the help of liquidity gap analysis.

The Company maintains adequate bank balances, short term investments that are readily convertible into cash and adequate borrowing and overdraft facilities by continuously monitoring the forecast and actual cash flows.

44.2.1 Maturity Pattern of Future Undiscounted Cash Flows

The cash flows towards items of financial liabilities (representing future undiscounted cash flows towards principal and interest) is as under:

(₹ in Crores)

As at 31st March 2019	Up to 30/31 days	Over 1 month & up to 2 Months	Over 2 months & up to 3 Months	Over 3 months & up to 6 Months	Over 6 months & up to 1 year	Over 1 year & up to 3 years	Over 3 years & up to 5 years	Over 5 years	Total
Non-Derivative Financial Liabilities :									
Rupee Borrowings									
Debt Securities									
- Principal	3,256.39	525.21	2,294.33	9,272.90	20,218.27	65,194.54	25,107.93	49,258.06	1,75,127.63
- Interest	484.75	912.75	1,840.88	2,754.00	6,879.70	19,633.29	11,001.43	13,288.00	56,794.80
Other Borrowings									
- Principal	-	350.00	500.00	850.00	200.01	4,257.52	13,405.02	5,187.59	24,750.14
- Interest	133.77	129.71	355.81	388.00	975.00	3,673.00	2,176.00	2,055.00	9,886.29
Subordinated Liabilities									
- Principal	-	-	-	-	-	-	2,500.00	2,151.20	4,651.20
- Interest	-	201.50	-	-	189.26	782.00	782.00	945.00	2,899.76
Foreign Currency Borrowings									
Debt Securities									
- Principal	-	-	-	-	-	2,766.85	4,841.99	5,187.85	12,796.69
- Interest	-	126.06	42.33	108.00	279.00	1,052.00	1,281.00	807.00	3,695.39
Other Borrowings									
- Principal	-	1,729.28	71.11	1,058.63	2,444.00	10,423.28	6,234.49	-	21,960.79
- Interest	43.40	54.77	42.07	229.00	290.00	734.00	278.00	-	1,671.24
Derivative Liabilities :									
Interest rate swaps	-	-	-	0.59	6.26	10.19	110.01	3.11	130.16
Currency swaps	-	-	-	-	-	0.40	-	-	0.40
Forward Contracts	10.27	-	-	-	-	-	-	-	10.27
Others -									
Seagull Option	-	-	-	0.37	18.20	-	-	-	18.57

(₹ in Crores)

As at 31st March 2018	Up to 30/31 days	Over 1 month & up to 2 Months	Over 2 months & up to 3 Months	Over 3 months & up to 6 Months	Over 6 months & up to 1 year	Over 1 year & up to 3 years	Over 3 years & up to 5 years	Over 5 years	Total
Non-Derivative Financial Liabilities :									
Rupee Borrowings									
Debt Securities									
- Principal	312.36	427.89	940.89	9,610.60	16,323.17	61,056.11	32,653.85	44,760.03	1,66,084.90
- Interest	415.74	777.17	1,636.05	2,475.00	7,220.00	19,907.58	11,268.40	12,649.00	56,348.94
Other Borrowings									
- Principal	-	-	-	-	200.00	200.00	-	-	400.00
- Interest	-	-	-	-	29.00	15.00	-	-	44.00
Subordinated Liabilities									
- Principal	-	-	-	-	-	-	-	2,500.00	2,500.00
- Interest	-	201.50	-	-	-	403.00	403.00	201.00	1,208.50
Foreign Currency Borrowings									
Debt Securities									
- Principal	-	-	-	-	-	2,601.76	-	4,878.30	7,480.06
- Interest	-	-	39.80	102.00	142.00	568.00	407.00	962.00	2,220.80
Other Borrowings									
- Principal	-	-	103.49	1,698.16	8,225.52	8,508.57	3,663.49	127.44	22,326.67
- Interest	33.87	42.91	63.03	151.00	270.00	541.00	101.00	2.00	1,204.81
Derivative Liabilities :									
Interest rate swaps	-	-	-	2.18	9.70	0.11	-	73.08	85.07
Currency swaps	-	-	-	5.35	3.08	63.07	-	-	71.50
Others -									
Call Spread	-	-	-	1.37	37.98	43.05	78.77	-	161.17

(₹ in Crores)

As at 1st April 2017	Up to 30/31 days	Over 1 month & up to 2 Months	Over 2 months & up to 3 Months	Over 3 months & up to 6 Months	Over 6 months & up to 1 year	Over 1 year & up to 3 years	Over 3 years & up to 5 years	Over 5 years	Total
Non-Derivative Financial Liabilities :									
Rupee Borrowings									
Debt Securities									
- Principal	402.64	365.98	326.16	9,853.96	5,278.77	46,206.46	33,434.77	47,318.10	1,43,186.84
- Interest	399.38	752.39	1,383.18	2,760.00	6,197.00	19,114.43	12,396.19	15,291.00	58,293.57
Other Borrowings									
- Principal	-	-	-	-	350.00	400.00	-	-	750.00
- Interest	-	-	-	-	53.46	45.00	-	-	98.46
Subordinated Liabilities									
- Principal	-	-	-	-	-	-	-	2,500.00	2,500.00
- Interest	-	201.50	-	-	-	403.00	403.00	403.00	1,410.50
Foreign Currency Borrowings									
Other Borrowings									
- Principal	1,102.92	-	88.89	101.98	156.76	13,135.37	6,290.56	204.19	21,080.67
- Interest	13.21	33.35	45.40	136.00	196.00	579.00	129.00	5.00	1,136.96
Derivative Liabilities :									
Interest rate swaps	-	-	-	-	-	0.82	-	64.40	65.22
Currency swaps	79.25	-	2.11	4.51	-	29.66	42.22	5.45	163.20
Others -									
Call Spread	-	-	-	-	-	55.46	70.59	-	126.05
Seagull Option	-	-	-	-	-	-	-	-	-

Bonds with put & call option have been shown considering the earliest exercise date. The liquidity analysis for derivative financial liabilities is based on fair values of the derivative contracts and the maturity buckets have been derived on the basis of the remaining tenor of the respective derivative instrument.

Significant cashflows required for financial liabilities shall be funded through the undiscounted cash flows (principal and interest) from loans as below:

(₹ in Crores)

Particulars	Up to 30/31 days	Over 1 month & up to 2 Months	Over 2 months & up to 3 Months	Over 3 months & up to 6 Months	Over 6 months & up to 1 year	Over 1 year & up to 3 years	Over 3 years & up to 5 years	Over 5 years	Total
As at 31st March 2019									
Principal	1,654.88	1,316.82	3,073.31	7,365.12	13,781.11	55,904.77	50,995.33	1,35,620.42	2,69,711.76
Interest	866.67	684.94	5,324.18	6,853.48	12,557.11	43,097.02	31,940.32	53,720.12	1,55,043.84
As at 31st March 2018									
Principal	1,230.83	1,492.35	3,293.35	8,191.72	12,150.11	48,496.92	41,862.39	1,11,456.20	2,28,173.87
Interest	531.59	532.53	4,795.14	6,201.87	10,813.02	37,162.38	27,418.33	53,753.31	1,41,208.17
As at 1st April 2017									
Principal	1,001.24	893.61	2,277.07	5,717.85	9,745.28	38,401.16	35,944.37	98,986.89	1,92,967.47
Interest	329.97	372.01	4,903.23	6,344.17	10,568.49	37,093.49	28,347.84	48,660.08	1,36,619.28

The principal cash flows relating to Stage III assets, net of Expected Credit Loss have been considered in over 5 years bucket irrespective of the maturity date.

44.2.2 Maturity Pattern of Significant Financial Assets & Liabilities, as prescribed by RBI

(₹ in Crores)

As at 31st March 2019	Up to 30/31 days	Over 1 month & up to 2 Months	Over 2 months & up to 3 Months	Over 3 months & up to 6 Months	Over 6 months & up to 1 year	Over 1 year & up to 3 years	Over 3 years & up to 5 years	Over 5 years	Total
Loan Assets	1,850.88	1,316.82	3,401.32	7,627.17	13,781.11	55,904.77	50,995.33	1,35,573.52	**2,70,450.92**
Investments	56.25	-	-	-	47.78	1,500.00	-	793.59	**2,397.62**
Rupee Borrowings									
Debt Securities	3,781.97	621.87	3,645.36	11,092.27	22,326.89	65,199.36	25,107.93	48,892.09	**1,80,667.74**
Other Borrowings	126.93	350.00	500.00	850.00	207.34	4,257.52	13,405.02	5,187.59	**24,884.40**
Subordinated Liabilities	-	168.38	-	-	1.59	-	2,499.15	2,149.65	**4,818.77**
Foreign Currency Borrowings									
Debt Securities	-	98.15	24.29	30.88	-	2,722.66	4,784.70	4,511.39	**12,172.07**
Other Borrowings	27.10	1,750.21	74.77	1,079.80	2,444.00	10,167.79	6,234.49	-	**21,778.16**
Foreign Currency Assets	-	-	-	-	-	-	-	-	**-**
Foreign Currency Liabilities (other than Borrowings)	-	-	-	-	-	-	-	-	**-**

(₹ in Crores)

As at 31st March 2018	Up to 30/31 days	Over 1 month & up to 2 Months	Over 2 months & up to 3 Months	Over 3 months & up to 6 Months	Over 6 months & up to 1 year	Over 1 year & up to 3 years	Over 3 years & up to 5 years	Over 5 years	Total
Loan Assets	1,252.83	1,492.35	3,574.58	8,654.08	12,150.11	48,496.92	41,862.39	1,11,394.99	**2,28,878.25**
Investments	13.62	-	-	-	351.63	1,594.32	-	865.23	**2,824.80**
Rupee Borrowings									
Debt Securities	754.75	427.89	2,221.69	11,302.89	18,685.43	61,056.11	32,657.81	44,561.01	**1,71,667.58**
Other Borrowings	-	-	-	-	214.82	200.00	-	-	**414.82**
Subordinated Liabilities	-	168.38	-	-	-	-	-	2,498.98	**2,667.36**
Foreign Currency Borrowings									
Debt Securities	-	-	-	-	52.35	2,601.76	-	4,818.44	**7,472.55**
Other Borrowings	-	-	103.49	1,710.42	8,283.07	8,508.59	3,483.65	127.40	**22,216.62**
Foreign Currency Assets	-	-	-	-	-	-	-	-	**-**
Foreign Currency Liabilities (other than Borrowings)	-	-	-	-	-	-	-	-	**-**

(₹ in Crores)

As at 1st April 2017	Up to 30/31 days	Over 1 month & up to 2 Months	Over 2 months & up to 3 Months	Over 3 months & up to 6 Months	Over 6 months & up to 1 year	Over 1 year & up to 3 years	Over 3 years & up to 5 years	Over 5 years	Total
Loan Assets	1,020.74	893.61	2,545.88	6,499.11	9,745.28	38,401.16	35,944.37	98,884.37	**1,93,934.52**
Investments	13.62	-	-	-	47.78	492.49	1,500.00	854.67	**2,908.56**
Rupee Borrowings									
Debt Securities	828.77	365.98	1,508.30	11,689.95	7,464.92	46,209.63	33,434.77	47,220.94	**1,48,723.26**
Other Borrowings	-	-	-	-	-	-	-	-	**-**
Subordinated Liabilities	-	168.38	-	-	-	-	-	2,498.83	**2,667.21**
Foreign Currency Borrowings									
Debt Securities	-	-	-	-	-	-	-	-	**-**
Other Borrowings	1,103.12	-	88.89	127.35	583.03	13,535.37	6,058.25	204.18	**21,700.19**
Foreign Currency Assets	-	-	-	-	-	-	-	-	**-**
Foreign Currency Liabilities (other than Borrowings)	-	-	-	-	-	-	-	-	**-**

44.2.3 Financing arrangements

The Company had access to the following undrawn borrowing facilities at the end of the reporting period:

(₹ in Crores)

Particulars	As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
Expiring within one year (cash credit and other facilities)			
- Floating rate	11,440.00	10,340.00	5,710.00
Expiring beyond one year (loans/ borrowings)			
- Floating rate	1,577.11	-	-

44.3 Market Risk - Currency Risk

The Company is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the US Dollar, EURO and JPY. Foreign exchange risk arises from recognised liabilities denominated in a currency, other than the functional currency of the Company. To mitigate the Company's exposure to foreign currency risk, non-INR cash flows are monitored and derivative contracts are entered into in accordance with the Company's risk management policies.

The Company has a board-approved Risk Management Policy which inter-alia aims to manage risks associated with foreign currency borrowings. Parameters like hedge ratio, un-hedged exposure, mark-to market position, exposure limit with banks etc. are monitored as a part of foreign exchange risk and interest rate risk management. This policy provides the guiding parameters within which the Company can take decisions for managing the Currency Risk and interest risk that it is exposed to on account of foreign currency loan, including debt securities. The purpose of the policy is to provide a framework to the Company for management of its foreign currency risk and interest rate risk.

An Asset Liability Management Committee (ALCO) is currently functioning under the chairmanship of CMD, Director (Finance), Director (Technical), Executive Directors and General Managers from Finance and Operating Divisions as its members. ALCO monitors Foreign currency risk with exchange rate and interest rate managed through various derivative instruments. 'The Company enters into various derivative transactions to cover exchange rate through various instruments like foreign currency forwards contracts, currency options, principal only swaps and forward rate agreements. These derivative transactions are done for hedging purpose and not for trading or speculative purpose.

In respect of foreign currency debt securities and borrowings, the company has also executed cross currency swaps (principal and/or interest) to hedge the Foreign Currency Exposure. The outstanding position of Foreign Currency Exposure as at 31st March 2019 is as under:

(Foreign Currency amounts in Millions, INR equivalent in ₹ Crores)

Currency	As at 31.03.2019			As at 31.03.2018			As at 01.04.2017		
	Total Exposure	Hedged through Derivatives	Unhedged Exposure	Total Exposure	Hedged through Derivatives	Unhedged Exposure	Total Exposure	Hedged through Derivatives	Unhedged Exposure
USD $	4,830.00	3,370.00	1,460.00	4,420.87	2,680.00	1,740.87	2,885.00	2,530.00	355.00
INR Equivalent	*33,409.74*	*23,310.73*	*10,099.01*	*28,755.15*	*17,431.82*	*11,323.33*	*18,705.94*	*16,404.17*	*2,301.77*
JPY ¥	12,428.85	10,920.22	1,508.63	4,100.17	2,214.38	1,885.79	26,059.52	23,985.15	2,074.37
INR Equivalent	*777.05*	*682.73*	*94.32*	*252.32*	*136.27*	*116.05*	*1,510.41*	*1,390.18*	*120.23*
EURO €	73.45	48.00	25.45	99.13	73.68	25.45	124.80	99.35	25.45
INR Equivalent	*570.74*	*373.00*	*197.74*	*799.21*	*594.02*	*205.19*	*864.21*	*687.97*	*176.24*
Total	**34,757.53**	**24,366.46**	**10,391.07**	**29,806.68**	**18,162.11**	**11,644.57**	**21,080.56**	**18,482.32**	**2,598.24**

44.3.1 Sensitivity Analysis

The table below represents the impact on P&L including FCMITDA (+ Gain / (Loss) for 5% change in foreign currency exchange rate against INR on the unhedged exposures:

(₹ in Crores)

Particulars	As at 31.03.2019		As at 31.03.2018		As at 01.04.2017	
	Favorable	Adverse	Favorable	Adverse	Favorable	Adverse
USD/INR	328.50	(328.50)	368.33	(368.33)	75.26	(75.26)
JPY/INR	4.72	(4.72)	5.80	(5.80)	6.01	(6.01)
EUR/INR	1.27	(1.27)	10.26	(10.26)	8.81	(8.81)

** Holding all other variables constant*

44.4 Market Risk - Interest Rate Risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in interest rates.

The Company manages interest rate risk by entering into various derivative contracts like use of interest rate swap contracts and forward interest rate contracts. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite, ensuring the most cost-effective hedging strategies are applied.

The table below shows the overall exposure of the Company to interest rate risk on the floating rate liabilities, along with the bifurcation under hedged/ un-hedged category as at 31st March 2019 is as under:

(Foreign Currency amounts in Millions, INR equivalent in ₹ Crores)

Currency	As at 31.03.2019			As at 31.03.2018			As at 01.04.2017		
	Floating Interest Rate Exposure	Hedged through Derivatives	Unhedged Exposure	Floating Interest Rate Exposure	Hedged through Derivatives	Unhedged Exposure	Floating Interest Rate Exposure	Hedged through Derivatives	Unhedged Exposure
INR Borrowings	19,550.00	-	19,550.00	-	-	-	-	-	-
USD $	2,980.00	2,005.00	975.00	3,270.87	2,335.00	935.87	2,885.00	2,085.00	800.00
INR Equivalent	*20,613.05*	*13,868.85*	*6,744.20*	*21,275.07*	*15,187.80*	*6,087.27*	*18,765.22*	*13,561.69*	*5,203.53*
JPY ¥	10,327.12	10,327.12	-	-	-	-	19,029.00	-	19,029.00
INR Equivalent	*645.65*	*645.65*	-	-	-	-	*1,102.92*	-	*1,102.92*
EURO €	-	-	-	-	-	-	-	-	-
INR Equivalent	-	-	-	-	-	-			-
Total INR Equivalent	**40,808.70**	**14,514.50**	**26,294.20**	**21,275.07**	**15,187.80**	**6,087.27**	**19,868.14**	**13,561.69**	**6,306.45**

The Company's lending portfolio carries interest at semi-fixed rate i.e. fixed rate of interest with 3/10 year reset option with the borrower. The Company reviews its lending rates periodically based on prevailing market conditions, borrowing cost, yield, spread, competitors' rates, sanctions and disbursements etc. In order to manage pre-payment risks, the Company charges pre-payment premium from borrowers in case of pre- payment of loan. The interest rate risk is managed by the analysis of interest rate sensitivity gap statements and by evaluating the creation of assets and liabilities with a mix of fixed and floating interest rates.

The Company is exposed to interest rate risk on following Loan Assets which are at semi-fixed rates:

(₹ in Crores)

Description	As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
Rupee Loans	2,79,021.68	2,33,801.39	1,98,339.83

Sensitivity Analysis

The table below represents the impact on P&L (Gain / (Loss) for 50 basis points increase or decrease in interest rate on Company's floating rate assets and liabilities on the unhedged exposures:

(₹ in Crores)

Particulars	As at 31.03.2019		As at 31.03.2018		As at 01.04.2017	
	Increase	(Decrease)	Increase	(Decrease)	Increase	(Decrease)
Floating Rate Loan Liabilities	(85.53)	85.53	(19.80)	19.80	(20.62)	20.62
Floating/ semi-fixed Rate Loan Assets	907.60	(907.60)	760.51	(760.51)	648.49	(648.49)

** Holding all other variables constant*

The above sensitivity analysis has been prepared assuming that the amount outstanding at the end of the reporting period remains outstanding for the whole year. A 50 basis point increase or decrease represents management's assessment of the reasonably possible change in interest rates.

44.5 Market Risk - Price risk

The Company is exposed to equity price risks arising from investments in quoted equity shares and venture capital funds. The Company's equity investments are held for strategic rather than trading purposes.

Sensitivity Analysis

The table below represents the impact on OCI Gain / (Loss) for 5% increase or decrease in the respective prices on Company's equity investments, outside the group:

(₹ in Crores)

Particulars	As at 31.03.2019		As at 31.03.2018		As at 01.04.2017	
	Increase	(Decrease)	Increase	(Decrease)	Increase	(Decrease)
Impact on Other Comprehensive Income (OCI)	32.35	(32.35)	35.93	(35.93)	35.40	(35.40)

45. Additional Disclosures in respect of derivatives

45.1 Forward Rate Agreements/ Interest Rate Swaps

(₹ in Crores)

	Particulars	As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
(i)	The notional principal of swap agreements	45,803.16	42,961.27	42,220.55
(ii)	Losses which would be incurred if counterparties failed to fulfill their obligations under the agreements	1,802.58	690.38	628.07
(iii)	Collateral required by the NBFC upon entering into swaps	Nil	Nil	Nil
(iv)	Concentration of credit risk arising from the swaps	Refer Note Below	Refer Note Below	Refer Note Below
(v)	The fair value of the swap book	1,643.18	372.63	273.61

** includes all the currency derivatives and interest rate derivatives entered by the Company. REC, being NBFC has entered into swap agreements with Category-I, Authorized Dealers Banks only, in accordance with the RBI guidelines. All the swap agreements entered into with banks are well with in the credit risk limit defined in the Board approved Risk Management Policy.*

45.2 The Company has not entered into any exchange traded Interest Rate (IR) derivatives.

45.3 Quantitative Disclosures

(₹ in Crores)

	Particulars	Currency Derivatives *			Interest Rate Derivatives **		
		As at 31.03.19	As at 31.03.18	As at 01.04.17	As at 31.03.19	As at 31.03.18	As at 01.04.17
(i)	Derivatives (Notional Principal Amount)						
	For hedging	24,366.46	15,455.07	19,130.70	21,436.70	27,506.20	23,089.85
(ii)	Marked to Market Positions						
a)	Asset (+)	1,642.11	453.61	370.75	160.47	236.77	257.32
b)	Liability (-)	29.24	232.67	289.24	130.16	85.08	65.22
(iii)	Credit Exposure	24,366.46	15,455.07	19,130.70	21,436.70	27,506.20	23,089.85
(iv)	Unhedged Exposures	10,391.07	11,644.57	2,598.24	N.A.	N.A.	N.A.

** Includes Full Hedge, Principal only Swap and Call Spread.*

*** Includes Interest Rate Derivatives as a strategy of cost reduction*

46. Exposure Related Disclosures

RBI, vide its letter dated 17th September 2010 had categorized REC as an Infrastructure Finance Company (IFC) in terms of instructions contained in RBI Circular CC No.168 dated 12th February 2010. As an IFC, the total permissible exposure for lending in the private sector is 25% of owned funds in case of single borrower and 40% in case of a single group of borrowers and exposure for lending and investing taken together can be upto 30% and 50% of owned funds, respectively.

In respect of Central/State Government entities, 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 till 31st March, 2022. In view of the above, our maximum credit exposure limits to Central and State power Utilities continue to vary from 50% to 250% of owned funds, depending upon entity appraisal.

In respect of Private Sector entities, the Company's credit exposure to single borrowers and group borrowers did not exceed the RBI prudential exposure limits as at 31st March 2019, 31st March 2018 and 1st April 2017.

46.1 Exposure to Real Estate Sector

The Company has no exposure to real estate sector as at 31st March 2019 (As at 31st March 2018 Nil, as at 1st April 2017 Nil).

46.2 Exposure to Capital Market

(₹ in Crores)

	Particulars	As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
(i)	Direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	787.41	858.97	848.37
(ii)	Advances against shares/ bonds/ debentures or other securities or on clean basis to individuals for investment in shares (including IPOs/ ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	-	-	-
(iii)	Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	-	-	-
(iv)	Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares/ convertible bonds / convertible debentures / units of equity oriented mutual funds does not fully cover the advances;	-	-	-
(v)	Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	-	-	-
(vi)	Loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	-	-	-
(vii)	Bridge loans to companies against expected equity flows/ issues;	-	-	-
(viii)	All exposures to Venture Capital Funds (both registered and unregistered)	6.18	6.26	6.30
	Total Exposure to Capital Market	793.59	865.23	854.67

46.3 Concentration of Advances, Exposures and Credit-impaired Assets

	Particulars	As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
(i)	**Concentration of Advances**			
	Total Advances to twenty largest borrowers (₹ in Crores)	1,58,931.60	1,36,285.52	1,11,916.90
	Percentage of Advances to twenty largest borrowers to Total Advances of the Company	56.52%	56.92%	55.42%
(ii)	**Concentration of Exposures**			
	Total Exposure to twenty largest borrowers (₹ in Crores)	2,54,896.66	2,36,006.27	1,97,327.07
	Percentage of Exposures to twenty largest borrowers to Total Exposure of the Company on borrowers	59.46%	59.25%	60.34%
(iii)	**Concentration of Credit-impaired Assets**			
	Total Outstanding to top four Credit-impaired Assets (₹ in Crores)	8,502.74	8,558.91	3,444.72
	Total Exposure to the above four Credit-impaired Assets (₹ in Crores)	8,502.74	8,558.91	3,444.72

47. The Company has not entered into any securitisation/ assignment transactions during the year ended 31st March 2019 (Previous year Nil). Further, no assets have been sold to securitisation/ reconstruction company for asset reconstruction. The Company has also not entered into any transaction of sale and purchase of non-performing financial assets.

48. Fair value disclosures

The fair values of financial instruments measured at amortised cost and the carrying cost of financial instruments measured at fair value by category are as follows:

(₹ in Crores)

	Particulars	Note No.	As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
	Financial assets measured at fair value				
	Derivative financial instruments	7	1,802.58	690.38	628.07
	Investments* measured at				
(i)	Fair value through other comprehensive income	9	646.99	718.63	708.07
(ii)	Fair value through profit and loss	9	1,556.87	1,500.62	1,500.62
	Financial assets measured at amortised cost				
	Cash and cash equivalents	5	342.94	212.00	4,465.95
	Other Bank Balances	6	1,253.31	1,570.07	28.44
	Loan Assets	8	2,70,450.92	2,28,878.25	1,93,934.52
	Investments *	9	47.16	458.95	553.27
	Other financial assets	10	18,342.48	4,224.89	54.16
	Total		**2,94,443.25**	**2,38,253.79**	**2,01,873.10**
	Financial liabilities measured at fair value				
	Derivative financial instruments	7	159.40	317.75	354.46
	Financial liabilities measured at amortised cost				
	Debt securities	16	1,92,839.79	1,79,140.13	1,48,723.25
	Borrowings (other than debt securities)	17	46,662.54	22,631.42	21,700.17
	Subordinated liabilities	18	4,818.76	2,667.36	2,667.21
	Other financial liabilities	19	18,751.75	4,299.40	244.96
	Total		**2,63,232.24**	**2,09,056.06**	**1,73,690.05**

* Investment in subsidiaries and joint ventures are measured at cost as per Ind AS 27, 'Separate financial statements' and hence, not presented here.

48.1 Fair values hierarchy

The fair value of financial instruments as referred above has been classified into three categories depending on the inputs used in the valuation technique. The hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities [Level 1 measurements] and lowest priority to unobservable inputs [Level 3 measurements].

The categories used are as follows:

Level 1: Quoted prices (unadjusted) for identical instruments in an active market;

Level 2: Directly (i.e. as prices) or indirectly (i.e. derived from prices) observable market inputs, other than Level 1 inputs; and

Level 3: Inputs which are not based on observable market data (unobservable inputs).

The Company's policy is to recognize transfers into and transfer out of fair value hierarchy at the date of event or change in circumstances that caused the transfer.

Financial assets and liabilities measured at fair value - recurring fair value measurements

(₹ in Crores)

Particulars	As at 31.03.2019			As at 31.03.2018			As at 01.04.2017		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Investments at FVOCI									
Equity investments	640.81	6.18	-	712.37	6.26	-	592.52	6.30	109.25
Investments at FVTPL									
Perpetual Bonds	-	-	1,556.87	-	-	1,500.62	-	-	1,500.62
Assets at FVTPL									
Derivative financial instruments	-	1,802.58	-	-	690.38	-	-	628.07	-
Liability at FVTPL									
Derivative financial instruments	-	159.40	-	-	317.75	-	-	354.46	-

Valuation Techniques for fair value disclosures (Level 1 , Level 2 and Level 3)

(A) **Investment in Quoted Equity Investments - Level 1 -** Investment in listed equity instruments are measured at their readily available quoted price in the market.

(B) **Investment in Venture Capital Fund - Level 2 -** Investment in venture capital fund are measured at their fair value as per the Net Asset Value (NAV) Certificate shared by the fund.

(C) **Derivative Financial Instruments - Level 2** - The fair value has been determined by an independent valuer using observable inputs including forward exchange rates, interest rates corresponding to the maturity of the contract, implied volatilities, etc.

(D) **Investment in Perpetual Bond Investments - Level 3 -** The Company has made investments in perpetual bonds of Indian Bank, Vijaya Bank and Syndicate Bank which are quoted on NSE/BSE. The Company checks for active market transactions for these bonds. In such investments held by the Company, there is no history of any market activity in these bonds, and therefore, quoted price for such bonds is not available. The Company checks for any significant changes in credit rating of the borrower bank, and if no change is noted, then, coupon rate is considered for computing the fair value using discounted cash flow method.

(E) **Investment in Unquoted Equity Investments - Level 3 -** Investment in unquoted equity instruments of Universal Commodity Exchange Ltd. (UCX) and Lanco Teesta Hydro Power Pvt. Ltd. are classified as Level 3 and have been carried at Nil value by the Company due to the company specific reasons. UCX was shut down in 2014, thereby, ceasing to exist as a going concern. Further, the Company had acquired investment in Lanco Teesta Hydro Power Pvt. Ltd., on conversion of its credit-impaired loan. Since the Company has already recognised lifetime Expected Credit Loss on the loan, the equity value is considered to be Nil.

48.2 Reconciliation of Financial Instruments fair valued through Level 3 inputs

The following tables show the reconciliation of the opening and closing amounts of Level 3 financial assets and liabilities measured at fair value:

(₹ in Crores)

Particulars	FVTPL	FVOCI	Total
	Investment in Perpetual Bonds	Investment in Equity Instruments	
FY 2017-18			
Opening Balance	1,500.62	109.25	1,609.87
Settlement	(168.25)		(168.25)
Transfer from Level 3		(109.25)	(109.25)
Net interest income, net trading income and other income	168.25		168.25
Closing Balance	**1,500.62**	**-**	**1,500.62**
Unrealised gains/ (losses) on balances held at the end of the period	0.62		0.62
FY 2018-19			
Opening Balance	1,500.62	-	**1,500.62**
Settlement	(112.00)		(112.00)
Net interest income, net trading income and other income	168.25		168.25
Closing Balance	**1,556.87**	**-**	**1,556.87**
Unrealised gains/ (losses) on balances held at the end of the period	56.87	-	56.87

48.3 Fair value of instruments measured at amortised cost

Fair value of instruments measured at amortised cost for which fair value is disclosed is as follows, these fair values are calculated using Level 3 inputs:

(₹ in Crores)

Particulars	As at 31.03.2019		As at 31.03.2018		As at 01.04.2017	
	Carrying value	Fair value	Carrying value	Fair value	Carrying value	Fair value
Financial assets						
Cash and cash equivalents	342.94	342.94	212.00	212.00	4,465.95	4,465.95
Bank balances other than above	1,253.31	1,253.31	1,570.07	1,570.07	28.44	28.44
Loans	2,70,450.92	2,67,598.29	2,28,878.25	2,26,731.59	1,93,934.52	1,93,558.09
Investments	47.16	47.16	458.95	458.95	553.27	553.27
Other financial assets	18,342.48	18,344.15	4,224.89	4,225.71	54.16	53.71
Total	**2,90,436.81**	**2,87,585.85**	**2,35,344.16**	**2,33,198.32**	**1,99,036.34**	**1,98,659.46**
Financial liabilities						
Debt securities	1,92,839.79	1,94,459.71	1,79,140.13	1,83,576.03	1,48,723.25	1,56,199.56
Borrowings (other than debt securities)	46,662.54	46,595.46	22,631.42	22,623.10	21,700.17	21,671.66
Subordinated liabilities	4,818.76	4,748.14	2,667.36	2,701.11	2,667.21	2,723.89
Other financial liabilities	18,751.75	18,751.75	4,299.40	4,299.40	244.96	244.96
Total	**2,63,072.84**	**2,64,555.06**	**2,08,738.31**	**2,13,199.64**	**1,73,335.59**	**1,80,840.07**

Valuation methodologies of financial instruments not measured at fair value

Below are the methodologies and assumptions used to determine fair values for the above financial instruments which are not recorded and measured at fair value in the Company's financial statements. These fair values were calculated for disclosure purposes only. The below methodologies and assumptions relate only to the instruments in the above tables:

Financial assets and liabilities

For financial assets and financial liabilities that have a short-term maturity (less than twelve months), the carrying amounts, which are net of impairment, are a reasonable approximation of their fair value. Such instruments include: cash and balances, Trade receivables, Contract assets, balances other than cash and cash equivalents, trade payables and contract liability without a specific maturity.

Loans and advances to customers

Fair values of loan assets are calculated using a portfolio-based approach, grouping loans as far as possible into homogenous groups based on similar characteristics. The Company then calculates and extrapolates the fair value to the entire portfolio, using discounted cash flow models that incorporate interest rate estimates considering all significant characteristics of the loans. Where such information is not available, the Company uses historical experience and other information used in its collective impairment models.

Financial assets at amortised cost

The fair values of debt securities measured at amortised cost are estimated using a discounted cash flow model based on contractual cash flows using actual or estimated yields and discounting by yields incorporating the counterparties' credit risk.

Issued debt

The fair values of the Company fixed interest-bearing debt securities, borrowings and subordinated liabilities are determined by applying discounted cash flows ('DCF') method, using discount rate that reflects the issuer's borrowing rate as at the end of the reporting period. The own non-performance risk as at 31st March 2019 was assessed to be insignificant.

All other debt securities, borrowings and subordinated liabilities availed by the Company are variable rate facilities which are subject to changes in underlying Interest rate indices. Further, the credit spread on these facilities are subject to change with changes in Company creditworthiness. The management believes that the current rate of interest on these loans are in close approximation from market rates applicable to the Company. Therefore, the management estimates that the fair value of these borrowings are approximate to their respective carrying values.

49. There are no Micro and Small Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days as at 31st March 2019. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent the status of such parties identified on the basis of information available with the Company.

50. Related Party Disclosures :

50.1 List of Related Parties

(1) Key Managerial Personnel

Dr. P.V. Ramesh	Chairman & Managing Director (upto 5th March 2019)
Sh. Ajeet Kumar Agarwal	Chairman & Managing Director (w.e.f 6th March 2019) and Director (Finance)
Sh. Sanjeev Kumar Gupta	Director (Technical)
Dr. Arun Kumar Verma	Govt. Nominee Director (Non-executive Director)
Sh. Aravamudan Krishna Kumar	Part Time Non-Official Independent Director
Smt. Asha Swarup	Part Time Non-Official Independent Director
Dr. Bhagvat Kishanrao Karad	Part Time Non-Official Independent Director (w.e.f. 17th July 2018).
Prof. T.T. Ram Mohan	Part Time Non-Official Independent Director
Sh. J.S. Amitabh	GM & Company Secretary

(2) Holding Company

Power Finance Corporation Ltd. (w.e.f. 28th March 2019)

(3) Subsidiary Companies

REC Transmission Projects Company Limited (RECTPCL)
REC Power Distribution Company Limited (RECPDCL)

(4) Associate Companies of REC Transmission Projects Company Limited

Dinchang Transmission Limited

Ghatampur Transmission Limited - Transferred to M/s Adani Transmission Limited (ATL) on 19.06.2018, substantially upon the terms and conditions as detailed in the Share Purchase Agreement executed between RECTPCL, Ghatampur Transmission Limited and ATL.

Chandil Transmission Limited

Koderma Transmission Limited

Dumka Transmission Limited

Mandar Transmission Limited

Jawaharpur-Firozabad Transmission Limited - Incorporated on 20.08.2018 and transferred to Power Grid Corporation of India Limited (PGCIL) on 21.12.2018, substantially upon the terms and conditions as detailed in the Share Purchase Agreement executed between RECTPCL, Jawaharpur Firozabad Transmission Limited and PGCIL.

Bhind-Guna Transmission Limited - Incorporated on 18.09.2018

Udupi Kasargode Transmission Limited - Iincorporated on 29.11.2018

Jam Khambaliya Transco Limited - Incorporated on 11.03.2019

Khetri Transco Limited - Incorporated on 12.03.2019

Ajmer Phagi Transco Limited - Incorporated on 19.03.2019

Lakadia Banaskantha Transco Limited - Incorporated on 19.03.2019

WRSS XXI (A) Transco Limited - Incorporated on 26.03.2019

(5) Joint Ventures

Energy Efficiency Services Limited (EESL)

Creighton Energy Limited (through EESL)

EESL EnergyPro Assets Limited (through EESL)

Edina Acquisition Limited (through EESL)

Anesco Energy Services South Limited (through EESL)

Edina Limited (through EESL)

EPAL Holdings Limited (through EESL)

Edina Australia Pty Limited (through EESL)

Edina Power Services Limited (through EESL)

Stanbeck Limited (through EESL)

Edina UK Limited (through EESL)

Edina Power Limited (through EESL)

Armoura Holdings Limited (through EESL)

Edina Manufacturing Limited (through EESL)

(6) Post-employment Benefit Plan Trusts

REC Limited Contributory Provident Fund Trust

REC Gratuity Fund

REC Employees' Superannuation Trust

REC Retired Employees' Medical Trust

(7) Society registered for undertaking CSR Initiatives

REC Foundation

Below mentioned related parties of the Holding Company will also be considered as related parties of REC w.e.f. 28th March 2019.

(1) Key Managerial Personnel of Holding Company

Shri Rajeev Sharma	Chairman & Managing Director
Shri N. B. Gupta	Director (Finance)
Shri Chinmoy Gangopadhyay	Director (Projects)
Shri Praveen Kumar Singh	Director (Commercial)
Shri Sitaram Pareek	Part Time Non-Official Independent Director
Smt. Gouri Chaudhury	Part Time Non-Official Independent Director
Shri Manohar Balwani	Company Secretary

(2) Subsidiary Companies of Holding Company

PFC Consulting Limited (PFCCL)

Power Equity Capital Advisors (Pvt) Limited (PECAP) (Decision of voluntary winding up of PECAP is under consideration of MoP, GoI.)

(3) Associate Companies of Holding Company

Sakhigopal Integrated Power Company Limited
Coastal Maharashtra Mega Power Limited
Ghogarpalli Integrated Power Company Limited
Orissa Integrated Power Limited
Tatiya Andhra Mega Power Limited
Coastal Karnataka Power Limited
Deoghar Mega Power Limited
Coastal Tamil Nadu Power Limited
Cheyyur Infra Limited
Chhattisgarh Surguja Power Limited
Odisha Infrapower Limited
Deoghar Infra Limited
Bihar Mega Power Limited
Bihar Infrapower Limited
Jharkhand Infrapower Limited
Tanda Transmission Company Limited (through PFCCL)
Shongtong Karcham-Wangtoo Transmission Limited (through PFCCL)
Ballabhgarh-GN Transmission Company Limited (through PFCCL)
Mohindergarh-Bhiwani Transmission Limited (through PFCCL)
Bikaner-Khetri Transmission Limited (through PFCCL)
South-Central East Delhi Power Transmission Limited (through PFCCL)
Bhuj-II Transmission Limited (through PFCCL)
Fatehgarh-II Transco Limited (through PFCCL)
Bijawar-Vidarbha Transmission Limited (through PFCCL)
Vapi II North Lakhimpur Transmission Limited (through PFCCL)
Lakadia-Vadodara Transmission Project Limited (through PFCCL)

(4) Post-employment Benefit Plan Trusts of Holding Company

PFC Employees Provident Fund Trust
PFC Employees Gratuity Trust
PFC Defined Contribution Pension Scheme 2007
PFC Ltd. Superannuation Medical Fund

50.2 Amount due from/ to the related parties :

(₹ in Crores)

Particulars	As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
RECPDCL			
Debt Securities	10.44	10.44	10.44
Other Financial Assets	1.37	1.23	1.07
Other Financial Liabilities	0.49	4.35	1.51
REC TPCL			
Debt Securities	60.00	60.00	60.00
Other Financial Assets	0.36	0.27	0.27
Post-employment Benefit Plan Trusts			
Debt Securities	3.00	3.00	3.00
Other financial liabilities	31.78	2.84	13.63
Other financial assets	2.77	-	-
Post-employment Benefit Plan Trusts of Holding Company			
Debt Securities	1.20	-	-
Key Managerial Personnel			
Debt Securities	1.00	0.25	0.25
Staff Loans & Advances	0.46	0.56	0.53
Key Managerial Personnel of Holding Company			
Debt Securities	0.10	-	-

50.3 Maximum amount of loans/ advances/ investments outstanding in respect of subsidiaries during the year

(₹ in Crores)

Particulars	Loans & Advances		Investments	
	FY 2018-19	FY 2017-18	FY 2018-19	FY 2017-18
RECTPCL	1.16	0.32	0.05	0.05
RECPDCL	3.08	2.50	0.05	0.05

50.4 Transactions with the related parties :

(₹ in Crores)

Particulars	FY 2018-19	FY 2017-18
REC PDCL		
Disbursement from Subsidy/ Grant Received from Govt. of India	0.62	0.06
Apportionment of Employee Benefit and Other Expenses	8.94	5.34
Dividend Income	22.55	12.11
Finance Costs - Interest Paid	0.84	0.84
CSR Expenses	-	0.19
Other Expenses	10.56	16.58
REC TPCL		
Disbursement from Subsidy/ Grant Received from Govt. of India	11.35	1.52
Apportionment of Employee Benefit and Other Expenses	4.39	2.72
Dividend Income	68.29	13.80
Finance Costs - Interest Paid	4.70	4.70
Other Expenses	0.77	-
Post-employment Benefits Plan Trusts		
Contributions made by the Company during the year	99.58	13.63
Subscription to GOI Serviced Bonds	29.30	-
Finance Costs - Interest Paid	0.27	0.27
Post-employment Benefits Plan Trusts of Holding Company		
Subscription to the bonds of Company	1.20	
Key Managerial Personnel		
Staff Loans & Advances	-	0.20
Interest Income on Staff Loans	0.09	0.04
Finance Cost	0.02	0.01
Employee Benefits Expense - Managerial Remuneration	2.65	2.07
Directors' Sitting Fee	0.24	0.18

50.5 Terms and conditions of transactions with related parties

The Company makes transactions with the related parties are being made at arm's length basis. The remuneration and the staff loans to Key Managerial Personnel are in line with the service rules of the Company. Further, the finance costs paid to the related parties are on account of their investments in the debt securities of the Company and the interest rate payable on such debt securities is uniformally applicable to all the bondholders. The Company also makes advances to its subsidiary companies on account of apportionment of establishment and administrative expenses, which are recovered on monthly basis. Even while the outstanding balances of subsidiary companies at the year-end are unsecured, the Company has not recorded any impairment of receivables relating to amounts owed by related parties. This assessment is made on the basis of short-term realisation of the advances so given.

50.6 Managerial Remuneration

The details of remuneration to Key Managerial Personnel (KMP) during the reporting period is as below:

(₹ in Crores)

	Particulars	FY 2018-19	FY 2017-18
(i)	Short-term employee benefits	2.44	1.93
(ii)	Post employment benefits	0.21	0.14
	Total	**2.65**	**2.07**

As the liabilities for the gratuity and compensated absence are provided on an actuarial basis for the Company as a whole rather than each individual employee, the amounts pertaining specifically to KMP are not known and hence, not included in the above table. Gratuity and compensated absence, are included based on actual payment in respective year based in the above table.

50.7 Disclosure in respect of entities under the control of the same government (Government related entities)

List of Government related entities

The Company had transactions with the following government related entities during the year:

Bhartiya Rail Bijlee Company Ltd

Bhilai Electric Supply Company Ltd.

Bihar Grid Company Ltd

Damodar Valley Corporation

Nabinagar Power Generating Co. Pvt. Ltd.

Neyveli Uttar Pradesh Power Ltd

NTPC Tamil Nadu Energy Company Ltd.

Patratu Vidut Utpadan Nigam Ltd.

THDC India Ltd.

Singareni Collieries Company Limited

Aggregate transactions with such government related entities are as under:

(₹ in Crores)

Particulars	FY 2018-19	FY 2017-18
Disbursement of Loans	3,583.67	4,193.05
Interest income recognised	1,935.27	1,877.35

Aggregate balance outstanding from such government related entities are as under:

(₹ in Crores)

Particulars	As at 31-03-19	As at 31-03-18	As at 01-04-17
Loan Assets	21,034.76	19,879.42	16,727.92
Interest Accrued	15.88	12.60	11.60

Refer Note No. 10, 19 and 22 in respect of material transactions with the Central Govt.

51. Disclosures for Employee Benefits as required under Ind AS 19 '*Employee Benefits* ':

51.1 Defined Contribution Plans

A. Provident Fund

Company pays fixed contribution of Provident Fund at pre-determined rates to a separate trust registered under The Provident Fund Act, 1925 which invests the funds in permitted securities. The trust fixes the rate of interest on contribution to the members of the fund based upon the returns earned on investments during the year. Since the Act does not prescribe the minimum interest to be paid to the members of the fund, it is considered as Defined Contribution Plan as per the provisions of Ind AS 19.

B. Defined Contribution Superannuation Scheme

The Company pays fixed contribution towards superannuation scheme at pre-determined rates to NPS Trust/ separate trust which invests the funds in the permitted securities. The balance with the NPS Trust/ separate trust includes the monthly contributions in the members' account along with the accumulated returns. When the pension becomes payable to the member, the amount standing to the credit of the member is appropriated towards the member's accumulation and annuities, as opted for by the member is allotted.

The Company has recognised an expense of ₹ 14.59 Crores (Previous year ₹ 13.88 Crores) towards defined contribution plans.

51.2 Defined Benefit Plans - Post-Employment Benefits

A. Gratuity

The Company has a defined gratuity scheme which is managed by a separate trust. Every employee who has rendered continuous service of five years or more is entitled to gratuity at 15 days salary for each completed year of service subject to a maximum of ₹ 0.20 crores on superannuation, resignation, termination, disablement or on death, considering the provisions of the Payment of Gratuity Act, 1972, as amended. The liability of Gratuity is recognized on the basis of actuarial valuation.

Net Defined Benefit (Asset)/ Liability

(₹ in Crores)

Particulars	As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
Present value of Defined benefit obligation	42.41	52.59	50.61
Fair Value of Plan Assets	44.15	48.66	35.69
Net Defined Benefit (Asset)/ Liability	(1.74)	3.93	14.92

Movement in net defined benefit (asset)/ liability

(₹ in Crores)

Particulars	Defined Benefit Obligation		Fair Value of Plan Assets		Net Defined Benefit (Asset)/ Liability	
	FY 2018-19	FY 2017-18	FY 2018-19	FY 2017-18	FY 2018-19	FY 2017-18
Opening Balance	52.59	50.61	48.66	35.69	3.93	14.92
Included in profit or loss						
Current service Cost	2.59	2.11	-	-	2.59	2.11
Past service cost	-	-	-	-	-	-
Interest cost / income	4.00	3.80	3.71	2.67	0.29	1.13
Total amount recognised in profit or loss	**6.59**	**5.91**	**3.71**	**2.67**	**2.88**	**3.24**
Included in OCI						
Re-measurement loss (gain)						
- Actuarial loss (gain) arising from changes in financial assumptions	(0.31)	0.27	-	-	(0.31)	0.27
- Actuarial loss (gain) arising from changes in demographic assumptions	(1.44)	-	-	-	(1.44)	-
-Actuarial loss (gain) arising from Experience adjustments	(3.69)	(0.39)	-	-	(3.69)	(0.39)
Return on plan assets excluding interest income	-	-	0.22	0.27	(0.22)	(0.27)
Total amount recognised in OCI	**(5.44)**	**(0.12)**	**0.22**	**0.27**	**(5.66)**	**(0.39)**
Contribution by participants			2.84	13.63	(2.84)	(13.63)
Contribution by employers			0.05	0.21	(0.05)	(0.21)
Benefits paid	(11.33)	(3.81)	(11.33)	(3.81)	-	-
Closing Balance	**42.41**	**52.59**	**44.15**	**48.66**	**(1.74)**	**3.93**

B. Post Retirement Medical Facility (PRMF)

The Company has Post Retirement Medical Facility under which the entitled retired employees and their dependent family members are covered as per Company Rules. The scheme is funded by the Company and is managed by separate trust from the financial year 2018-19. The liability towards the same is recognized on the basis of actuarial valuation.

Net Defined Benefit (Asset)/ Liability

(₹ in Crores)

Particulars	As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
Present value of Defined benefit obligation	129.77	105.19	97.15
Fair Value of Plan Assets	97.99	-	-
Net Defined Benefit (Asset)/ Liability	31.78	105.19	97.15

Movement in net defined benefit (asset)/ liability

(₹ in Crores)

Particulars	Defined Benefit Obligation		Fair Value of Plan Assets		Net Defined Benefit (Asset)/ Liability	
	FY 2018-19	FY 2017-18	FY 2018-19	FY 2017-18	FY 2018-19	FY 2017-18
Opening Balance	**105.19**	**97.15**	**-**	**-**	**105.19**	**97.15**
Included in profit or loss	-	-	-	-	-	-
Current service Cost	2.06	1.96	-	-	2.06	1.96
Past service cost	-	-	-	-	-	-
Interest cost / income	7.99	7.28	1.25	-	6.74	7.28
Total amount recognised in profit or loss	**10.05**	**9.24**	**1.25**	**-**	**8.80**	**9.24**
Included in OCI						
Re-measurement loss (gain)						
- Actuarial loss (gain) arising from changes in financial assumptions	(6.34)	4.39	-	-	(6.34)	4.39
- Actuarial loss (gain) arising from changes in demographic assumptions	1.20	-			1.20	-
-Actuarial loss (gain) arising from Experience adjustments	29.44	2.07	-	-	29.44	2.07
Return on plan assets excluding interest income	-	-	-	-	-	-
Total amount recognised in OCI	24.30	6.46	-	-	24.30	6.46
Contribution by participants	-	-	96.74	-	(96.74)	-
Contribution by employers	-	-	-	-	-	-
Benefits paid	(9.77)	(7.66)	-	-	(9.77)	(7.66)
Closing Balance	**129.77**	**105.19**	**97.99**	**-**	**31.78**	**105.19**

C. Economic Rehabilitation Scheme (ERS)

The Company has an Economic Rehabilitation Scheme (ERS) to support the family financially in case of permanent disability/ death of an employee during the service tenure. This scheme is unfunded and the liability is determined based on actuarial valuation.

Net Defined Benefit (Asset)/ Liability for ERS

(₹ in Crores)

Particulars	As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
Present value of Defined benefit obligation			
- ERS	3.69	3.34	3.45

Movement in net defined benefit (asset)/ liability for ERS

(₹ in Crores)

Particulars	FY 2018-19	FY 2017-18
Opening Balance	**3.34**	**3.45**
Included in profit or loss		
Current service Cost	0.18	0.16
Interest cost / income	0.25	0.27
Total amount recognised in profit or loss	**0.43**	**0.43**
Included in OCI		
Re-measurement loss (gain)		
- Actuarial loss (gain) arising from changes in financial assumptions	(0.02)	(0.02)
-Actuarial loss (gain) arising from Experience adjustments	0.75	0.30
Total amount recognised in OCI	**0.73**	**0.28**
Benefits paid	(0.81)	(0.82)
Closing Balance	**3.69**	**3.34**

51.2.1 Risk exposure

Through its defined benefit plans, the Company is exposed to a number of risks, the most significant of which are detailed below:

(i) Asset volatility

Most of the plan asset investments are in government securities, other fixed income securities with high rating grades and mutual funds. The fair value of these assets is subject to volatility due to change in interest rates and other market and macro-economic factors.

(ii) Changes in discount rate

The present value of defined benefit plan liabilities is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period. A decrease in discount rate will increase present values of defined benefit obligations, although this will be partially offset by an increase in the value of the plans' investments.

(iii) Longevity risk

The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

(iv) Salary risk

The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

51.2.2 Plan Assets

The fair value of plan assets at the end of reporting period for each category, are as follows:

(₹ in Crores)

Particulars	Gratuity			PRMF		
	As at 31.03.2019	As at 31.03.2018	As at 01.04.2017	As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
Cash & Cash Equivalents	**0.61**	**0.39**	**0.78**	**0.65**		
Unquoted Plan Assets						
Corporate Bonds/ Debentures				97.34		
Others - Insurer managed funds & T-bills	43.54	48.27	34.91			
Sub-total - Unquoted Plan Assets	**43.54**	**48.27**	**34.91**	**97.34**	**-**	**-**
Total	**44.15**	**48.66**	**35.69**	**97.99**	**-**	**-**

Actual return on plan assets is ₹ 5.16 crores (previous year ₹ 2.94 crores).

51.2.3 Significant Actuarial Assumptions

The most recent actuarial valuation of the plan assets and the present value of the defined benefit obligation were carried out as at March 31, 2019 by M/s Transvalue Consultants. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the projected unit credit method. The principal assumptions used for actuarial valuations are:-

(₹ in Crores)

Particulars	Gratuity		PRMF		ERS	
	FY 2018-19	FY 2017-18	FY 2018-19	FY 2017-18	FY 2018-19	FY 2017-18
Method Used	PUCM	PUCM	PUCM	PUCM	PUCM	PUCM
Discount Rate & Expected Return on Plan Assets, if funded	7.71%	7.60%	7.71%	7.60%	7.71%	7.60%
Future Salary Increase / medical inflation	6.00%	6.50%	6.00%	6.50%	6.00%	6.50%
Expected average remaining working lives of employees (years)	13.12	12.82	13.12	12.82	13.12	12.82

- *The Principle assumptions are the discount rate, salary growth rate and expected average remaining working lives of employees. The discount rate is generally based on the market yields available on govt. bonds at the reporting date with a term that matches the liabilities and the salary growth rate takes account of inflation, seniority, promotions and other relevant factors as long term basis. The above information is certified by the Actuary.*

51.2.4 Sensitivity Analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

(₹ in Crores)

Particulars	As at 31.03.2019		As at 31.03.2018		As at 01.04.2017	
	Increase	Decrease	Increase	Decrease	Increase	Decrease
Discount rate (0.50% movement)						
- Gratuity	(0.89)	1.10	(1.12)	1.19	(1.16)	1.23
- PRMS	(0.77)	0.84	(0.43)	0.46	(4.83)	5.07
- ERS	(0.13)	0.15	(0.12)	0.13	(0.12)	0.14
Salary Escalation Rate (0.50% movement)						
- Gratuity	0.15	(0.12)	0.46	(0.50)	0.62	(0.69)
- PRMS	-	-	-	-	-	-
- ERS	0.14	(0.12)	0.12	(0.11)	0.13	(0.11)
Medical inflation Rate (0.50% movement)						
- PRMS	6.31	(5.92)	-	-	-	-
Medical Cost (0.50% movement)						
- PRMS	12.98	(12.98)	-	-	-	-

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

The Company actively monitors how the duration and expected yield of investments are matching the expected cash outflows arising from employee benefit obligations. Investments are well diversified, such that the failure of any single investment would not have a material impact on overall level of assets. There has been no change in the process used by the Company to manage its risks from prior periods.

51.2.5 Expected maturity analysis of the defined benefit plans in future years

(₹ in Crores)

Particulars	Gratuity			PRMF			ERS		
	As at 31.03.19	As at 31.03.18	As at 01.04.17	As at 31.03.19	As at 31.03.18	As at 01.04.17	As at 31.03.19	As at 31.03.18	As at 01.04.17
Less than 1 year	12.16	12.62	7.42	9.64	5.39	4.66	0.82	0.01	0.03
From 1 to 5 years	21.13	28.08	26.03	49.25	25.53	23.39	2.12	1.73	1.80
Beyond 5 years	9.12	11.89	17.16	70.88	74.27	69.10	0.75	1.60	1.62
Total	**42.41**	**52.59**	**50.61**	**129.77**	**105.19**	**97.15**	**3.69**	**3.34**	**3.45**

51.2.6 Expected contribution for the next year.

(₹ in Crores)

Particulars	Gratuity		PRMF		ERS	
	FY 2018-19	FY 2017-18	FY 2018-19	FY 2017-18	FY 2018-19	FY 2017-18
Expected contribution	1.72	2.89	34.74	4.98	-	-

The weighted average duration of the defined benefit plan obligation at the end of the reporting period is 12.76 years (as at 31.03.2018 - 12.82 years, as at 1st April 2017 - 13.08 years).

51.3 Other Long-term Employee Benefits

51.3.1 Earned Leave and Half Pay Leave

The Company provides for earned leave benefit and half-pay leave benefit to the credit of the employees, which accrues on half-yearly basis at 15 days and 10 days respectively. A maximum of 300 days of earned leave can be accumulated at any point of time during the service, while there is no limit for accumulation of half pay leave. Total expenses amounting to ₹ 7.26 crore (Previous year ₹ 8.43 crore) have been made towards these employee benefits and debited to the Statement of Profit and Loss on the basis of actuarial valuation.

51.3.2 Other employee benefits

Expenses towards long service award and settlement allowance amounting to ₹ 1.43 crore (Previous year ₹ -0.41 crore) have been debited to the Statement of Profit and Loss on the basis of actuarial valuation.

51.4 Employee benefits (viz. Gratuity, PRMF, Terminal Benefits, leave encashment and other employee benefits) in respect of Company's employees working in its wholly-owned subsidiaries on deputation / secondment basis, are being allocated based on a fixed percentage of employee cost.

52. Status of Documentation Subsequent to Unbundling of SEBs

Some of the erstwhile State Electricity Boards (SEBs) against whom loans were outstanding or on whose behalf guarantees were given, were restructured by the respective State Governments and new entities were formed in the past. Consequently, the liabilities of the erstwhile SEBs stand transferred to new entities. However, transfer agreements in the case of Chhattisgarh State Electricity Board (CSEB) are yet to be executed amongst the Company, new entity and the State Government.

Agreements in case of erstwhile Tamil Nadu State Electricity Board (TNEB) have been executed based on the provisional provisions of the Tamil Nadu Electricity (Re-organisation and Reforms) Transfer Scheme, 2010. However further transfer agreements in this regard shall be executed, once finalized based on the discussion with the Tamilnadu utilities.

Status of Documentation Subsequent to Reorganisation of the State of Andhra Pradesh

Subsequent to the reorganisation of erstwhile State of Andhra Pradesh, the state of Telangana has been formed on 2 June 2014. However, the assets and liabilities are yet to be transferred to the respective power utilities through a formal Gazette Notification.

Status of Documentation is as under:

(i) Where ever the loans have been sanctioned to erstwhile APCPDCL, APNPDCL and APGENCO prior to bifurcation and documentation has not been done, these schemes have been re-sanctioned in the name of newly formed utilities and documentation formalities completed and accordingly the charge has been registered with the Ministry of Corporate Affairs (MCA).

(ii) Where ever the loans sanctioned in the name of erstwhile APCPDCL, APNPDCL prior to bifurcation and documentation formalities completed and drawls have been made, in these schemes an undertaking has been obtained from the name changed / newly formed utility and disbursements have been made to the newly formed utility by changing the name of the borrower in the name of new / name changed utility.

(iii) Where ever the Loan is sanctioned in the name of erstwhile APCPDCL, APNPDCL prior to bifurcation and documentation formalities completed with Government Guarantee and drawls have been made, further documentation for these schemes shall be done on Gazette Notification.

(iv) Once the final transfer scheme is notified through Gazette Notification by Govt, duly indicating the transfer of assets and liabilities among the power utilities, action for execution of documentation formalities will be taken up in respect of all the outstanding loans with the new / name changed utilities. Till that time, the demand for payment of interest / principal is being segregated by the Utilities and the respective portions are being paid by Utilities in Telangana and Andhra Pradesh.

53. The Company's operations comprise of only one business segment - lending loans to power sector companies engaged in construction of power plants and in generation, supply, distribution and transmission of electricity: in the context of reporting business/ geographical segment as required by Ind AS 108 - Operating Segments. Based on "management approach" as defined in Ind AS 108 Operating Segments, the Chief Operating Decision Maker evaluates the Company's performance based on analysis of various factors of one business segment.

53.1 Information about Revenue from major products and services

(₹ in Crores)

	Particulars	FY 2018-19	FY 2017-18
(A)	Income from Loan Assets	24,869.97	21,908.17
(B)	Fee for Implementation of Govt. Schemes	83.02	187.79
(C)	Income from Management of Short-term Surplus Funds	46.07	83.03
	Total	**24,999.06**	**22,178.99**

53.2 The Company does not have any reportable geographical segment as the lending operations of the Company are carried out within the country.

53.3 No single borrower has contributed 10% or more to the Company's revenue during the financial year 2018-19 and 2017-18.

54. First time adoption of Ind AS

These financial statements, for the year ended March 31, 2019, are the first financial statements the Company has prepared in accordance with Ind AS. For periods up to and including the year ended March 31, 2018, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP or previous GAAP).

Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for periods ending on March 31, 2019, together with the comparative period data as at and for the year ended March 31, 2018, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening balance sheet was prepared as at 1 April 2017, the Company's date of transition to Ind AS. This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements, including the balance sheet as at 1 April 2017 and the financial statements as at and for the year ended March 31, 2018.

54.1 Ind AS optional exemptions

Deemed cost for property, plant and equipment, investment property and intangible assets

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the Previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities. This exemption can also be used for intangible assets covered by Ind AS 38 Intangible Assets and investment property covered by Ind AS 40 Investment Property. Accordingly, the Group has elected to measure all of its property, plant and equipment, intangible assets and investment property at their Previous GAAP carrying value.

Designation of previously recognised financial instruments

Ind AS 101 allows an entity to designate investments in equity instruments at FVOCI on the basis of the facts and circumstances at the date of transition to Ind AS. The Company has elected to apply this exemption for its investment in equity investments.

Amortisation of Exchange Differences on Existing Long Term Foreign Currency Monetary Items

The Company has availed the exemption to continue the policy as per the previous GAAP with respect to amortization of the exchange differences arising from translation of long-term foreign currency monetary items recognised in the standalone financial statements up to 31.03.2018

54.2 Ind AS mandatory exceptions

(i) Estimates

An entity's estimates in accordance with Ind ASs at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with Previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

Ind AS estimates as at 1 April 2017 are consistent with the estimates as at the same date made in conformity with Previous GAAP. The Company made estimates for impairment of financial assets based on expected credit loss model in accordance with Ind AS at the date of transition as these were not required under Previous GAAP.

(ii) Classification and measurement of financial assets and liabilities

The classification and measurement of financial assets will be made considering whether the conditions as per Ind AS 109 are met based on facts and circumstances existing at the date of transition.

Financial assets can be measured using effective interest method by assessing its contractual cash flow characteristics only on the basis of facts and circumstances existing at the date of transition and if it is impracticable to assess the use of effective interest method, fair value of financial asset at the date of transition shall be the new carrying amount of that asset. The measurement exemption applies for financial liabilities as well.

(iii) Impairment of financial assets

At the date of transition to Ind AS, determining whether there has been a significant increase in credit risk since the initial recognition of a financial instrument would require undue cost or effort, the Company has recognised a loss allowance at an amount equal to lifetime expected credit losses at each reporting date until that financial instrument is derecognised.

(iv) De-recognition of financial assets and liabilities

Ind AS 101 requires a first-time adopter to apply the de-recognition provisions of Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS. However, Ind AS 101 allows a first-time adopter to apply the de-recognition requirements in Ind AS 109 retrospectively from a date of the entity's choosing, provided that the information needed to apply Ind AS 109 to financial assets and financial liabilities derecognised as a result of past transactions was obtained at the time of initially accounting for those transactions. The Company has elected to apply the de-recognition provisions of Ind AS 109 prospectively from the date of transition to Ind AS.

54.3 Reconciliations between Previous GAAP and Ind AS

Ind AS 101 requires an entity to reconcile equity, total comprehensive income and cash flows for prior periods. The following tables represent the reconciliations from Previous GAAP to Ind AS.

Reconciliation of total equity as at March 31, 2018

(₹ in Crores)

Description	Notes to First time adoption	As at 31.03.2018	As at 01.04.2017
Total equity (shareholder's funds) as per Previous GAAP		**35,490.51**	**33,325.59**
Adjustments:			
Measurement of financial assets initially at fair value and subsequently at amortised cost	Note – 1	(71.32)	(109.02)
Measurement of financial liabilities initially at fair value and subsequently at amortised cost	Note – 2	248.07	332.23
Measurement of Investments at fair value	Note – 3	239.71	201.82
Recognition of Expected Credit Loss on loan assets	Note – 4	(6,405.99)	(5,501.19)
Measurement of Derivatives at Mark to market	Note – 6	(178.21)	71.50
Other Miscellaneous Adjustments		9.32	2.69
Tax impact on accumulated impairment allowance in excess of Reserve for Bad & Doubtful Debts	Note – 5	2,979.61	2,272.18
Income tax effect of Ind AS adjustments	Note – 5	(8.55)	(44.04)
Total adjustments		**(3,187.36)**	**(2,773.83)**
Total equity as per Ind AS		**32,303.15**	**30,551.76**

Previous period figures have been reclassified/ regrouped to conform to the current classification.

Reconciliation of Total Comprehensive Income for the year ended March 31, 2018

(₹ in Crores)

Description	Notes to First time adoption	FY 2017-18
Profit after tax as per Previous GAAP		**4,647.00**
Adjustments:		
Measurement of financial assets initially at fair value and subsequently at amortised cost	Note 1	37.70
Measurement of financial liabilities initially at fair value and subsequently at amortised cost	Note 2	(84.16)
Allowance for Expected Credit Loss	Note 4	(875.38)
Measurement of Derivatives at Mark to market	Note 6	(59.06)
Other Miscellaneous Adjustments	Note 5	12.96
Total adjustments		**(967.94)**
Tax impact on accumulated impairment allowance in excess of Reserve for Bad & Doubtful Debts		707.43
Income tax effect of other Ind-AS adjustments	Note 5	33.40
Profit as per Ind AS for the year ended 31st March 2018		**4,419.89**
Other Comprehensive Income	Note 3	4.24
Total comprehensive income as per Ind AS for the year ended 31st March 2018		**4,424.13**

Previous year figures have been reclassified/ regrouped to conform to the current classification.

Impact of Ind AS adoption on the Statement of cash flows for the year ended 31st March 2018

(₹ in Crores)

Particulars	Per Previous GAAP	Ind AS adjustments	Per Ind AS
Net cash flow from operating activities	(31,283.32)	(1,494.55)	(32,777.87)
Net cash flow from investing activities	294.04	(6.32)	287.72
Net cash flow from financing activities	28,272.46	(36.26)	28,236.20
Net increase in cash and cash equivalents	**(2,716.82)**	**(1,537.13)**	**(4,253.95)**
Cash and cash equivalents as at 1st April 2017	4,488.04	(22.09)	4,465.95
Cash and cash equivalents as at 31st March 2018	1,771.22	(1,559.22)	212.00

The transition from previous GAAP to Ind AS has not made a material impact on the statement of cash flows, except for the following:

(1) Earmarked bank balances are being classified as 'Other Bank Balances' instead of 'Cash & Cash Equivalents'. Accordingly, the bank balances in respect of grants are being adjusted under 'Cash Flow from Operating Activities'. To nullify the impact of the movement in such balances, the net cash flow from receipt and disbursement of grants, hitherto classified under 'Cash Flow From Financing Activities' is now being adjusted as 'Cash Flow from Operating Activities'.

(2) The interest accrued on term deposits is classified under the same head as that of the principal term deposit.

(3) The cash flow in respect of derivatives, hitherto classified as 'Cash Flow from Financing Activities' is now classified as 'Cash Flow from Operating Activities', considering the presentation under the Schedule III Division III notified for NBFCs wherein the fair value in changes of derivatives form part of 'Revenue from Operations'.

(4) Finance Costs, to the extent capitalised towards qualifying assets, are now being classified as 'Cash Flow from Investing Activities'.

Reconciliation of Assets and Liabilities in the balance sheet prepared as per Previous GAAP as on 31st March 2018 and 1st April 2017

(₹ in Crores)

	Particulars	Note No.	As on 31st March 2018			As on 1st April 2017		
			Previous GAAP*	Adjustments on Transition to Ind-AS	Ind-AS Amount	Previous GAAP*	Adjustments on Transition to Ind-AS	Ind-AS Amount
	ASSETS							
(1)	**Financial Assets**							
(a)	Cash and cash equivalents		212.00	-	212.00	4,465.95	-	4,465.95
(b)	Other Bank Balances		1,570.07	-	1,570.07	28.44	-	28.44
(c)	Derivative financial instruments	6	465.25	225.13	690.38	335.89	292.18	628.07
(d)	Loans	1	2,35,345.62	(6,467.37)	2,28,878.25	1,99,514.26	(5,579.74)	1,93,934.52
(e)	Investments	3	2,585.09	239.71	2,824.80	2,706.74	201.82	2,908.56
(f)	Other financial assets		4,238.15	(13.26)	4,224.89	69.15	(14.99)	54.16
	Total - Financial Assets (1)		**2,44,416.18**	**(6,015.79)**	**2,38,400.39**	**2,07,120.43**	**(5,100.73)**	**2,02,019.70**
(2)	**Non-Financial Assets**							
(a)	Current tax assets (net)		21.02	-	21.02	38.97	-	38.97
(b)	Deferred tax assets (net)	5	(66.95)	2,971.06	2,904.11	(40.26)	2,228.14	2,187.88
(c)	Investment Property		0.01	-	0.01	0.01	-	0.01
(d)	Property, Plant & Equipment		123.08	0.11	123.19	120.68	0.13	120.81
(e)	Capital Work-in-Progress		118.19	9.04	127.23	58.69	2.72	61.41
(f)	Intangible Assets Under Development		1.46	-	1.46	1.46	-	1.46
(g)	Other Intangible Assets		5.15	-	5.15	0.43	-	0.43
(h)	Other non-financial assets		342.78	(256.15)	86.63	42.99	14.99	57.98
	Total - Non-Financial Assets (2)		**544.74**	**2,724.06**	**3,268.80**	**222.97**	**2,245.98**	**2,468.95**
	Total ASSETS (1+2)		**2,44,960.92**	**(3,291.73)**	**2,41,669.19**	**2,07,343.40**	**(2,854.75)**	**2,04,488.65**
	LIABILITIES AND EQUITY							
	LIABILITIES							
(1)	**Financial Liabilities**							
(a)	Derivative financial instruments	6	-	317.75	317.75	-	354.46	354.46
(b)	Debt Securities	2	1,79,301.47	(161.34)	1,79,140.13	1,48,821.99	(98.74)	1,48,723.25
(c)	Borrowings (other than debt securities)	2	22,901.24	(269.82)	22,631.42	22,066.15	(365.98)	21,700.17
(d)	Subordinated Liabilities	2	2,668.38	(1.02)	2,667.36	2,668.38	(1.17)	2,667.21
(e)	Other financial liabilities		4,299.40	-	4,299.40	244.96	-	244.96
	Total - Financial Liabilities (1)		**2,09,170.49**	**(114.43)**	**2,09,056.06**	**1,73,801.48**	**(111.43)**	**1,73,690.05**
(2)	**Non-Financial Liabilities**							
(a)	Provisions	4	220.21	0.16	220.37	190.03	23.97	214.00
(b)	Other non-financial liabilities		79.71	9.90	89.61	26.30	6.54	32.84
	Total - Non-Financial Liabilities (2)		**299.92**	**10.06**	**309.98**	**216.33**	**30.51**	**246.84**
(3)	**EQUITY**							
(a)	Equity Share Capital		1,974.92	-	1,974.92	1,974.92	-	1,974.92
(b)	Other equity		33,515.59	(3,187.36)	30,328.23	31,350.67	(2,773.83)	28,576.84
	Total - Equity (3)		**35,490.51**	**(3,187.36)**	**32,303.15**	**33,325.59**	**(2,773.83)**	**30,551.76**
	Total - LIABILITIES AND EQUITY (1+2+3)		**2,44,960.92**	**(3,291.73)**	**2,41,669.19**	**2,07,343.40**	**(2,854.75)**	**2,04,488.65**

Previous year figures have been reclassified/ regrouped to conform to the current classification.

Reconciliation of the income and expenses presented in the statement of profit and loss prepared as per Indian GAAP and as per Ind AS for FY 2017-18

(₹ in Crores)

	Particulars	Notes to first time adoption	Previous GAAP	Adjustments on Transition to Ind-AS	Ind-AS Amount
	Revenue from Operations				
(i)	Interest Income	1	22,039.25	50.30	22,089.55
(ii)	Dividend Income		65.68	-	65.68
(iii)	Fees and Commission Income	1	309.31	(9.92)	299.39
I.	**Total Revenue from Operations**		**22,414.24**	**40.38**	**22,454.62**
II.	Other Income		12.73	-	12.73
III.	**Total Income (I+II)**		**22,426.97**	**40.38**	**22,467.35**
	Expenses				
(i)	Finance Costs	2	13,769.54	(432.43)	13,337.11
(ii)	Net translation/ transaction exchange loss	2	41.38	(22.01)	19.37
(iii)	Fees and commission Expense	2	73.10	(48.52)	24.58
(iv)	Net loss on fair value changes	6	(66.49)	639.86	573.37
(v)	Impairment on financial instruments	4	1,421.74	875.38	2,297.12
(vi)	Employee Benefits Expense		176.45	(4.03)	172.42
(vii)	Depreciation, amortization and impairment		5.61	0.04	5.65
(viii)	Corporate Social Responsibility Expenses		49.45	-	49.45
(ix)	Other Expenses		104.10	0.03	104.13
IV.	**Total Expenses**		**15,574.88**	**1,008.32**	**16,583.20**
V.	**Profit before Tax**		**6,852.09**	**(967.94)**	**5,884.15**
VI.	**Tax Expense**				
(i)	Current tax		2,178.39	2.20	2,180.59
(ii)	Deferred Tax	5	26.70	(743.03)	(716.33)
	Total Tax Expense		**2,205.09**	**(740.83)**	**1,464.26**
VII.	**Profit for the period from continuing operations**		**4,647.00**	**(227.11)**	**4,419.89**
VIII.	**Other comprehensive Income/(Loss)**				
(a)	**Items that will not be reclassified to profit or loss**				
	Re-measurement gains/ (losses) on defined benefit plans		-	(6.34)	(6.34)
	Changes in Fair Value of FVOCI Equity Instruments	3	-	8.48	8.48
(b)	**Income tax relating to these items**				
	Re-measurement gains/ (losses) on defined benefit plans		-	2.20	2.20
	Changes in Fair Value of FVOCI Equity Instruments		-	(0.10)	(0.10)
IX.	**Other comprehensive Income/(Loss) for the period**		**-**	**4.24**	**4.24**
X.	**Total comprehensive Income for the period**		**4,647.00**	**(222.87)**	**4,424.13**

Previous year figures have been reclassified/ regrouped to conform to the current classification.

54.4 Notes to First time adoption

Explanation of major impact on adoption on Ind AS on the reported standalone financial statements of the Company as on the date of transition is as under:

(1) Loan assets and interest income

The Company's loan assets, satisfying the business model test of held to collect contractual cash flows and SPPI (Solely Payment of Principal and Interest) test as on transition date, have been measured at amortized cost using effective interest rate (EIR) method. These loans were measured at cost under previous GAAP.

This adjustment of retrospective application of EIR method, has resulted in the reduction of retained earnings by ₹ 109.02 crore, with a corresponding reduction in value of loan assets as on transition date. Subsequent to the transition date, the impact on profit and loss for the year ended March 31, 2018 is ₹ 37.70 crores.

(2) Financial liabilities and interest expense

All financial liabilities except derivatives have been subsequently measured at Amortised Cost using the EIR method. The effect of the adjustments resulted in increase in retained earnings by ₹ 332.10 crore with corresponding reduction in the value of financial liabilities on transition date. Subsequent to the transition date, the impact on profit and loss for the year ended March 31, 2018 is ₹ 84.16 crore. The impact on profit and loss includes ₹ 1.14 crore due to effects of restatement of foreign exchange amounts.

(3) Investments

Under Ind AS, the Company has designated equity investments other than investments in subsidiaries/ JVs as measured at Fair Value through Other Comprehensive Income (FVOCI). The resulting fair value changes in these investments have been recognized in OCI reserve as at the date of transition and subsequently in other comprehensive income.

This has resulted in increase in retained earnings by ₹ 201.82 crore with corresponding increase in value of investments in equity instruments as at the date of transition. Subsequent to the transition date, the impact on 'Other Comprehensive Income' for the year ended March 31, 2018 is ₹ 37.89 crore.

(4) Expected Credit Loss

Under previous GAAP, the provision on loan assets was maintained as per RBI Master Directions. However, the Company is now creating Expected Credit Loss allowance on the outstanding balance of loans and the undisbursed Letters of Comfort (LOC) as per the requirements of Ind AS 109. The transition to ECL model has resulted in the reduction of retained earnings by ₹ 5,501.19 crore as at the date of transition. Subsequent to the transition date, the impact on profit and loss due to impairment of loan assets for the year ended March 31, 2018 is ₹ 904.79 crore.

(5) Deferred Taxes

Under previous GAAP, deferred tax accounting was done using the income statement approach. However, Ind AS requires the accounting of deferred taxes using the balance sheet approach, which includes identification of temporary differences based on the difference in carrying amount of an asset/ liability in the standalone balance sheet and its tax base. These differences have been suitably recognized in the standalone financial statements.

(6) Derivative Financial Instruments

Under Indian GAAP, the Company measured interest rate swap derivatives at mark to market and cross currency swap were measured at exchange rate on the reporting date through FCMITD A/c with gain/loss on restatement amortised over the remaining life of the instrument.

According to Ind AS 109, all derivatives are measured at fair value and any gains/losses, except gains/losses on derivatives used for hedge purposes, are recognized in profit or loss.

These adjustments and the consequential impact due to the adoption of Ind AS have resulted in a increase in the retained earnings by ₹ 95.97 crore as on April 1, 2017 and an increase in retained earnings by ₹ 155.02 crore as on March 31, 2018.

55. Amounts expected to be recovered/ settled within 12 months and beyond for each line item under asset and liabilities

(₹ in Crores)

	Particulars	As at 31.03.2019		As at 31.03.2018		As at 01.04.2017	
		Within 12 months	More than 12 months	Within 12 months	More than 12 months	Within 12 months	More than 12 months
	ASSETS						
(1)	**Financial Assets**						
(a)	Cash and cash equivalents	342.94	-	212.00	-	4,465.95	-
(b)	Other Bank Balances	1,253.31	-	1,570.07	-	28.44	-
(c)	Derivative financial instruments	325.46	1,477.12	128.89	561.49	13.10	614.97
(d)	Loans	27,977.30	2,42,473.62	27,123.95	2,01,754.30	20,704.62	1,73,229.90
(e)	Investments	104.03	2,293.59	365.25	2,412.39	61.40	2,496.15
(f)	Other financial assets	515.48	17,827.00	224.89	4,000.00	54.16	-
	Total - Financial Assets (1)	**30,518.52**	**2,64,071.33**	**29,625.05**	**2,08,728.18**	**25,327.67**	**1,76,341.02**
(2)	**Non-Financial Assets**						
(a)	Current tax assets (net)	-	275.83	-	21.02	-	38.97
(b)	Deferred tax assets (net)	-	2,358.29	-	2,904.11	-	2,187.88
(c)	Investment Property	-	0.01	-	0.01	-	0.01
(d)	Property, Plant & Equipment	-	153.98	-	123.19	-	120.81
(e)	Capital Work-in-Progress	-	196.94	-	127.23	-	61.41
(f)	Intangible Assets Under Development	-	1.59	-	1.46	-	1.46
(g)	Other Intangible Assets	-	8.51	-	5.15	-	0.43
(h)	Other non-financial assets	96.58	35.72	40.67	45.96	17.75	40.23
	Total - Non-Financial Assets (2)	**96.58**	**3,030.87**	**40.67**	**3,228.13**	**17.75**	**2,451.20**
	Total ASSETS (1+2)	**30,615.10**	**2,67,102.20**	**29,665.72**	**2,11,956.31**	**25,345.42**	**1,78,792.22**
	LIABILITIES						
(1)	**Financial Liabilities**						
(a)	Derivative financial instruments	35.69	123.71	59.67	258.08	85.86	268.60
(b)	Debt Securities	41,346.94	1,51,492.85	33,347.62	1,45,792.51	21,878.98	1,26,844.27
(c)	Borrowings (other than debt securities)	7,202.91	39,459.63	10,289.52	12,341.90	1,901.38	19,798.79
(d)	Subordinated Liabilities	169.96	4,648.80	168.38	2,498.98	168.38	2,498.83
(e)	Other financial liabilities	924.75	17,827.00	299.40	4,000.00	244.96	-
	Total - Financial Liabilities (1)	**49,680.25**	**2,13,551.99**	**44,164.59**	**1,64,891.47**	**24,279.56**	**1,49,410.49**
(2)	**Non-Financial Liabilities**						
(a)	Provisions	60.05	39.53	78.25	142.12	58.89	155.11
(b)	Other non-financial liabilities	82.54	-	67.62	21.99	32.84	-
	Total - Non-Financial Liabilities (2)	**142.59**	**39.53**	**145.87**	**164.11**	**91.73**	**155.11**
	Total LIABILITIES (1+2)	**49,822.84**	**2,13,591.52**	**44,310.46**	**1,65,055.58**	**24,371.29**	**1,49,565.60**

Previous year figures have been reclassified/ regrouped to conform to the current classification.

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3 - 2 % 2

Statement of Accounting Ratios - Standalone

Particulars	As at / For the year ended 31-03-2019	As at / For the year ended 31-03-2018
Basic and Diluted Earnings per share (₹) (Annualised)	**29.18**	**22.38**
[Net Profit after Tax/ Weighted average number of equity shares outstanding during the year]		
(a) Net Profit after Tax	5,763.72	4,419.89
b) Weighted average number of equity shares outstanding during the year	1,97,49,18,000.00	1,97,49,18,000.00
Return on Average Net Worth (%) (Annualised)	**17.31%**	**14.06%**
[Net Profit after Tax/ Average Net Worth X 100]		
(a) Net Profit after Tax	5,763.72	4,419.89
(b) Net Worth (Shareholders' Funds)	34,302.94	32,303.15
(b) Average Net Worth	33,303.05	31,427.46
Net Asset Value per share (₹)	**173.69**	**163.57**
[Net Worth/ Number of equity shares as at the end of the period]		
(a) Net Worth (Shareholders' Funds)	34,302.94	32,303.15
(b) Number of equity shares as at the end of the period	1,97,49,18,000.00	1,97,49,18,000.00
Debt To Equity Ratio (Times)	**6.98**	**6.15**
(Total Debt/ Net Worth)		
(a) Total debt (Outstanding Principal)	2,39,286.45	1,98,791.59
(b) Net Worth (Shareholders' Funds)	34,302.94	32,303.15
Long Term Debt to Eauity Ratio	**6.64**	**5.98**
(Long Term Debt/ Net Worth)		
(a) Long term debt (Outstanding Principal)	2,27,922.06	1,93,265.05
(b) Net Worth (Shareholders' Funds)	34,302.94	32,303.15

Statement of Dividend - Standalone

Particulars	For the year ended 31-03-2019	For the year ended 31-03-2018
Equity Share Capital (As at Period End)	**1,974.92**	**1,974.92**
Amount of Dividend		
Interim Dividend	2,172.41	1,461.44
Final Dividend	-	345.61
Total	**2,172.41**	**1,807.05**
Rate of Dividend (Amount of Dividend/Equity Share Capital)	**110.00%**	**91.50%**
Corporate Dividend Tax	**445.49**	**358.11**

Capitalization statement - Standalone

Particulars	As at 31-03-2019	As at 31-03-2018
Debt		
Short Term Debt (Outstanding Principal)*	11,364.39	5,526.54
Long Term Debt (Outstanding Principal)	2,27,922.06	1,93,265.05
Total Debt (A)	**2,39,286.45**	**1,98,791.59**
Shareholders' Funds		
Share Capital	1,974.92	1,974.92
Reserves & Surplus	32,328.02	30,328.23
Total Shareholders'Funds (B)	**34,302.94**	**32,303.15**
Long Term Debt to Equity Ratio	**6.64**	**5.98**
(Long Term Debt (Outstanding Principal) / Shareholders'Funds)		
Debt To Equity Ratio	**6.98**	**6.15**
(Total Debt (Outstanding Principal)/ Shareholders'Funds)		

* Short term debt includes Cash Credits, Commercial Paper and Other Short term Loan from Banks/FI.

S.K. Mittal & Co.
Chartered Accountants
E-29, South Extension Part-II
New Delhi - 110049

O.P. Bagla & Co. LLP
Chartered Accountants
8/12, Kalkaji Extension
New Delhi - 110019

EXAMINATION REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

Date: 16th October 2019

The Board of Directors
REC Limited
Core 4, SCOPE Complex,
7 Lodi Road,
New Delhi 110 003
India

Dear Sirs,

Sub: Proposed public issue of secured, rated, listed, redeemable, non-convertible debentures ("NCDs") of face value of ₹1,000 (Rupees One Thousand) each aggregating up to ₹10,000 crores (Rupees Ten Thousand Crores only) by REC Limited (Formerly known as Rural Electrification Corporation Limited) ("Company") in one of more tranches from time to time ("Issue")

1. The Board of Directors have approved the accompanying Consolidated Financial Statements of the Company and its subsidiaries (the Company and its subsidiaries together referred to as the "**Group**"), its associates and its joint ventures, as at and for the year ended on March 31, 2019 and 2018 comprising the Consolidated Statement of Assets and Liabilities as at March 31, 2019 and 2018, Consolidated Statements of Profit and Loss (including other comprehensive income), the Consolidated Cash Flow Statement for the years March 31, 2019 and 2018, the related Summary of Changes in Equity, Statement of Significant Accounting Policies, and Notes to Accounts (collectively, the "**Consolidated Financial Information under IND-AS**") annexed to this report which has been prepared in accordance with the requirements of:
   (a) Section 26 of Part I of Chapter Ill of the Companies Act, 2013 ("**the Act**");
   (b) the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008, as amended from time to time ("**SEBI Regulations**"), issued by the Securities and Exchange Board of India, in pursuance of the Securities and Exchange Board of India Act, 1992.
   (c) the Guidance Note issued by the Institute of Chartered Accountants of India ("**ICAI**"), as amended from time to time (the "**Guidance Note**").

to be included in the Draft Shelf Prospectus and Shelf Prospectus (hereinafter collectively referred to as the "**Prospectuses**"), in connection with the proposed public issue of NCDs by the Company.

2. These Consolidated Financial Information under IND-AS and have been compiled by the management from:

   a) Audited consolidated Ind AS Financial Statements of the Group and its associates and joint ventures as at and for the year ended March 31, 2019, prepared in accordance with the Indian Accounting Standards (referred to as "**Ind AS**") as prescribed under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules 2015, as amended, and other accounting principles generally accepted in India, which have been approved by the Board of Directors. The comparative information for the year ended March 31, 2018 included in such financial statements have been prepared by making Ind AS adjustments to the Audited Consolidated Financial Statements of the Company as at and for the year ended March 31, 2018, prepared in accordance with the accounting standards notified under the section 133 of the Act ("**Indian GAAP**") which was approved by the Board of Directors.

   b) The Consolidated Financial Information under IND-AS also contains the proforma consolidated Ind AS financial information as at April 1st, 2017. The proforma consolidated Ind AS financial information have been prepared by making Ind AS adjustments to the Audited Indian GAAP Financial Statements as at and for the year ended March 31, 2017 which have been approved by the Board of Directors.

3. We have examined the Consolidated Financial Information under IND-AS as stated in para 1 & 2 above.

4. The Consolidated Financial Information under IND-AS as at end for the year ended March 31, 2018 has been regrouped / reclassified wherever necessary to correspond with the presentation / disclosure requirements of the financial year ended March 31, 2019 to comply with the requirements of Section 26 of the Act and the SEBI Regulations.

5. The Consolidated Financial Information under IND-AS do not reflect the effects of events that occurred subsequent to the respective dates of the reports.

6. We have complied with the relevant applicable requirement of the Standard on Quality Control (SQC) 1, Quality Control for the Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Service Engagements.

S. K. MITTAL & Co. CHARTERED ACCOUNTANTS New Delhi

O P BAGLA & CO LLP FRN: 000018N/N500091 Chartered Accountants New Delhi

7. Since we have not Audited any of the Financial Statements of the Company for any of the period(s), prior to the date of issue of this letter, thus, we have relied upon the Audit Report and Financial Statements duly audited by the then Statutory Auditors appointed by C&AG. The data in the "Consolidated Financial Information" has been extracted from the Audited Financial Statements of the Company, duly audited by the then Statutory Auditors of the Company appointed by C&AG.

8. This report should not in any way be construed as a reissuance or re-dating of any of the previous audit reports issued by M/s. A. R. & Co., Chartered Accountants and M/s. G.S. Mathur & Co., Chartered Accountants, nor should this report be construed as a new opinion on any of the financial statements referred to herein.

9. There is no qualification in the Auditor's Report on the Financial Statements for the year ended 31st March, 2019. However, there are observations in the Annexure to the Auditor's Reports which have been included in Annexure – A. These observations do not have any quantifiable impact on the Consolidated Audited Financial Information.

10. The Company's Board of Directors is responsible for preparation of the Consolidated Financial Statements for the purpose of inclusion in the Prospectuses to be filed with Securities and Exchange Board of India, Stock Exchanges and Registrar of Companies, National Capital Territory of Delhi and Haryana in connection with the proposed public issue of NCDs. The Board of Directors' responsibility includes designing, implementing and maintaining adequate internal control relevant to the preparation and presentation of the Consolidated Financial Statements. The Board of Directors is also responsible for identifying and ensuring that the Company complies with the Act, including any rules passed in pursuance thereof, Guidance Note and SEBI regulations. The Consolidated Financial Information have been prepared by the management of the Company on the basis of preparation stated in note 2 above.

11. We have examined such Consolidated Financial Information under IND-AS taking into consideration:

    a) The terms of reference and terms of our engagement agreed upon with you in accordance with our engagement letter dated 03rd August 2019 in connection with the proposed Issue of NCDs of the Issuer;

    b) The Guidance Note also requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI;

    c) Concepts of test checks and materiality to obtain reasonable assurance based on verification of evidence supporting the Consolidated Financial Information under IND-AS; and

    d) The requirements of Section 26 of the Act and the SEBI Debt Regulations. Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the Act, the SEBI Debt Regulations and the Guidance Note in connection with the Issue.

12. At the Company's request, we have also examined the following other consolidated financial information of the Company (Collectively referred to as "**Other** Consolidated **Financial Information**") proposed to be included in the Prospectuses as approved by the Board of Directors or any other Committee thereto, annexed to this report:
    a) Statements of Accounting Ratios (Consolidated) as at and for the year ended March 31, 2019 and March 31, 2018.
    b) Statement of Dividend (Consolidated), for each of the year ended March 31, 2019 and March 31, 2018 and
    c) Capitalization Statement (Consolidated), as at for the year ended March 31, 2019 and March 31, 2018.

13. We have no responsibility to update our report for events and circumstances occurring after the date of the report.

14. Our report is intended solely for the use of Board of Directors for inclusion in the Prospectuses to be filed by the Company with the Stock Exchanges, the Securities and Exchange Board of India, and Registrar of Companies, National Capital Territory of Delhi and Haryana in connection with the Proposed Issue of NCDs and is not to be used, referred to or distributed for any other purpose without our prior written consent. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or in, to whose hands it may come without our prior consent in writing.

M/s S.K. Mittal & Co. **Chartered Accountants,** **ICAI Firm Registration: 001135N**	**M/s O.P. Bagla & Co. LLP.** **Chartered Accountants,** **ICAI Firm Registration: 000018N/N500091**
Signature Mittal	**Signature**
Name: Gaurav Mittal **Designation: Partner** **Membership Number: 099387** **Date: 16 October 2019** **UDIN: 19099387AAAADH7540**	**Name: Rakesh Kumar** **Designation: Partner** **Membership Number: 087537** **Date: 16 October 2019** **UDIN: 19087537AAAADX7446**

S. K. MITTAL & CO. New Delhi CHARTERED ACCOUNTANTS

O P BAGLA & CO LLP FRN: 000018N/N500091 New Delhi Chartered Accountants

CC to-

Lead Managers to the issue

ANNEXURE A (CONSOLIDATED)

Observation for the year ended on 31st March 2019:

In our opinion, the holding company, its subsidiaries and jointly controlled entity, which are companies incorporated in India, have, in all material aspects, an adequate internal financial controls system except (i) strengthening of procedures for monitoring of utilization of funds disbursed to the borrowers, (ii) rotation of duties amongst some of the staff as per HR Policy to be implemented, (iii) improvement in the system of allocation of common expenses by subsidiaries to its associates (SPV's) , (iv) procedure to obtain periodical balance confirmation and timely obtaining Internal Audit Report and compliances thereon by subsidiaries, over financial reporting and such internal financial controls over financial reporting were operating effectively as of 31 March 2019, based on the internal control over financial reporting criteria established by the Group considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

S. K. MITTAL & CO. CHARTERED ACCOUNTANTS New Delhi

O P BAGLA & CO LLP FRN: 000018N/N500091 New Delhi Chartered Accountants

Consolidated Balance Sheet as at 31st March 2019

(₹ in Crores)

S. No.	Particulars	Note No.	As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
	ASSETS				
(1)	**Financial Assets**				
(a)	Cash and cash equivalents	**5**	381.99	248.43	4,468.51
(b)	Other Bank Balances	**6**	1,733.08	1,946.84	72.98
(c)	Trade receivables	**7**	137.72	133.76	131.33
(d)	Derivative financial instruments	**8**	1,802.58	690.38	628.07
(e)	Loans	**9**	2,70,450.92	2,28,878.25	1,93,934.52
(f)	Investments	**10**	2,283.13	2,775.15	2,829.08
(g)	Other financial assets	**11**	18,363.99	4,281.53	62.65
	Total - Financial Assets (1)		**2,95,153.41**	**2,38,954.34**	**2,02,127.14**
(2)	**Non-Financial Assets**				
(a)	Inventories	**12**	-	-	0.04
(b)	Current tax assets (net)	**13**	293.17	32.22	48.43
(c)	Deferred tax assets (net)	**14**	2,305.93	2,842.43	2,134.12
(d)	Investment Property	**15**	0.01	0.01	0.01
(e)	Property, Plant & Equipment	**16**	156.63	126.59	124.23
(f)	Capital Work-in-Progress	**16**	196.94	127.23	61.41
(g)	Intangible Assets Under Development	**16**	1.59	1.46	1.46
(h)	Other Intangible Assets	**16**	8.55	5.16	0.45
(i)	Other non-financial assets	**17**	148.41	100.01	72.56
(j)	Investments accounted for using equity method	**10**	179.63	172.63	176.07
	Total - Non-Financial Assets (2)		**3,290.86**	**3,407.74**	**2,618.78**
(3)	**Assets classified as held for sale**	**18**	**9.56**	**7.68**	**3.08**
	Total ASSETS (1+2+3)		**2,98,453.83**	**2,42,369.76**	**2,04,749.00**
	LIABILITIES AND EQUITY				
	LIABILITIES				
(1)	**Financial Liabilities**				
(a)	Derivative financial instruments	**8**	159.40	317.75	354.46
(b)	Trade Payables	**19**			
	(i) total outstanding dues of MSMEs		2.65	1.83	0.30
	(ii) total outstanding dues of creditors other than MSMEs		64.64	61.31	42.89
(c)	Debt Securities	**20**	1,92,767.51	1,79,067.85	1,48,650.96
(d)	Borrowings (other than debt securities)	**21**	46,662.54	22,631.42	21,700.17
(e)	Subordinated Liabilities	**22**	4,818.76	2,667.36	2,667.21
(f)	Other financial liabilities	**23**	19,227.07	4,703.05	260.08
	Total - Financial Liabilities (1)		**2,63,702.57**	**2,09,450.57**	**1,73,676.07**
(2)	**Non-Financial Liabilities**				
(a)	Current tax liabilities (net)	**24**	-	0.51	0.55
(b)	Provisions	**25**	100.24	220.74	214.27
(c)	Other non-financial liabilities	**26**	104.60	110.33	48.68
	Total - Non-Financial Liabilities (2)		**204.84**	**331.58**	**263.50**
(3)	**Liabilities directly associated with assets classified as held for sale**	**18**	**0.08**	**-**	**-**
(4)	**EQUITY**				
(a)	Equity Share Capital	**27**	1,974.92	1,974.92	1,974.92
(b)	Other equity	**28**	32,571.42	30,612.69	28,834.51
	Total - Equity (4)		**34,546.34**	**32,587.61**	**30,809.43**
	Total - LIABILITIES AND EQUITY (1+2+3+4)		**2,98,453.83**	**2,42,369.76**	**2,04,749.00**

Accompanying Notes to Financial Statements **1 to 70**

Consolidated Statement of Profit and Loss for the Year ended 31st March 2019

(₹ in Crores)

S. No.	Particulars	Note No.	Year ended 31.03.2019	Year ended 31.03.2018
	Revenue from Operations			
(i)	Interest Income	**29**	24,983.62	22,098.31
(ii)	Dividend Income	**30**	20.38	26.85
(iii)	Fees and Commission Income	**31**	225.09	299.39
(iv)	Sale of services	**32**	169.93	227.05
I.	**Total Revenue from Operations (i to iv)**		**25,399.02**	**22,651.60**
II.	Other Income	**33**	32.31	14.79
III.	**Total Income (I+II)**		**25,431.33**	**22,666.39**
	Expenses			
(i)	Finance Costs	**34**	15,639.20	13,332.94
(ii)	Net translation/ transaction exchange loss	**35**	521.19	19.37
(iii)	Fees and commission Expense	**36**	34.38	24.58
(iv)	Net loss on fair value changes	**37**	348.52	573.37
(v)	Impairment on financial instruments	**38**	243.49	2,300.53
(vi)	Cost of services rendered	**39**	85.15	119.80
(vii)	Cost of material consumed	**40**	-	7.95
(viii)	Changes in inventories of finished goods and work-in-progress	**41**	-	0.04
(ix)	Employee Benefits Expenses	**42**	177.37	184.04
(x)	Depreciation and amortization	**43**	8.29	6.93
(xi)	Corporate Social Responsibility Expenses	**44**	104.49	50.94
(xii)	Other Expenses	**45**	188.76	99.05
IV.	**Total Expenses (i to xii)**		**17,350.84**	**16,719.54**
V.	**Share of Profit/Loss of Joint Venture accounted for using equity method**	**64**	9.95	10.67
VI.	**Profit before Tax (III-IV+V)**		**8,090.44**	**5,957.52**
VII.	**Tax Expense**	**46**		
(i)	Current tax		1,813.23	2,215.43
(ii)	Deferred Tax		535.83	(708.43)
	Total Tax Expense (i+ii)		**2,349.06**	**1,507.00**
VIII.	**Profit for the year**		**5,741.38**	**4,450.52**
IX.	**Other comprehensive Income/(Loss)**			
(i)	**Items that will not be reclassified to profit or loss**			
(a)	Re-measurement gains/(losses) on defined benefit plans		(19.37)	(6.34)
(b)	Changes in Fair Value of FVOCI Equity Instruments		(47.26)	8.48
(c)	Share of Other Comprehensive Income/ (loss) of Joint Venture accounted for using equity method	**64**	(0.05)	(0.03)
(d)	Income tax relating to these items			
	- Re-measurement gains/(losses) on defined benefit plans		6.77	2.20
	- Changes in Fair Value of FVOCI Equity Instruments		(0.68)	(0.10)
	-Share of Other Comprehensive Income/ (loss) of Joint Venture accounted for using equity method		-	-
	Sub-Total (i)		(60.59)	4.21
(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	**64**	-	1.46
	Sub-Total (ii)		-	1.46
	Other comprehensive Income/(Loss) for the period (i+ii)		**(60.59)**	**5.67**
X.	**Total comprehensive Income for the period (VIII+IX)**		**5,680.79**	**4,456.19**
XI.	**Basic & Diluted Earnings per Equity Share of 10 each (in)**	**47**		
(1)	For continuing operations		**29.07**	**22.54**
(2)	For continuing and discontinued operations		**29.07**	**22.54**

Accompanying Notes to Financial Statements **1 to 70**

Consolidated Statement of Changes in Equity for the year ended 31st March 2019

A Equity share capital

Particulars	FY 2018-19	FY 2017-18
Opening Balance	1,974.92	1,974.92
Closing Balance	1,974.92	1,974.92

B Other Equity

Particulars	Reserves & Surplus								Other Comprehensive income		Total
	Special Reserve created u/s 36(1) (viii) of the Income Tax Act, 1961	Reserve for Bad and doubtful debts u/s 36(1)(viia) of the Income Tax Act, 1961	Reserve Fund u/s 45-IC of Reserve Bank of India Act, 1934	Debenture Redemption Reserve	Securities Premium Account	Foreign Currency Monetary Item Translation Difference Account	General Reserve	Retained Earnings	Share of Other Comprehensive Income/ (loss) of Joint Venture accounted for using equity method	Equity Instruments through Other Comprehensive Income	
Balance as at 1st April 2017	12,230.70	2,425.30	-	924.95	2,236.54	203.78	4,730.54	5,900.84	-	181.86	28,834.51
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Total Comprehensive Income	-	-	-	-	-	-	-	4,446.35	1.46	8.38	4,456.19
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Balance as at 31st March 2018	13,813.19	2,761.10	-	1,121.54	2,236.54	(86.29)	5,230.54	5,344.37	1.46	190.24	30,612.69
/	-	-	-	-	-	-	-	5,741.38		-	
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Total Comprehensive Income	-	-	-	-	-	-	-	5,728.73		(47.94)	5,680.79
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Balance as at 31st March 2019	15,136.78	3,034.72	1,153.00	1,318.13	2,236.54	(764.82)	5,230.54	5,088.19	1.46	136.88	32,571.42

Accompanying Notes to Financial Statements 1 to 70

Consolidated Statement of Cash Flows for the year ended 31st March 2019

(₹ in Crores)

PARTICULARS	YEAR ENDED 31.03.2019		YEAR ENDED 31.03.2018	
A. Cash Flow from Operating Activities :				
Net Profit before Tax	**8,090.44**		**5,957.52**	
Adjustments for:				
1. Loss on derecognition of Property, Plant and Equipment (net)	0.86		0.56	
2. Depreciation & Amortization	8.29		6.93	
3. Impairment losses on financial assets	243.49		2,300.53	
4. Adjustments towards Effective Interest Rate in respect of Loans	1.33		(37.70)	
5. Adjustments towards Effective Interest Rate in respect of Borrowings	(788.28)		84.16	
6. Fair Value Changes in Derivatives	351.52		586.76	
7. Interest on Commercial Paper	402.84		135.60	
8. Interest on Other borrowings	0.01		-	
9. Interest Accrued on Zero Coupon Bonds	97.02		89.54	
10. Loss/ (Gain) on Exchange Rate fluctuation	558.51		(53.61)	
11. Dividend Income	(20.38)		(26.85)	
12. Interest Income on Investments	(205.88)		(223.40)	
13. Provision made for Interest on Advance Income Tax	3.70		5.68	
14. Liabilities no longer required written back	(0.46)		(0.71)	
15. Share of Profit/Loss of Joint Venture accounted for using equity method	(9.95)		(10.67)	
Operating profit before Changes in Operating Assets & Liabilities	**8,733.06**		**8,814.34**	
Inflow / (Outflow) on account of :				
1. Loan Assets	-41,760.36		-37,474.64	
2. Derivatives	-1,622.07		-685.78	
3. Other Operating Assets	-13,856.90		-5,643.79	
4. Operating Liabilities	14,711.38		4,680.09	
Cash flow from Operations	**(33,794.89)**		**(30,309.78)**	
1. Income Tax Paid (including TDS)	-2,070.91		-2,202.60	
2. Income Tax refund	0.00		2.57	
Net Cash Flow from Operating Activities		**(35,865.80)**		**(32,509.81)**
B. Cash Flow from Investing Activities				
1. Sale of Property, Plant & Equipment	0.10		0.15	
2. Investment in Property, Plant & Equipment (incl. CWIP & Capital Advances)	(85.88)		(74.56)	
3. Investment in Intangible Assets (including intangible assets under development)	(5.04)		(5.35)	
4. Finance Costs Capitalised	(11.37)		(6.32)	
5. Investment in Equity Shares/ Venture Capital Funds	24.39		(2.08)	
6. Sale/(Investment) in Equity Shares/ Venture Capital Funds	(0.40)		0.10	
7. Investment in Debt Securities (incl. interest income)	399.45		95.58	
8. Interest Income from long term investments	156.79		221.21	
9. Investment in Term deposits Deposits (incl. interest)	(106.64)		(208.62)	
10. Maturity/(Investment) of Corporate and Term deposits	64.99		(1.08)	
11. Dividend Income	20.38		26.85	
Net Cash Flow from Investing Activities		**456.77**		**45.88**
C. Cash Flow from Financing Activities				
1. Issue of Rupee Debt Securities (Net of redemptions)	4,220.72		19,558.55	
2. Issue of Commercial Paper (net of repayments)	4,143.04		3,014.84	
3. Raising of Rupee Term Loans/ WCDL from Govt./ Banks/ FIs (net of repayments)	24,350.00		(350.00)	
4. Raising of Foreign Currency Debt Securities and Borrowings (net of redemptions)	3,718.78		8,395.48	
5. Raising of Subordinated Liabilities (net of redemptions)	2,151.20		-	
6. Payment of Dividend on Equity Shares	(2,515.63)		(1,971.87)	
7. Payment of Corporate Dividend Tax	(525.52)		(403.15)	
Net Cash flow from Financing Activities		**35,542.59**		**28,243.85**
Net Increase/Decrease in Cash & Cash Equivalents		**133.56**		**(4,220.08)**
Cash & Cash Equivalents as at the beginning of the period		**248.43**		**4,468.51**
Cash & Cash Equivalents as at the end of the period		**381.99**		**248.43**

Components of Cash & Cash Equivalents as at end of the year are:

(₹ in Crores)

PARTICULARS	AS AT 31.03.2019	AS AT 31.03.2018
- Cash in Hand (including postage & imprest)	0.01	0.01
- Balances with Banks	343.60	186.92
- Short-term Deposits with Scheduled Banks	38.38	61.50
- Short term Investment in Debt Mutual Funds	-	-
- Bank Overdraft	-	-
Total Cash & Cash Equivalents	**381.99**	**248.43**

Reconciliation of liabilities arising from financing activities

(₹ in Crores)

Particulars	Opening Balance	Cash Flows during the year (net)	Movements in Interest Accrued *	Non-cash Changes		Closing Balance
				Exchange Differences	EIR Adjustments	
FY 2018-19						
Rupee Debt Securities	**1,68,444.86**	4,220.72	124.83	-	108.71	**1,72,899.12**
Commercial Paper	**3,150.44**	4,143.04	-	-	402.84	**7,696.32**
Rupee Term Loans/ WCDL	**414.82**	24,350.00	119.43	-	-	**24,884.25**
Foreign Currency Debt Securities & other Borrowings	**29,689.04**	3,718.78	104.02	1,220.89	(782.48)	**33,950.25**
Subordinated Liabilities	**2,667.36**	2,151.20	1.58	-	(1.38)	**4,818.76**
Total	**2,04,366.52**	**38,583.74**	**349.86**	**1,220.89**	**(272.31)**	**2,44,248.70**
FY 2017-18						
Rupee Debt Securities	**1,48,650.96**	19,558.55	148.58	-	86.77	**1,68,444.86**
Commercial Paper	**-**	3,014.84	-	-	135.60	**3,150.44**
Rupee Term Loans/ WCDL	**776.66**	-350.00	-11.84	-	-	**414.82**
Foreign Currency Debt Securities & Bonds	**20,923.38**	8,395.48	46.98	235.32	87.88	**29,689.04**
Subordinated Liabilities	**2,667.21**	-	-	-	0.15	**2,667.36**
Total	**1,73,018.21**	**30,618.87**	**183.72**	**235.32**	**310.40**	**2,04,366.52**

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Note : Previous period figures have been rearranged and regrouped wherever necessary.

REC Limited (Formerly Rural Electrification Corporation Limited)
Registered Office - Core-4, SCOPE Complex, 7, Lodhi Road, New Delhi – 110003
CIN: L40101DL1969GOI005095

Notes to Accounts

1. Company Overview

REC Limited ("REC" or the "Company") was incorporated in the year 1969. The Company is domiciled in India and is limited by shares, having its registered office and principal place of business at Core-4, SCOPE Complex, 7, Lodhi Road, New Delhi-110003, India. The Company has 23 State offices spread across the country, mainly in the State Capitals and one training center at Hyderabad.

The Company is a Government Company engaged in extending financial assistance across the power sector value chain and is a Systemically Important (Non-Deposit Accepting or Holding) Non-Banking Finance Company (NBFC) registered with Reserve Bank of India (RBI) as an Infrastructure Finance Company (IFC).

REC is a leading public Infrastructure Finance Company in India and the principal products of REC are interest-bearing loans to State Electricity Boards, State Power utilities/State Power Departments and Private sector for all segments of Power infrastructure.

The Registrar of Companies, NCT of Delhi & Haryana has issued Fresh Certificate of Incorporation dated 13th October 2018, consequent upon change in the name of the Company from 'Rural Electrification Corporation Limited' to 'REC Limited'. Further, the Company has also received requisite approvals/No Objection Certificate for the said change in name from Ministry of Power, Reserve Bank of India & Stock Exchanges.

Power Finance Corporation Ltd. (PFC) has acquired 103,93,99,343 equity shares of the Company, representing 52.63% of the share capital, from the President of India. Consequently, PFC has become the holding Company of REC.

The shares of the Company are listed on National Stock Exchange of India Limited and BSE Limited.

The Company together with its subsidiaries is hereinafter referred to as 'the Group'.

2. Statement of Compliance and Basis of Preparation

The Group has adopted Indian Accounting Standards (referred to as "Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended) with effect from 01.04.2018. These Consolidated Financial Statements comply with Ind AS notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended), applicable provisions of the Companies Act, 2013 and other applicable regulatory norms/ guidelines. These are the Group's first Ind AS Consolidated financial statements and the date of transition is 01.04.2017.

The Group has prepared its Consolidated Financial Statements up to the year ended 31.03.2018, in accordance with the requirements of previous Generally Accepted Accounting Principles (previous GAAP), which included Accounting Standards (AS) specified under Section 133 of the Companies Act, 2013 read with rules made thereunder and applicable RBI directions. The Group followed the provisions of Ind AS 101- 'First Time adoption of Indian Accounting Standards' in preparing its opening Ind AS Consolidated Balance Sheet as of the date of transition and adjustments were made to restate the opening balances as per Ind AS. The impact of transition has been accounted for in the opening reserves as at 01.04.2017. The comparative figures have been presented in accordance with the same accounting principles that are used in preparation of the Company's first Ind AS Consolidated financial statements.

The mandatory exceptions and optional exemptions availed by the Group on First-time adoption have been detailed in Note 63. Along with this, the reconciliation of total equity under previous GAAP and under Ind-AS as at 1st April 2017 & 31st March 2018 and of the Profit after tax as per Previous GAAP and Total Comprehensive Income under Ind AS for the year ended 31st March 2018 has also been presented in the same note.

The Consolidated Financial Statements for the year ended 31st March 2019 were authorized and approved for issue by the Board of Directors on 24th May 2019.

These Consolidated Financial Statements have been prepared on going concern basis following accrual system of accounting and are in accordance with the Indian Accounting Standards (referred to as "Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended), applicable provisions of the Companies Act, 2013 and other applicable regulatory norms/ guidelines.

2.1 Standards issued but not yet effective

Ind AS 116 - Leases:

On 30.03.2019, Ministry of Corporate Affairs (MCA) has notified Ind AS 116, Leases. Ind AS 116 will replace Ind AS 17 and related interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. The Standard also contains enhanced disclosure requirements for lessees.

Ind AS 12 - Appendix C, Uncertainty over Income Tax Treatments:

On 30.03.2019, MCA has notified Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments which is to be applied while performing the determination of taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. According to the appendix, companies need to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.

Amendment to Ind AS 12 – Income taxes

On 30.03.2019, MCA issued amendments to the guidance in Ind AS 12, 'Income Taxes', in connection with accounting for dividend distribution taxes. The amendment clarifies that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.

Amendment to Ind AS 19 – Plan amendment, curtailment or settlement

On 30.03.2019, Ministry of Corporate Affairs issued amendments to Ind AS 19, 'Employee Benefits', in connection with accounting for plan amendments, curtailments and settlements requiring an entity to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and to recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.

The effective date for application of these amendments is annual period beginning on or after 01.04.2019. The Group is currently evaluating the effect of these amendments on the Consolidated Financial Statements.

3. Significant Accounting Policies

The significant accounting policies applied in preparation of the Consolidated Financial Statements are as given below:

3.1 Basis of consolidation

Subsidiary

Subsidiary is the entity controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiary are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. The Group combines the financial statements of the holding company and its subsidiary line by line adding together like items of assets, liabilities, equity, income and expenses.

Equity accounted investees

The Group's interests in equity accounted investees comprise of the interests in associates and joint venture.

An associate is an entity, including an unincorporated entity, over which the Company has significant influence and that is neither a subsidiary nor an interest in a joint venture. Interests in associates are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of Profit and Loss and Other Comprehensive Income (OCI) of equity-accounted investees until the date on which significant influence ceases. However, in case where it is considered that the investment/ interest in associates is held for sale, the interest in associates is accounted for under Ind AS 105.

A joint venture is an arrangement in which the Group has joint control and has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in joint venture are accounted for using the equity method. They are initially recognised at cost which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of Profit and Loss and Other Comprehensive Income (OCI) of equity-accounted investees until the date on which significant influence or joint control ceases.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that here is no evidence of impairment.

3.2 Basis of Preparation and Measurement

The Consolidated Financial Statements have been prepared on historical cost basis except for certain financial assets and financial liabilities which are measured at fair values as explained in relevant accounting policies. These policies have been applied consistently for all the periods presented in the Consolidated Financial Statements.

Functional and presentation currency

The Consolidated Financial Statements are presented in Indian Rupee ('INR') which is also the functional currency of the Group.

3.3 Income recognition

Interest income

Interest income is recognized on time proportion basis taking into account the amount outstanding and rate applicable.

For all financial assets measured at amortized cost, interest income is recorded using the effective interest rate (EIR), i.e. the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial assets.

Interest on financial assets subsequently measured at fair value through profit and loss is recognized on an accrual basis in accordance with the terms of the respective contract.

Rebate on account of timely payment of interest by borrowers is recognized on receipt of entire interest amount due in time, in accordance with the terms of the respective contract and is netted against the corresponding interest income.

Income from Government schemes

Income of agency fee on Government schemes is recognized on accrual basis based on the services rendered.

Dividend income

Income from dividend on shares of corporate bodies and units of mutual funds is taken into account on accrual basis when REC's right to receive payment is established.

Provided that in case of final dividend, the right to receive payment shall be considered as established only upon approval of the dividend by the shareholders in the Annual General Meeting.

Other services

Fees/ charges on loan assets, other than those considered an adjustment to EIR, are accounted for on accrual basis. Pre-payment premium is accounted for by the Group in the year of receipt.

Revenue from sale of services

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenues are measured at the fair value of the consideration received or receivable, net of discounts and other indirect taxes.

In Cost Plus Contracts - Revenue is recognised by including eligible contractual items of expenditures plus proportionate margin as per contract;

In Fixed Price Contracts – Revenue is recognised on the basis of stage of completion of the contract. The Group has assessed that the stage of completion determined as the proportion of the total time expected to complete the performance obligation that has lapsed at the end of the reporting period is an appropriate measure of progress towards complete satisfaction of these performance obligations under Ind AS 115.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

Professional charges to be charged from the selected bidders/developers for transmission projects put on tariff based bidding is accounted for in the year in which it is reasonably certain that the ultimate collection of the professional charges will be made.

Sale proceeds of Request for Proposal (RFP) documents is credited to the respective SPV and sale proceeds of Request for Qualification (RFQ) documents is retained by the Group and accounted as income of the Group.

3.4 Borrowing costs

Borrowing costs consist of interest and other costs that the Group incurred in connection with the borrowing of funds. Borrowing costs that are directly attributable to the acquisition and/ or construction of a qualifying asset, till the time such a qualifying asset becomes ready for its intended use sale, are capitalized. A qualifying asset is one that necessarily takes a substantial period to get ready for its intended use.

All other borrowing costs are charged to the Statement of Profit and Loss on an accrual basis as per the effective interest rate method.

3.5 Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the period.

To calculate diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

3.6 Foreign Currency Translation

Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency of the Group using the exchange rates prevailing on the date of the transaction.

Foreign exchange gains and losses resulting from the settlement of such transactions and the re-measurement of monetary items denominated in foreign currency at period-end exchange rates are recognized in the Statement of Profit or Loss. However, for the long-term monetary items recognized in the Consolidated Financial Statements before 1 April 2018, such gains and losses are accumulated in a "Foreign Currency Monetary Item Translation Difference Account" and amortized over the balance period of such long term monetary item, by recognition as income or expense in each of such periods.

Non-monetary items are not retranslated at period-end and are measured at historical cost (translated using the exchange rates at the transaction date).

3.7 Intangible assets

Recognition and initial measurement

Intangible assets mainly comprise of computer software which is initially measured at cost. Such assets are recognized where it is probable that the future economic benefits attributable to the assets will flow to the Group.

Subsequent measurement (amortization method, useful lives and residual value)

All intangible assets with finite useful life are amortized on a straight line basis over the estimated useful lives, and a possible impairment is assessed if there is an indication that the intangible asset may be impaired. Residual values and useful lives for all intangible assets are reviewed at each reporting date. Changes, if any, are accounted for as changes in accounting estimates. Management estimates the useful life of intangible assets to be five years.

Intangible Assets under Development

Expenditure incurred which are eligible for capitalization under intangible assets is carried as 'Intangible assets under development' till they are ready for their intended use.

Derecognition of Intangible Assets

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognized in the Statement of Profit and Loss when the asset is derecognized.

3.8 Property, Plant and Equipment (PPE)

Recognition and initial measurement

Land

Land held for use is initially recognized at cost. For land, as no finite useful life can be determined, related carrying amounts are not depreciated. Land also includes land held under finance lease, which is depreciated over the lease term.

<u>Other Tangible assets</u>

PPE other than land is initially recognized at acquisition cost or construction cost, including any costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by the Group's management.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group beyond one year. Maintenance or servicing costs of PPE are recognized in the Statement of Profit and Loss as incurred.

Subsequent measurement (depreciation method, useful lives, residual value, and impairment)

PPE are subsequently measured at cost less accumulated depreciation and impairment losses. Depreciation on PPE is provided on the straight-line method over the useful life of the assets as prescribed under Part 'C' of Schedule II of the Companies Act, 2013.

Depreciation on assets purchased/sold during the year is charged for the full month if the asset is in use for more than 15 days, instead of charging the same on pro-rata basis from the date of purchase/sale. Depreciation on assets purchased during the year up to Rs. 5,000/- is provided @ 100%.

Leasehold land is amortized over the lease period.

The residual values, useful lives, and method of depreciation are reviewed at the end of each financial year. PPE other than land is tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

De-recognition

An item of PPE and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of an item of PPE is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognized in the Statement of Profit and Loss.

Capital Work-in-Progress

The cost of PPE under construction at the reporting date is disclosed as 'Capital work-in-progress.' The cost comprises purchase price, borrowing cost if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discount and rebates are deducted in arriving at the purchase price. Advances paid for the acquisition/ construction of PPE which are outstanding at the balance sheet date are classified under 'Capital Advances.'

3.9 Leases

Company as a lessee

At the inception of each lease, the lease arrangement is classified as either a finance lease or an operating lease, based on the substance of the lease arrangement.

Finance leases

Assets leased by the Group in its capacity as lessee where substantially all the risks and rewards of ownership vest in the Group are classified as finance leases. A finance lease is recognized as an asset and a liability at the commencement of the lease, at the lower of the fair value of the asset and the present value of the minimum lease payments.

Minimum lease payments made under finance leases are apportioned between finance charges and reduction of the lease liability. The Finance expense is allocated to each period during the lease term to produce a constant periodic rate of interest on the remaining balance of the liability.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating Leases
Leases in which the lessor does not transfer substantially all the risks and rewards of ownership of an asset to the lessee are classified as operating leases. Lease rentals are charged to statement of profit and loss on straight-line basis except where a scheduled increase in rent compensates the lessor for expected inflationary costs.

3.10 Investment property
Investment properties are the assets which have undetermined future use. Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, the investment properties are stated at cost less accumulated depreciation. The cost comprises purchase price, borrowing cost if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discount and rebates are deducted in arriving at the purchase price.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group beyond one year. All other repair and maintenance costs are recognized in the Statement of Profit and Loss as incurred.

Subsequent measurement (depreciation and useful lives)
The Group only has land as an investment property, which is not depreciated.

De-recognition
An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognized.

3.11 Financial Instruments
A Financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Initial recognition and measurement
Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted by

transactions costs, except for those carried at fair value through profit or loss which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities is described below.

Classification and subsequent measurement of financial assets

For the purpose of subsequent measurement, financial assets are classified into the following categories upon initial recognition:

- Amortized cost
- Financial assets at fair value through profit or loss (FVTPL)
- Financial assets at fair value through other comprehensive income (FVOCI)

All financial assets except for those at FVTPL or equity instruments at FVOCI are subject to review for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied to each category of financial assets, which are described below.

Amortized cost

A financial asset is measured at amortized cost using Effective Interest Rate (EIR) if both of the following conditions are met:

a) the financial asset is held within a business model whose objective is to hold financial assets to collect contractual cash flows; and
b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A loss allowance for expected credit losses is recognized on financial assets carried at amortized cost.

Modification of cash flows

When the contractual cash flows of a financial asset are renegotiated or otherwise modified, and the renegotiation or modification does not result in derecognition of that financial asset, the Group recalculates the gross carrying amount of the financial asset and recognizes a modification gain or loss in profit or loss. The gross carrying amount of the financial asset shall be recalculated as the present value of the renegotiated or modified contractual cash flows that are discounted at the financial asset's original effective interest rate. Any costs or fees incurred adjust the carrying amount of the modified financial asset and are amortized over the remaining term of the modified financial asset.

Financial assets at FVTPL

Financial assets at FVTPL include financial assets that are either do not meet the criteria for amortized cost classification or are equity instruments held for trading or that meet certain conditions and are designated at FVTPL upon initial recognition. All derivative financial instruments also fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements may apply. Assets in this category are measured at fair value with gains or losses recognized in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

Financial assets at FVOCI

FVOCI financial assets comprise of equity instruments measured at fair value. An equity investment classified as FVOCI is initially measured at fair value plus transaction costs. Gains and losses are recognized in other comprehensive income and reported within the FVOCI reserve within equity, except for dividend income, which is recognized in profit or loss. There is no recycling of such gains and losses from OCI to Statement of Profit & Loss, even on the derecognition of the investment. However, the Group may transfer the same within equity.

De-recognition of financial assets

De-recognition of financial assets due to a substantial modification of terms and conditions

The Group derecognizes a financial asset, such as a loan to a customer, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, with the difference recognized as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded.

De-recognition of financial assets other than due to substantial modification

Financial assets (or where applicable, a part of financial asset or part of a group of similar financial assets) are derecognized (i.e. removed from the Group's balance sheet) when the contractual rights to receive the cash flows from the financial asset have expired, or when the financial asset and substantially all the risks and rewards are transferred. The Group also derecognizes the financial asset if it has both transferred the financial asset and the transfer qualifies for derecognition.

Classification and subsequent measurement of financial liabilities

Financial liabilities are measured subsequently at amortized cost using the effective interest method, except for financial liabilities held for trading or designated at FVTPL, that are carried subsequently at fair value with gains or losses recognized in profit or loss.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or canceled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

Derivative financial instruments and hedge accounting

The derivative financial instruments are accounted for at FVTPL. The Group does not apply hedge accounting.

3.12 Impairment of financial assets

Loan assets

The Group follows a 'three-stage' model for impairment based on changes in credit quality since initial recognition as summarised below:

- Stage 1 includes loan assets that have not had a significant increase in credit risk since initial recognition or that have low credit risk at the reporting date.

- Stage 2 includes loan assets that have had a significant increase in credit risk since initial recognition but that do not have objective evidence of impairment.
- Stage 3 includes loan assets that have objective evidence of impairment at the reporting date.

The Expected Credit Loss (ECL) is measured at 12-month ECL for Stage 1 loan assets and lifetime ECL for Stage 2 and Stage 3 loan assets. ECL is the product of the Probability of Default, Exposure at Default and Loss Given Default, defined as follows:

Probability of Default (PD) - The PD represents the likelihood of a borrower defaulting on its financial obligation, either over the next 12 months (12 months PD), or over the remaining lifetime (Lifetime PD) of the obligation.

Loss Given Default (LGD) – LGD represents the Company's expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type, and preference of claim and availability of collateral or other credit support.

Exposure at Default (EAD) – EAD is based on the amount of outstanding exposure as on the assessment date on which ECL is computed including undisbursed amounts in respect of Letters of Comfort.

Forward-looking economic information is included in determining the 12-month and lifetime PD, EAD and LGD. The assumptions underlying the expected credit loss are monitored and reviewed on an ongoing basis.

Financial assets other than Loans

In respect of its other financial assets, the Group assesses if the credit risk on those financial assets has increased significantly since initial recognition. If the credit risk has not increased significantly since initial recognition, the Group measures the loss allowance at an amount equal to 12-month expected credit losses, else at an amount equal to the lifetime expected credit losses.

To make that assessment, the Group compares the risk of a default occurring on the financial asset as at the balance sheet date with the risk of a default occurring on the financial asset as at the date of initial recognition. The Group also considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition. The Group assumes that the credit risk on a financial asset has not increased significantly since initial recognition if the financial asset is determined to have low credit risk at the balance sheet date.

Write-offs

Financial assets are written off either partially or in their entirety only when the Group has stopped pursuing the recovery.

3.13 Assets/ Disposal Groups held for sale

Assets are classified as held for sale if their carrying amount will have recovered principally through sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at lower of their carrying amount or fair value less cost to sell, except for assets such as deferred tax, assets arising from employee benefit, financials assets and contractual rights under insurance contracts, which are specifically exempted from this requirement.

Non-current assets are not depreciated or amortised while they are classified as held for sale. Non-current assets held for sale are presented separately from other assets in the balance sheet.

Where the Group is committed to a sale plan involving loss of control of an entity, it classifies investment in the entity (i.e. all the assets and liabilities of that entity) as held for sale.

3.14 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments (original maturity less than three months) that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

3.15 Dividend

Proposed dividends and interim dividends payable to the shareholders are recognized as changes in equity in the period in which they are approved by the shareholders' meeting and the Board of Directors respectively.

3.16 Material prior period errors

Material prior period errors are corrected retrospectively by restating the comparative amounts for the prior periods presented in which the error occurred. If the error occurred before the earliest period presented, the opening balances of assets, liabilities and equity for the earliest period presented, are restated.

3.17 Prepaid Expenses

A prepaid expense up to Rs. 1,00,000/- is recognized as expense upon initial recognition.

3.18 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

3.19 Taxation

Tax expense recognized in profit or loss comprises the sum of deferred tax and current tax. It is recognized in Statement of Profit and Loss, except when it relates to an item that is recognised in OCI or directly in equity, in which case, the tax is also recognised in OCI or directly in equity.

Current tax is determined as the tax payable in respect of taxable income for the year, using tax rates enacted or substantively enacted and as applicable at the reporting date, and any adjustments to tax payable in respect of previous years.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the Consolidated financial statements and the corresponding tax bases used in the computation of taxable income. Deferred tax liability is created on temporary difference between the carrying amount and tax base of investments in subsidiaries and joint ventures.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realization, provided those rates are enacted or substantively enacted by the end of the reporting period. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority.

Deferred tax liability is recognized for all taxable temporary differences. A deferred tax asset is recognized for all deductible temporary differences to the extent that it is probable that future taxable profits will be available against which the deductible temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Changes in deferred tax assets or liabilities are recognized as a component of tax income or expense in profit or loss, except where they relate to items that are recognized in other comprehensive income or directly in equity, in which case the related deferred tax is also recognized in other comprehensive income or equity, respectively.

Dividend Distribution Tax is recognized at the same time when the liability to pay a dividend is recognized.

3.20 Employee benefits

Short-term employee benefits

Short-term employee benefits including salaries, short term compensated absences (such as a paid annual leave) where the absences are expected to occur within twelve months after the end of the period in which the employees render the related service, profit sharing and bonuses payable within twelve months after the end of the period in which the employees render the related services and non-monetary benefits for current employees are estimated and measured on an undiscounted basis.

Post-employment benefit plans are classified into defined benefits plans and defined contribution plans as under:

Defined contribution plan

A defined contribution plan is a plan under which the Group pays fixed contributions in respect of the employees into a separate fund. The Group has no legal or constructive obligations to pay further contributions after its payment of the fixed contribution. The contributions made by the Group towards defined contribution plans are charged to the profit or loss in the period to which the contributions relate.

Defined benefit plan

The Group has an obligation towards gratuity, Post Retirement Medical Facility (PRMF) and Other Defined Retirement Benefit (ODRB) which are being considered as defined benefit plans covering eligible employees. Under the defined benefit plans, the amount that an employee will receive on retirement is defined by reference to the employee's length of service, final salary, and other defined parameters. The legal obligation for any benefits remains with the Group, even if plan assets for funding the defined benefit plan have been set aside.

The Group's obligation towards defined benefit plans is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. The liability recognized in the statement of financial position for defined benefit plans is the present value of the Defined Benefit Obligation (DBO) at the reporting date less the fair value of plan assets. Management estimates the DBO annually with the assistance of independent actuaries.

Actuarial gains/losses resulting from re-measurements of the liability/asset are included in Other Comprehensive Income.

Other long-term employee benefits:

Liability in respect of compensated absences becoming due or expected to be availed more than one-year after the balance sheet date is estimated on the basis of actuarial valuation performed by an independent actuary using the projected unit credit method.

Actuarial gains and losses arising from past experience and changes in actuarial assumptions are charged to statement of profit and loss in the period in which such gains or losses are determined.

Loan to employees at concessional rate

Loans given to employees at concessional rate are initially recognized at fair value and subsequently measured at amortised cost. The difference between the initial fair value of such loans and transaction value is recognised as deferred employee cost, which is amortised on a straight-line basis over the expected remaining period of the Loan. In case of change in expected remaining period of the Loan, the unamortised deferred employee cost on the date of change is amortised over the updated expected remaining period of the loan on a prospective basis.

3.21 Provisions, Contingent Liabilities, and Contingent Assets

Provisions are recognized when the Group has a present legal or constructive obligation as a result of a past event; it is probable that an outflow of economic resources will be required from the Group and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain. Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Provisions are discounted to their present values, where the time value of money is material.

A contingent liability is disclosed for:

- Possible obligations which will be confirmed only by future events not wholly within the control of the Group or
- Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

In those cases, where the outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognized or disclosure is made.

Any reimbursement that the Group can be virtually certain to collect from a third party concerning the obligation (such as from insurance) is recognized as a separate asset. However, this asset may not exceed the amount of the related provision.

Contingent assets are not recognized. However, when the inflow of economic benefits is probable, the related asset is disclosed.

3.22 Fair value measurement

The Group measures financial instruments, such as derivatives at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, including assumptions about risk, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the Consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the Consolidated financial statements regularly, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

4. Significant management judgment in applying accounting policies and estimation of uncertainty

The preparation of the Group's Consolidated financial statements requires management to make judgments, estimates, and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the related disclosures. Actual results may differ from these estimates.

Significant management judgments

Recognition of deferred tax assets/ liability – The extent to which deferred tax assets can be recognized is based on an assessment of the probability of the future taxable income against which the deferred tax assets can be utilized. Further, the Group's Management has no intention to make withdrawal from the Special Reserve created and maintained under section 36(1)(viii) of the Income Tax Act, 1961 and thus, the special reserve created and maintained is not capable of being reversed. Hence, the Group does not create any deferred tax liability on the said reserve.

Evaluation of indicators for impairment of assets – The evaluation of the applicability of indicators of impairment of assets requires assessment of several external and internal factors which could result in deterioration of recoverable amount of the assets.

Investment in SPVs – Transmission projects are managed as per the mandate from Government of India and the Group does not have the practical ability to direct the relevant activities of these projects unilaterally. The Group therefore considers its investment in respective SPVs as associates having significant influence despite the Company holding 100% of their paid-up equity share capital.

Non recognition of Interest Income on Credit Impaired Loans - Interest income on credit-impaired loan assets is not being recognised as a matter of prudence, pending the outcome of resolutions of stressed assets.

Significant estimates

Useful lives of depreciable/amortizable assets – Management reviews its estimate of the useful lives of depreciable/amortizable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical and economic obsolescence that may change the utility of assets.

Defined benefit obligation (DBO) – Management's estimate of the DBO is based on a number of underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses.

Fair value measurements – Management applies valuation techniques to determine the fair value of financial instruments (where active market quotes are not available). This involves developing estimates and assumptions consistent with how market participants would price the instrument. In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. In case of non-availability of market-observable data, Level 2 & Level 3 hierarchy is used for fair valuation.

Income Taxes – Significant estimates are involved in determining the provision for income taxes, including amount expected to be paid/recovered for uncertain tax positions and also in respect of expected future profitability to assess deferred tax asset.

Expected Credit Loss ('ECL') – The measurement of an expected credit loss allowance for financial assets measured at amortized cost requires the use of complex models and significant assumptions about future economic conditions and credit behavior (e.g., likelihood of customers defaulting and resulting losses). The Group makes significant judgments about the following while assessing expected credit loss to estimate ECL:

- Determining criteria for a significant increase in credit risk;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/ market and the associated ECL; and
- Establishing groups of similar financial assets to measure ECL.
- Estimating the probability of default and loss given default (estimates of recoverable amounts in case of default)

5 Cash and cash equivalents

(₹ in Crores)

Particulars	As at 31-03-19	As at 31-03-18	As at 01-04-17
- Balances with Banks	343.60	186.92	850.31
- Cash on Hand (including postage & imprest)	0.01	0.01	-
Sub-total	**343.61**	**186.93**	**850.31**
- Term Deposits & Other Cash Equivalents			
- Short-term Deposits with Scheduled Banks	38.38	61.50	2,458.20
- Short term Investment in Debt Mutual Funds	-	-	1,160.00
Sub-total	38.38	61.50	3,618.20
Total (Cash & Cash Equivalents)	381.99	248.43	4,468.51

5.1 There are no repatriation restrictions with respect to Cash and Cash equivalents as at the end of the reporting year and prior years presented.

6 Other Bank Balances

(₹ in Crores)

Particulars	As at 31-03-19	As at 31-03-18	As at 01-04-17
- Earmarked Balances with Banks			
- For unpaid dividends	4.15	3.49	2.75
- For grants	988.31	215.27	6.50
- Earmarked Term Deposits			
- For grants	2.15	255.22	23.20
- Deposits in Compliance of Court Order	2.47	2.31	1.98
- Balances with banks not available for use pending allotment of securities	722.04	1,469.23	-
-Other Term deposits	13.96	1.32	38.55
Total (Other Bank Balances)	**1,733.08**	**1,946.84**	**72.98**
- Term Deposits with remaining maturity more than 3 months but less than 12 months	13.10	217.21	36.20
- Term Deposits with original maturity more than 12 months	-	-	2.05
- Term Deposits held against margin money for more than 12 months	0.86	0.31	0.30

7 Trade Receivables

(₹ in Crores)

	Particulars	As at 31-03-19	As at 31-03-18	As at 01-04-17
(A)	Unsecured, Considered good	148.55	145.93	142.47
	Less: Allowance for Expected Credit Loss	(12.51)	(12.19)	(12.67)
		136.04	**133.74**	**129.80**
(B)	Trade receivables which have significant increse in credit risk	3.37	0.04	3.07
	Less: Allowance for Expected Credit Loss	(1.69)	(0.02)	(1.54)
		1.68	**0.02**	**1.53**
(C)	Credit impaired receivables	23.83	23.78	20.71
	Less: Allowance for Expected Credit Loss	(23.83)	(23.78)	(20.71)
		-	**-**	**-**
	Total Trade Receivables (A+B+C)	**137.72**	**133.76**	**131.33**

8 **Derivative Financial Instruments**

The Company has entered into derivative contracts for hedging foreign exchange risks and interest rate risks. Derivative contracts held for risk management purposes can either be accounted under hedge accounting or as economic hedges. However Company has elected not to apply hedge accounting.

Refer Note 53 for Risk Management Disclosures in respect of the derivatives.

Part I

(₹ in Crores)

	Particulars	As at 31.03.2019			As at 31.03.2018			As at 01.04.2017		
		Notional Amounts	Fair Value - Assets	Fair Value - Liabilities	Notional Amounts	Fair Value - Assets	Fair Value - Liabilities	Notional Amounts	Fair Value - Assets	Fair Value - Liabilities
(i)	**Currency Derivatives**									
	- Spot and forwards	518.78	-	10.26	-	-	-	-	-	-
	- Currency swaps	5,701.69	419.05	0.41	6,584.19	173.50	71.50	13,100.71	202.64	163.19
	- Others	-	-	-	-	-	-	-	-	-
	- Call Spread	3,839.01	129.43	-	6,049.10	70.76	161.17	6,029.99	168.11	126.05
	- Seagull Options	14,306.98	1,093.63	18.57	2,821.78	209.35	-	-	-	-
	Sub-total (i)	**24,366.46**	**1,642.11**	**29.24**	**15,455.07**	**453.61**	**232.67**	**19,130.70**	**370.75**	**289.24**
(ii)	**Interest Rate Derivatives**									
	- Forward Rate Agreements and Interest Rate Swaps	21,436.70	160.47	130.16	27,506.20	236.77	85.08	23,089.85	257.32	65.22
	Sub-total (ii)	**21,436.70**	**160.47**	**130.16**	**27,506.20**	**236.77**	**85.08**	**23,089.85**	**257.32**	**65.22**
	Total - Derivative Financial Instruments (i + ii)	**45,803.16**	**1,802.58**	**159.40**	**42,961.27**	**690.38**	**317.75**	**42,220.55**	**628.07**	**354.46**

Part II

Included in Part I are derivatives held for hedging and risk management purposes as below:

(₹ in Crores)

	Particulars	As at 31.03.2019			As at 31.03.2018			As at 01.04.2017		
		Notional Amounts	Fair Value - Assets	Fair Value - Liabilities	Notional Amounts	Fair Value - Assets	Fair Value - Liabilities	Notional Amounts	Fair Value - Assets	Fair Value - Liabilities
(i)	Undesignated Derivatives	45,803.16	1,802.58	159.40	42,961.27	690.38	317.75	42,220.55	628.07	354.46
	Total - Derivative Financial Instruments	**45,803.16**	**1,802.58**	**159.40**	**42,961.27**	**690.38**	**317.75**	**42,220.55**	**628.07**	**354.46**

9 Loans

The Company has categorised all loans at Amortised Cost in accordance with the requirements of Ind AS 109.

(₹ in Crores)

	Particulars	As at 31.03.2019		As at 31.03.2018		As at 01.04.2017	
		Principal O/s	Amortised Cost	Principal O/s	Amortised Cost	Principal O/s	Amortised Cost
(A)	**Loans**						
(i)	Term Loans	2,79,021.68	2,79,748.67	2,33,801.39	2,34,480.65	1,98,339.82	1,99,285.98
(ii)	Working Capital Loans	2,188.00	2,200.18	5,647.93	5,673.05	3,588.85	3,609.74
	Total (A) - Gross Loans	**2,81,209.68**	**2,81,948.85**	**2,39,449.32**	**2,40,153.70**	**2,01,928.67**	**2,02,895.72**
	Less: Impairment loss allowance	(11,497.93)	(11,497.93)	(11,275.45)	(11,275.45)	(8,961.20)	(8,961.20)
	Total (A) - Net Loans	**2,69,711.75**	**2,70,450.92**	**2,28,173.87**	**2,28,878.25**	**1,92,967.47**	**1,93,934.52**
(B)	**Security Details**						
(i)	Secured by tangible assets	2,16,394.62	2,06,845.46	1,98,454.16	1,99,024.92	1,70,201.07	1,71,043.22
(ii)	Secured by intangible assets	-	-	-	-	-	-
(iii)	Covered by Bank/ Govt. Guarantees	42,575.45	52,751.86	26,915.40	27,005.32	22,156.38	22,251.13
(iv)	Unsecured	22,239.61	22,351.53	14,079.76	14,123.46	9,571.22	9,601.37
	Total (B) - Gross Loans	**2,81,209.68**	**2,81,948.85**	**2,39,449.32**	**2,40,153.70**	**2,01,928.67**	**2,02,895.72**
	Less: Impairment loss allowance	(11,497.93)	(11,497.93)	(11,275.45)	(11,275.45)	(8,961.20)	(8,961.20)
	Total (B) - Net Loans	**2,69,711.75**	**2,70,450.92**	**2,28,173.87**	**2,28,878.25**	**1,92,967.47**	**1,93,934.52**
(C)(I)	**Loans in India**						
(i)	Public Sector	2,47,719.13	2,48,463.55	2,06,410.52	2,07,015.02	1,68,810.92	1,69,388.65
(ii)	Private Sector	33,490.55	33,485.30	33,038.80	33,138.68	33,117.75	33,507.07
	Total (C)(I) - Gross Loans	**2,81,209.68**	**2,81,948.85**	**2,39,449.32**	**2,40,153.70**	**2,01,928.67**	**2,02,895.72**
	Less: Impairment loss allowance	(11,497.93)	(11,497.93)	(11,275.45)	(11,275.45)	(8,961.20)	(8,961.20)
	Total (C)(I) - Net Loans	**2,69,711.75**	**2,70,450.92**	**2,28,173.87**	**2,28,878.25**	**1,92,967.47**	**1,93,934.52**
(C)(II)	**Loans outside India**						
(i)	Public Sector	-	-	-	-	-	-
(ii)	Private Sector	-	-	-	-	-	-
	Total (C)(II) - Gross Loans	**-**	**-**	**-**	**-**	**-**	**-**
	Less: Impairment loss allowance	-	-	-	-	-	-
	Total (C)(II) - Net Loans	**-**	**-**	**-**	**-**	**-**	**-**
	Total (C)(I) and (C)(II)	**2,69,711.75**	**2,70,450.92**	**2,28,173.87**	**2,28,878.25**	**1,92,967.47**	**1,93,934.52**

9.1 Reconciliation between the figures reported under Ind-AS and actual amounts outstanding in respect of Loans:

(₹ in Crores)

Particulars	As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
Net Loans	**2,70,450.92**	**2,28,878.25**	**1,93,934.52**
Less: Interest accrued and due on Loans classified under the same head as per Ind-AS	(445.05)	(462.37)	(781.26)
Less: Interest accrued and not due on Loans classified under the same head as per Ind-AS	(341.01)	(303.23)	(288.31)
Add: Allowance for Expected Credit Loss netted off as per Ind-AS	11,497.93	11,275.45	8,961.20
Add: Ind-AS Adjustments in respect of fees based income at Effective Interest Rate (EIR)	46.89	61.22	102.52
Gross Loans	**2,81,209.68**	**2,39,449.32**	**2,01,928.67**

9.2 Loan balance confirmations for 88.56% of total loan assets as at 31st March 2019 have been received from the borrowers. Out of the remaining 11.44% loan assets amounting to ₹ 32,163 crore for which balance confirmations have not been received, 72% loans are secured by way of hypothecation of assets, 25% by way of Government Guarantee/ Loans to Government and 3% are unsecured loans.

9.3 One of the borrowers, M/s RKM Powergen Pvt Ltd. has obtained an ad-interim order from Hon'ble High Court of Madras on 18 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.

However, the Company has created an adequate provision of ₹ 942.67 crore (As at 31st March 2018 - ₹ 942.67 crore, as at 1st April 2017 - ₹ 942.67 crore) @ 40.95% of Loan outstanding of ₹ 2,302 crore (As at 31st March 2018 - ₹ 2,302 crore, as at 1st April 2017 - ₹ 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.

10 Investments

A. Investments (other than Investments accounted for using equity method)

(in Crores)

As at 31st March 2019	Amortised Cost	At fair value				Total
		Through Other Comprehensive Income	Through profit or loss	Designated at fair value through profit or loss	Sub-total	
	(1)	(2)	(3)	(4)	(5=2+3+4)	(6=1+5)
Government Securities						
- Govt. of MP Power Bonds - II (1 Bond of 47.16 Crores each)	47.16	-	-	-	-	47.16
Sub-total - Government Securities	**47.16**	**-**	**-**	**-**	**-**	**47.16**
Debt Securities						
- 9.68% Bonds of UP Power Corporation Ltd.	-	-	-	-	-	-
11.15% Perpetual Bonds of Indian Bank (5,000 Bonds of 0.10 Crores each)	-	-	500.31	-	500.31	500.31
11.25% Perpetual Bonds of Vijaya Bank (5,000 Bonds of 0.10 Crores each)	-	-	556.25	-	556.25	556.25
11.25% Perpetual Bonds of Syndicate Bank (5,000 Bonds of 0.10 Crores each)	-	-	500.31	-	500.31	500.31
7.39% Tax Free 15 years Secured Redeemable Non Convertible Bonds of Housing and Urban Development Corporation(HUDCO) (86,800 Bonds of 1,000 each)	8.81	-	-	-	-	8.81
7.35% Tax Free 15 years Secured Redeemable Non Convertible Bonds of National Highway Authority of India Ltd. (NHAI) (46,000 Bonds of 1,000 each)	4.60	-	-	-	-	4.60
7.39% Tax Free 15 years Secured Redeemable Non Convertible Bonds of National Highway Authority of India Ltd. (NHAI) (36,800 Bonds of 1,000 each)	3.68	-	-	-	-	3.68
7.49% Tax Free 15 years Secured Redeemable Non Convertible Bonds of Indian Renewable Energy Development Agency (IREDA) (61,300 Bonds of 1,000 each)	6.22	-	-	-	-	6.22
7.35% Tax Free 15 years Secured Redeemable Non Convertible Bonds of Indian Railway Finance Corporation (IRFC) (22,300 Bonds of 1,000 each)	2.31	-	-	-	-	2.31
7.35% Tax Free 15 years Secured Redeemable Non Convertible Bonds of National Bank for Agriculture and Rural Development (NABARD) (14,000 Bonds of 1,000 each)	1.40	-	-	-	-	1.40

(in Crores)

As at 31st March 2019	Amortised Cost	At fair value				Total
		Through Other Comprehensive Income	Through profit or loss	Designated at fair value through profit or loss	Sub-total	
	(1)	(2)	(3)	(4)	(5=2+3+4)	(6=1+5)
8.76% Tax Free 20 years Secured Redeemable Bonds of Housing and Urban Development Corporation(HUDCO)	5.09	-	-	-	-	5.09
(50,000 Bonds of 1,000 each)						
Sub-total - Debt Securities	**32.11**	**-**	**1,556.87**	**-**	**1,556.87**	**1,588.98**
Equity Instruments						
- NHPC Ltd.	-	433.00	-	-	433.00	433.00
(17,53,02,206 Equity shares of 10 each)						
- Indian Energy Exchange Ltd.	-	206.25	-	-	206.25	206.25
(1,25,00,000 Equity shares of 1 each)						
- HUDCO Ltd.	-	1.56	-	-	1.56	1.56
(3,47,429 Equity shares of 10 each)						
- Universal Commodity Exchange Ltd.	-	-	-	-	-	-
(1,60,00,000 Equity shares of 10 each)						
- Lanco Teesta Hydro Power Pvt. Ltd.	-	-	-	-	-	-
(10,20,00,000 Equity shares of 10 each)						
Sub-total - Equity Instruments	**-**	**640.81**	**-**	**-**	**640.81**	**640.81**
Others						
- Units of 'Small is Beautiful' Fund	-	6.18	-	-	6.18	6.18
(61,52,200 units of 10 each)						
Sub-total - Others	**-**	**6.18**	**-**	**-**	**6.18**	**6.18**
Total - Gross (A)	**79.27**	**646.99**	**1,556.87**	**-**	**2,203.86**	**2,283.13**
(i) Investments outside India	-	-	-	-	-	-
(ii) Investments in India	79.27	646.99	1,556.87	-	2,203.86	2,283.13
Total (B)	**79.27**	**646.99**	**1,556.87**	**-**	**2,203.86**	**2,283.13**
Less: Allowance for impairment loss (C)	-	-	-	-	-	-
Total - Net (D=A-C)	**79.27**	**646.99**	**1,556.87**	**-**	**2,203.86**	**2,283.13**

(in Crores)

As at 31st March 2018	Amortised Cost	At fair value				Total
		Through Other Comprehensive Income	Through profit or loss	Designated at fair value through profit or loss	Sub-total	
	(1)	(2)	(3)	(4)	(5=2+3+4)	(6=1+5)
Government Securities					-	-
- Govt. of MP Power Bonds - II (3 Bonds of 47.16 Crores each)	141.48	-	-	-	-	141.48
Sub-total - Government Securities	**141.48**	**-**	**-**	**-**	**-**	**141.48**
Debt Securities						
- Bonds of UP Power Corporation Ltd. (30,385 Bonds of 0.01 Crores each)	317.47	-	-	-	-	317.47
- Perpetual Bonds of Indian Bank (5,000 Bonds of 0.10 Crores each)	-	-	500.31	-	500.31	500.31
- Perpetual Bonds of Vijaya Bank (5,000 Bonds of 0.10 Crores each)	-	-	500.00	-	500.00	500.00
- Perpetual Bonds of Syndicate Bank (5,000 Bonds of 0.10 Crores each)	-	-	500.31	-	500.31	500.31
7.39% Tax Free 15 years Secured Redeemable Non Convertible Bonds of Housing and Urban Development Corporation(HUDCO) (86,800 Bonds of 1,000 each)	8.82	-	-	-	-	8.82
7.35% Tax Free 15 years Secured Redeemable Non Convertible Bonds of National Highway Authority of India Ltd. (NHAI) (46,000 Bonds of 1,000 each)	4.61	-	-	-	-	4.61
7.39% Tax Free 15 years Secured Redeemable Non Convertible Bonds of National Highway Authority of India Ltd. (NHAI) (36,800 Bonds of 1,000 each)	3.69	-	-	-	-	3.69
7.49% Tax Free 15 years Secured Redeemable Non Convertible Bonds of Indian Renewable Energy Development Agency (IREDA) (61,300 Bonds of 1,000 each)	6.22	-	-	-	-	6.22
7.35% Tax Free 15 years Secured Redeemable Non Convertible Bonds of Indian Railway Finance Corporation (IRFC) (22,300 Bonds of 1,000 each)	2.23	-	-	-	-	2.23
7.35% Tax Free 15 years Secured Redeemable Non Convertible Bonds of National Bank for Agriculture and Rural Development (NABARD) (14,000 Bonds of 1,000 each)	1.45	-	-	-	-	1.45

(in Crores)

As at 31st March 2018	Amortised Cost	At fair value				Total
		Through Other Comprehensive Income	Through profit or loss	Designated at fair value through profit or loss	Sub-total	
	(1)	(2)	(3)	(4)	(5=2+3+4)	(6=1+5)
	5.09	-	-	-	-	5.09
8.76% Tax Free 20 years Secured Redeemable Bonds of Housing and Urban Development Corporation(HUDCO) (50,000 Bonds of 1,000 each)						
Corporate Depositof PNB Housing Finance Limited	64.84	-	-	-	-	64.84
Sub-total - Debt Securities	**414.42**	**-**	**1,500.62**	**-**	**1,500.62**	**1,915.04**
Equity Instruments						
- NHPC Ltd.	-	509.71	-	-	509.71	509.71
(18,40,11,865 Equity shares of 10 each)						
- Indian Energy Exchange Ltd.	-	200.36	-	-	200.36	200.36
(1,25,00,000 Equity shares of 1 each)						
- HUDCO Ltd.	-	2.30	-	-	2.30	2.30
(3,47,429 Equity shares of 10 each)						
- Universal Commodity Exchange Ltd.	-	-	-	-	-	-
(1,60,00,000 Equity shares of 10 each)						
- Lanco Teesta Hydro Power Pvt. Ltd.	-	-	-	-	-	-
(10,20,00,000 Equity shares of 10 each)						
Sub-total - Equity Instruments	**-**	**712.37**	**-**	**-**	**712.37**	**712.37**
Others						
- Units of 'Small is Beautiful' Fund	-	6.26	-	-	6.26	6.26
(61,52,200 units of 10 each)						
- Inter-Corporate Deposits	-		-		-	-
Sub-total - Others	**-**	**6.26**	**-**	**-**	**6.26**	**6.26**
Total - Gross (A)	**555.90**	**718.63**	**1,500.62**	**-**	**2,219.25**	**2,775.15**
(i) Investments outside India	-	-	-	-	-	-
(ii) Investments in India	555.90	718.63	1,500.62	-	2,219.25	2,775.15
Total (B)	**555.90**	**718.63**	**1,500.62**	**-**	**2,219.25**	**2,775.15**
Less: Allowance for impairment loss (C)	-	-	-	-	-	-
Total - Net (D=A-C)	**555.90**	**718.63**	**1,500.62**	**-**	**2,219.25**	**2,775.15**

(in Crores)

As at 1st April 2017	Amortised Cost	At fair value				Total
		Through Other Comprehensive Income	Through profit or loss	Designated at fair value through profit or loss	Sub-total	
	(1)	(2)	(3)	(4)	(5=2+3+4)	(6=1+5)
Government Securities						-
- Govt. of MP Power Bonds - II (5 Bonds of 47.16 Crores each)	235.80	-	-	-	-	235.80
Sub-total - Government Securities	**235.80**	**-**	**-**	**-**	**-**	**235.80**
Debt Securities						
- Bonds of UP Power Corporation Ltd. (30,385 Bonds of 0.01 Crores each)	317.47	-	-	-	-	317.47
- Perpetual Bonds of Indian Bank (5,000 Bonds of 0.10 Crores each)	-	-	500.31	-	500.31	500.31
- Perpetual Bonds of Vijaya Bank (5,000 Bonds of 0.10 Crores each)	-	-	500.00	-	500.00	500.00
- Perpetual Bonds of Syndicate Bank (5,000 Bonds of 0.10 Crores each)	-	-	500.31	-	500.31	500.31
7.39% Tax Free 15 years Secured Redeemable Non Convertible Bonds of Housing and Urban Development Corporation(HUDCO) (86,800 Bonds of 1,000 each)	8.82	-	-	-	-	8.82
7.35% Tax Free 15 years Secured Redeemable Non Convertible Bonds of National Highway Authority of India Ltd. (NHAI) (46,000 Bonds of 1,000 each)	4.61	-	-	-	-	4.61
7.39% Tax Free 15 years Secured Redeemable Non Convertible Bonds of National Highway Authority of India Ltd. (NHAI) (36,800 Bonds of 1,000 each)	3.69	-	-	-	-	3.69
7.49% Tax Free 15 years Secured Redeemable Non Convertible Bonds of Indian Renewable Energy Development Agency (IREDA) (61,300 Bonds of 1,000 each)	6.22	-	-	-	-	6.22
	2.23	-	-	-	-	2.23
7.35% Tax Free 15 years Secured Redeemable Non Convertible Bonds of Indian Railway Finance Corporation (IRFC) (22,300 Bonds of 1,000 each)						
7.35% Tax Free 15 years Secured Redeemable Non Convertible Bonds of National Bank for Agriculture and Rural Development (NABARD) (14,000 Bonds of 1,000 each)	1.45	-	-	-	-	1.45

(in Crores)

As at 1st April 2017	Amortised Cost	At fair value				Total
		Through Other Comprehensive Income	Through profit or loss	Designated at fair value through profit or loss	Sub-total	
	(1)	(2)	(3)	(4)	(5=2+3+4)	(6=1+5)
8.76% Tax Free 20 years Secured Redeemable Bonds of Housing and Urban Development Corporation Ltd. (HUDCO) (50,000 Bonds of 1,000 each)	5.10	-	-	-	-	5.10
Corporate Deposit of LIC Housing Finance Limited	17.50	-	-	-	-	17.50
Corporate Deposit of PNB Housing Finance Limited	17.50	-	-	-	-	17.50
Sub-total - Debt Securities	**384.59**	**-**	**1,500.62**	**-**	**1,500.62**	**1,885.21**
Equity Instruments						
- NHPC Ltd. (18,40,11,865 Equity shares of 10 each)	-	592.52	-	-	592.52	592.52
- Indian Energy Exchange Ltd. (1,25,00,000 Equity shares of 1 each)	-	109.25	-	-	109.25	109.25
- HUDCO Ltd. (3,47,429 Equity shares of 10 each)	-	-	-	-	-	-
- Universal Commodity Exchange Ltd. (1,60,00,000 Equity shares of 10 each)	-	-	-	-	-	-
- Lanco Teesta Hydro Power Pvt. Ltd. (10,20,00,000 Equity shares of 10 each)	-	-	-	-	-	-
Sub-total - Equity Instruments	**-**	**701.77**	**-**	**-**	**701.77**	**701.77**
Subsidiaries						
- REC Power Distribution Company Ltd. (50,000 Equity shares of 10 each)	-	-	-	-	-	-
- REC Transmission Projects Company Ltd. (50,000 Equity shares of 10 each)	-	-	-	-	-	-
Sub-total - Subsidiaries	**-**	**-**	**-**	**-**	**-**	**-**
Others						
- Units of 'Small is Beautiful' Fund (61,52,200 units of 10 each)	-	6.30	-	-	6.30	6.30
Sub-total - Others	**-**	**6.30**	**-**	**-**	**6.30**	**6.30**
Total - Gross (A)	**620.39**	**708.07**	**1,500.62**	**-**	**2,208.69**	**2,829.08**
(i) Investments outside India	-	-	-	-	-	-
(ii) Investments in India	620.39	708.07	1,500.62	-	2,208.69	2,829.08
Total (B)	**620.39**	**708.07**	**1,500.62**	**-**	**2,208.69**	**2,829.08**
Less: Allowance for impairment loss (C)						
Total - Net (D=A-C)	**620.39**	**708.07**	**1,500.62**	**-**	**2,208.69**	**2,829.08**

(B) Investments accounted for using equity method

(in Crores)

Particulars	As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
Investment in Joint Ventures			
- Energy Efficiency Services Ltd.	179.63	172.63	176.07
(14,65,00,000 Equity shares of 10 each)			
Total	**179.63**	**172.63**	**176.07**

10.1 Under the Right Issue Offer of Energy Efficiency Services Limited (EESL), the Company has applied for 7,16,00,000 shares of Energy Efficiency Services Limited (EESL) for a consideration of Rs. 71.60 crores on 8th April 2019. The final allotment of shares is pending as on date and subsequent to this, the shareholding of the Company may increase in EESL.

10.2 The Company has elected an irrevocable option to designate some of the equity instruments at FVOCI (Fair Value through Other Comprehensive Income). The Company's main operation is to provide financial assistance to power sector. Thus, in order to isolate Statement of Profit & Loss from price fluctuations of these instruments, management believes that this provides a more meaningful presentation, rather than classifying them at FVTPL (Fair Value through Profit & Loss).

Details of FVOCI investments derecognised during the year

(in Crores)

Name of the company	FY 2018-19			FY 2017-18		
	No. of shares derecognised	Fair Value as on de-recognition	Cumulative Gain/ loss on de-recognition	No. of shares derecognised	Fair Value as on de-recognition	Cumulative Gain/ loss on de-recognition
NHPC Limited	0.87	24.39	5.42	-	-	-

The shares of NHPC Ltd. were sold under buyback offer of the company, under which the shares were offered to be bought back at a price higher than the prevailing market price and the Company considered it as an opportunity to sell a large lot of equity shares through this mode, instead of selling the shares in open market at lower prices.

Subsequent to the derecognition of the investments on account of actual sale of the equity shares, the Company has transferred the cumulative gain or loss on such shares within equity during the period.

10.3 Under the Buy Back Offer of Indian Energy Exchange Limited, The Company has sold and consequently derecognised 2,28,789 shares for a consideration of Rs. 4.23 crores on 10th April 2019. The shares had been offered to be bought back at a price higher than the prevailing market price and the Company considered it as an opportunity to sell a large lot of equity shares through this mode, instead of selling the shares in open market at lower prices.

11 Other financial assets

The Company has categorised all the components under 'Other Financial Assets' at Amortised Cost in accordance with the requirements of Ind AS 109.

(₹ in Crores)

	Particulars	As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
(A)	**Loans to Employees**	28.80	32.72	37.05
(B)	**Advances to Employees**	0.32	0.19	0.13
(C)	**Security Deposits**	1.76	1.75	1.36
(D)	**Recoverable from Govt. of India**			
	- Towards GoI Fully Serviced Bonds	18,131.11	4,011.23	-
	- Agency Charges on Govt. Schemes	159.61	161.01	-
	- Reimbursement of Expenses on Govt. Schemes	0.91	8.00	9.44
	Total - Recoverable from Govt. of India	**18,291.63**	**4,180.24**	**9.44**
(E)	**Recoverable from State Electricity Boards/ Others**	14.12	11.66	3.13
(F)	**Other Amounts Recoverable**	39.40	15.85	8.92
	Less: Allowance for Expected Credit Loss	- 26.69	- 12.27	- 5.59
	Other Amounts Recoverable (Net)	**12.71**	**3.58**	**3.33**
(G)	**Other Financial Assets**	14.65	51.39	8.21
	Total (A to G)	**18,363.99**	**4,281.53**	**62.65**

11.1 Details of Loans to Employees

The Company has categorised all loans to employees at Amortised Cost only in accordance with the requirements of Ind AS 109.

(₹ in Crores)

	Particulars	As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
(A)	**Secured Loans**			
	- To Key Managerial Personnel	-	-	0.02
	- To Others	3.74	4.14	4.45
	Sub-total (A)	**3.74**	**4.14**	**4.47**
(B)	**Unsecured Loans**			
	- To Key Managerial Personnel	0.46	0.56	0.51
	- To Others	24.60	28.02	32.07
	Sub-total (B)	**25.06**	**28.58**	**32.58**
	Total (A+B)	**28.80**	**32.72**	**37.05**

The figures above include interest accrued on such loans amounting to ₹ 5.72 crores (Previous year ₹ 5.45 crores).

12 Inventories

(₹ in Crores)

Particulars	As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
Work-in-progress	-	-	0.04
Inventories	-	-	-
Total	**-**	**-**	**0.04**

13 Current tax assets (net)

(₹ in Crores)

Particulars	As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
Advance Income-tax & TDS	2,148.43	2,211.17	2,681.13
Less; Provision for Income Tax	(1,855.26)	(2,178.95)	(2,632.70)
Current tax assets (Net)	**293.17**	**32.22**	**48.43**

14 Deferred tax assets (net)

(₹ in Crores)

Particulars	As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
Deferred Tax Assets (Net)	**2,305.93**	**2,842.43**	**2,134.12**

14.1 Significant components of net deferred tax assets and liabilities for the year ended 31st March 2019 are as follows

(₹ in Crores)

Particulars	Opening balance	Recognised in Profit or Loss	Recognised in OCI	Others	Closing balance
Deferred Tax Assets					
Expected Credit Loss	2,992.06	(14.27)			2,977.79
Provision for Earned Leave and Loyalty bonus	3.62	0.57			4.19
Provision for Medical Leave	6.91	0.66			7.57
Total Deferred Tax Assets	**3,002.59**	**(13.04)**	**-**	**-**	**2,989.55**
Deferred Tax Liabilities					
Due to different tax base of Property, Plant & Equipment	2.98	(0.16)			2.82
Unamortised Foreign Currency Exchange Fluctuations	30.15	237.11			267.26
Fair Valuation of Derivatives	(9.27)	21.31			12.04
Financial assets and liabilities measured at amortised cost	61.88	275.01			336.89
Fair Valuation of Investments	0.10		0.68		0.78
Share of undistributed profit of subsidiaries consolidated	68.38	(12.03)			56.35
Share of undistributed profit of JV accounted for using equity method	5.94	1.54			7.48
Total Deferred Tax Liabilities	**160.16**	**522.78**	**0.68**	**-**	**683.62**
Total Deferred Tax Assets (Net)	**2,842.43**	**(535.82)**	**(0.68)**	**-**	**2,305.93**

Significant components of net deferred tax assets and liabilities for the year ended 31st March 2018 are as follows

(₹ in Crores)

Particulars	Opening balance	Recognised in Profit or Loss	Recognised in OCI	Others	Closing balance
Deferred Tax Assets					
Expected Credit Loss	2,284.27	707.79			2,992.06
Provision for Earned Leave and Loyalty bonus	10.86	-7.24			3.62
Provision for Medical Leave	6.67	0.24			6.91
Total Deferred Tax Assets	**2,301.80**	**700.79**	**-**	**-**	**3,002.59**
Deferred Tax Liabilities					
Depreciation and Amortisation	3.86	(0.88)			2.98
Unamortised Foreign Currency Exchange Fluctuations	(70.52)	100.67			30.15
Fair Valuation of Derivatives	91.23	(100.50)			(9.27)
Financial assets and liabilities measured at amortised cost	77.24	(15.36)			61.88
Fair Valuation of Investments	-		0.10		0.10
Share of undistributed profit of subsidiaries consolidated	59.85	8.53			68.38
Share of undistributed profit of JV accounted for using equity method	6.02	(0.08)			5.94
Total Deferred Tax Liabilities	**167.68**	**(7.62)**	**0.10**	**-**	**160.16**
Total Deferred Tax Assets (Net)	**2,134.12**	**708.41**	**(0.10)**	**-**	**2,842.43**

15 Investment Property

Particulars	Opening Balance	Additions during the period	Sales/ adjustment during the period	Closing Balance
FY 2018-19	**0.01**	-	**-**	**0.01**
FY 2017-18	**0.01**	-	**-**	**0.01**

15.1 The company has classified the land held for undeterminable future use as investment property and is not earning any rental income on it.

15.2 Fair value of investment property:

Particulars	As at 31-03-19	As at 31-03-18	As at 01-04-17
Carrying Value	0.01	0.01	0.01
Fair Value	0.61	0.51	0.41

The Company obtains independent valuations for its investment properties at least annually. The best evidence of fair value is current prices in an active market for similar properties. Where such information is not available, the Company consider information from variety of sources including:

- current prices in an active market of similar properties of different nature or recent prices of similar properties in less active markets, adjusted to reflect those differences.
- current circle rates in the jurisdiction where the investment property is located.

The fair values of investment property has been determined by an independent valuer and the main inputs used are circle rates and current prices of similar properties. All resulting fair value estimates for investment property are included in Level 3.

16 Property, Plant & Equipment and Intangible Assets

(₹ in Crores)

Particulars	Property, Plant & Equipment									Capital Work-in-Progress	Intangible Assets under Development	Other Intangible Assets
	Freehold Land	Leasehold Land	Buildings	Furniture & Fixtures	EDP Equipments	Office Equipments	Vehicles	Leasehold Improvements	Total	Immovable Property	Computer Software	Computer Software
Gross carrying value												
As at 01.04.2017	**82.92**	**1.59**	**31.58**	**7.54**	**17.10**	**14.57**	**0.43**	**2.15**	**157.88**	**61.41**	**1.46**	**7.12**
Additions	-	-	0.16	1.99	3.20	3.80	-	0.21	**9.36**	**59.50**	**-**	**5.35**
Borrowings Cost Capitalised	-	-	-	-	-	-	-	-	**-**	**6.32**	**-**	**-**
Disposals	-	-	-	0.15	2.10	0.77	0.03	-	**3.05**	**-**	**-**	**-**
As at 31.03.2018	**82.92**	**1.59**	**31.74**	**9.38**	**18.20**	**17.60**	**0.40**	**2.36**	**164.19**	**127.23**	**1.46**	**12.47**
Additions	27.47	-	-	1.82	5.12	3.25	-	0.12	**37.78**	**58.34**	**0.13**	**4.91**
Borrowings Cost Capitalised	-	-	-	-	-	-	-	-	**-**	**11.37**	**-**	**-**
Disposals	-	-	-	0.21	0.87	0.95	-	-	**2.03**	**-**	**-**	**-**
As at 31.03.2019	**110.39**	**1.59**	**31.74**	**10.99**	**22.45**	**19.90**	**0.40**	**2.48**	**199.94**	**196.94**	**1.59**	**17.38**
Accumulated depreciation/ amortisation												
As at 01.04.2017 *	**-**	**0.25**	**7.62**	**5.41**	**12.42**	**7.64**	**0.28**	**0.03**	**33.65**	**-**	**-**	**6.67**
Charge for the year	-	0.04	0.48	0.61	2.71	2.01	0.02	0.43	**6.30**	**-**	**-**	**0.64**
Adjustment for disposals	-	-	-	0.08	1.92	0.32	0.03	-	**2.35**	**-**	**-**	**-**
As at 31.03.2018	**-**	**0.29**	**8.10**	**5.94**	**13.21**	**9.33**	**0.27**	**0.46**	**37.60**	**-**	**-**	**7.31**
Charge for the year	-	0.02	0.48	0.65	2.75	2.41	0.03	0.44	**6.78**	**-**	**-**	**1.52**
Adjustment for disposals	-	-	-	0.06	0.61	0.40	-	-	**1.07**	**-**	**-**	**-**
As at 31.03.2019	**-**	**0.31**	**8.58**	**6.53**	**15.35**	**11.34**	**0.30**	**0.90**	**43.31**	**-**	**-**	**8.83**
Net block as at 01.04.17 *	**82.92**	**1.34**	**23.96**	**2.13**	**4.68**	**6.93**	**0.15**	**2.12**	**124.23**	**61.41**	**1.46**	**0.45**
Net block as at 31.03.18	**82.92**	**1.30**	**23.64**	**3.44**	**4.99**	**8.27**	**0.13**	**1.90**	**126.59**	**127.23**	**1.46**	**5.16**
Net block as at 31.03.19	**110.39**	**1.28**	**23.16**	**4.46**	**7.10**	**8.56**	**0.10**	**1.58**	**156.63**	**196.94**	**1.59**	**8.55**

** represents deemed cost on the date of transition to Ind AS. Gross block and accumulated depreciation/ amortisation from the previous GAAP have been disclosed for the purpose of better understanding of the original cost of assets.*

16.1 As on 31st March 2019, the formalities regarding registration of conveyance deed in respect of certain immovable properties acquired by the Company are yet to be executed. The details are as below:

(₹ in Crores)

Particulars	As at 31.03.2019		As at 31.03.2018		As at 01.04.2017	
	Land	Building	Land	Building	Land	Building
Gross Carrying Value	68.31	4.59	45.92	4.59	45.92	4.59
Net Carrying Value	68.31	2.20	45.92	2.26	45.92	2.32

16.2 As on 31st March 2019, certain Property, Plant & Equipment has been pledged as security against secured borrowings of the Company as per the details below:

(₹ in Crores)

Particulars	As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
Gross Carrying Value	3.45	3.45	3.45
Net Carrying Value	2.46	2.50	2.55

16.3 In the opinion of management, there are no events or changes in circumstances that indicate the impairment of PPE and Intangible Assets in terms of Ind AS 36 'Impairment of Assets'. Accordingly, no provision for impairment has been made.

16.4 While the Company has not made any specific borrowings for construction of a qualifying asset, the Company has capitalised certain borrowing costs on account of general borrowings at an average rate of borrowings for the Company in terms of Ind AS 23 'Borrowing Costs'.

16.5 Disclosure in respect of Intangible Assets as required under Ind-AS 38 "Intangible Assets"

Amortisation Rate 20% (100% in case the total cost of the asset is ₹ 5,000 or less)

In case of RECPDCL, the useful life of intangible asset has been taken as 3 years, impact of which is not material to the Group (Gross block as at 31.03.2019 is ₹ 0.12 crores, as at 31st March 2018 is ₹ 0.08 crores and as at 1st April 2017 is ₹ 0.08 crores).

17 Other non-financial assets

(₹ in Crores)

	Particulars	As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
(A)	**Capital Advances**	**35.72**	**45.96**	**40.23**
(B)	**Other Advances**	**30.82**	**24.33**	**4.88**
(C)	**Balances with Govt. Authorities**	**62.02**	**15.94**	**11.82**
(D)	**Prepaid Expenses**	**7.64**	**0.11**	**0.64**
(E)	**Deferred Employee Cost**	**12.20**	**13.60**	**14.89**
(F)	**Other Assets**	**0.01**	**0.07**	**0.10**
	Total (A to F)	**148.41**	**100.01**	**72.56**

18 Disposal Group

(₹ in Crores)

	Particulars	As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
	Assets classified as held for sale			
(A)	Investment (refer note 18.1)	0.50	0.10	0.20
(B)	Loans to associates (refer note 18.2)	9.06	7.58	2.88
	Total (A+B)	**9.56**	**7.68**	**3.08**
	Liabilities directly associated with assets classified as held for sale			
(C)	Payable to associates (refer note 18.3)	0.08	-	-
	Total (C)	**0.08**	**-**	**-**
	Disposal group -Net assets (A+B-C)	**9.48**	**7.68**	**3.08**

18.1 Investments in associates

(₹ in Crores)

Particulars	As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
Investments in Equity Instruments of associates (fully paid up)			
equity shares of ₹ 10/- each			
Dinchang Transmission Limited *	-	0.05	0.05
Ghatampur Transmission Limited	-	0.05	0.05
ERSS XXI Transmission Limited	-	-	0.05
WR-NR Power Transmission Limited	-	-	0.05
Ajmer Phagi Transco Limited	0.05	-	-
Bhindguna Transmission Limited	0.05	-	-
Chandil Transmission Ltd	0.05	-	-
Dumka Transmission Ltd.	0.05	-	-
Jam Khambaliya Transco Limited	0.05	-	-
Khetri Transco Limited	0.05	-	-
Koderma Transmission Ltd	0.05	-	-
Lakadia Banaskantha Transco Limited	0.05	-	-
Mandar Transmission Ltd.	0.05	-	-
Udupi Kasargode Trans. Ltd.	0.05	-	-
Total	**0.50**	**0.10**	**0.20**

* Dinchang Transmission Ltd was denotified vide MoP letter dated 25 March 2019 and subsquently, the investment has been fully provided for.

18.2 Loans to Associates

(₹ in Crores)

Particulars	As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
Dinchang Transmission Limited*	-	1.06	0.82
Ghatampur Transmission Limited**	-	3.12	1.24
ERSS XXI Transmission Limited	-	-	0.42
WR-NR Power Transmission Limited	-	-	0.40
Chandil Transmission Limited	1.99	0.85	-
Dumka Transmission Limited	1.94	0.85	-
Mandar Transmission Limited	1.71	0.85	-
Koderma Transmission Limited	1.76	0.85	-
Ajmer Phagi Transco Ltd	0.18	-	-
Bhindguna Transmission Limted	0.88	-	-
UDUPI Kasargode Transmission Ltd	0.25	-	-
WRSS XXI (A) Transco Ltd***	0.35	-	-
Total	**9.06**	**7.58**	**2.88**

* Expenditure was incurred on the said project since FY 2015-16 and later on the project was put on hold by the Govt. of India in 10 August 2016. During FY 2018-19, the expenses of Rs. 1.08 crores were written off on the basis of the letter dated 25 March .2019 received from Ministry of Power.

**Ghatampur Transmission Limited was transferred to Adani Transmission Limited on 21st June, 2018.

*** WRSS XXI(A) Transco Ltd was incorporated in 27th March 2019 , but the share capital had not been introduced till 31st March 2019. However, expenses have been allocated towards the SPV as the per expenses allocation policy, since RFQ was issued in March 2019

18.3 Liabilities directly associated with assests classified as held for sale

(₹ in Crores)

Particulars	As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
Khetri Transco Limited	0.04	-	-
Lakadia Banaskantha Transco Ltd	0.04	-	-
Total	**0.08**	**-**	**-**

Management had incorporated these entities with a view to sell them off as per the guidelines of Ministry of Power, through the bid process prescribed by Ministry of Power. There is no possibility that management will have benefits from these entities other than selling them off, hence all these investments (along with the related assets and liabilities) has been classified as 'held for sale'.

19 Trade Payables

(₹ in Crores)

Particulars	As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
Trade Payables			
Total outstanding dues of MSMEs (refer note 58)	2.65	1.83	0.30
Total outstanding dues of creditors other than MSMEs	64.64	61.31	42.89
Total (Payables)	**67.29**	**63.14**	**43.19**

20 Debt Securities

The Company has categorised all debt securities at amortised cost in accordance with the requirements of Ind AS 109.

(₹ in Crores)

	Particulars	As at 31.03.2019		As at 31.03.2018		As at 01.04.2017	
		Face Value	Amortised Cost	Face Value	Amortised Cost	Face Value	Amortised Cost
(A)	**Secured Long-Term Debt Securities**						
(i)	Institutional Bonds	11,019.40	11,599.27	22,138.60	23,099.72	27,591.90	28,818.34
(ii)	54EC Capital Gain Tax Exemption Bonds	23,157.88	24,010.13	22,235.89	23,051.75	19,477.40	20,196.18
(iii)	Tax Free Bonds	12,577.97	13,010.38	12,577.97	13,006.38	12,577.97	13,003.21
(iv)	Bond Application Money	722.04	720.48	1,469.23	1,469.23	-	-
	Sub-total (A)	**47,477.29**	**49,340.26**	**58,421.69**	**60,627.08**	**59,647.27**	**62,017.73**
(B)	**Unsecured Long-Term Debt Securities**						
(i)	Institutional Bonds	1,18,253.90	1,22,201.55	1,03,069.70	1,06,530.16	82,284.40	85,437.09
(ii)	Infrastructure Bonds	91.43	98.75	110.47	126.07	111.64	124.13
(iii)	Zero Coupon Bonds	1,259.57	1,258.56	1,162.59	1,161.55	1,073.09	1,072.01
(iv)	Foreign Currency Bonds	12,796.69	12,172.07	7,480.06	7,472.55	-	-
	Sub-total (B)	**1,32,401.59**	**1,35,730.93**	**1,11,822.82**	**1,15,290.33**	**83,469.13**	**86,633.23**
(C)	**Unsecured Short-Term Debt Securities**						
(i)	Commercial Paper	7,975.00	7,696.32	3,250.00	3,150.44	-	-
	Sub-total (C)	**7,975.00**	**7,696.32**	**3,250.00**	**3,150.44**	**-**	**-**
	Total - Debt Securities (A+B+C)	**1,87,853.88**	**1,92,767.51**	**1,73,494.51**	**1,79,067.85**	**1,43,116.40**	**1,48,650.96**
	Debt Securities issued in/ outside India						
(i)	Debt Securities in India	1,75,057.19	1,80,595.44	1,66,014.45	1,71,595.30	1,43,116.40	1,48,650.96
(ii)	Debt Securities outside India	12,796.69	12,172.07	7,480.06	7,472.55	-	-
	Total - Debt Securities	**1,87,853.88**	**1,92,767.51**	**1,73,494.51**	**1,79,067.85**	**1,43,116.40**	**1,48,650.96**

20.1 Details of Secured Long-Term Debt Securities - *Refer Note 21.8 for details of the security*

(i) Institutional Bonds

(₹ in Crores)

Particulars	As at 31.03.2019		As at 31.03.2018		As at 01.04.2017	
	Face Value	Amortised Cost	Face Value	Amortised Cost	Face Value	Amortised Cost
123-IIIB Series - 9.34% Redeemable at par on 23.08.2024	1,955.00	2,062.61	1,955.00	2,063.48	1,955.00	2,063.36
123-I Series - 9.40% Redeemable at par on 17.07.2021	1,515.00	1,615.29	1,515.00	1,615.16	1,515.00	1,614.64
92-II Series - 8.65% Redeemable at par on 22.01.2020	945.30	960.65	945.30	960.53	945.30	960.42
91-II Series - 8.80% Redeemable at par on 18.11.2019	995.90	1,028.23	995.90	1,028.09	995.90	1,027.98
90-C-II Series - 8.80% Redeemable at par on 07.10.2019	1,040.00	1,084.29	1,040.00	1,084.13	1,040.00	1,083.98
90-B-II Series - 8.72% Redeemable at par on 04.09.2019	868.20	911.48	868.20	911.34	868.20	911.21
90th Series - 8.80% Redeemable at par on 03.08.2019	2,000.00	2,116.21	2,000.00	2,116.20	2,000.00	2,116.20
122nd Series - 9.02% Redeemable at par on 18.06.2019	1,700.00	1,820.51	1,700.00	1,819.82	1,700.00	1,820.00
119th Series - 9.63% Redeemed at par on 05.02.2019	-	-	2,090.00	2,121.40	2,090.00	2,119.20
88th Series - 8.65% Redeemed at par on 15.01.2019	-	-	1,495.00	1,521.82	1,495.00	1,521.69
118th Series - 9.61% Redeemed at par on 03.01.2019	-	-	1,655.00	1,693.23	1,655.00	1,692.88
117th Series - 9.38% Redeemed at par on 06.11.2018	-	-	2,878.00	2,985.72	2,878.00	2,985.32
87-A-III Series - 11.15% Redeemed at par on 24.10.2018	-	-	61.80	64.77	61.80	64.73
116-II Series - 9.24% Redeemed at par on 17.10.2018	-	-	850.00	885.63	850.00	885.48
87-II Series - 10.85% Redeemed at par on 01.10.2018	-	-	657.40	693.12	657.40	693.04
86-B-III Series - 10.85% Redeemed at par on 14.08.2018	-	-	432.00	460.50	432.00	461.78
86-A Series - 10.70% Redeemed at par on 30.07.2018	-	-	500.00	536.06	500.00	536.05
85th Series - 9.68% Redeemed at par on 13.06.2018	-	-	500.00	538.72	500.00	538.87
83rd Series - 9.07% Redeemed at par on 28.02.2018	-	-	-	-	685.20	711.02
82nd Series - 9.85% Redeemed at par on 28.09.2017	-	-	-	-	883.10	933.81
124-I Series - 9.06% Redeemed at par on 22.09.2017	-	-	-	-	2,610.00	2,730.98
123-IIIA Series - 9.25% Redeemed at par on 25.08.2017	-	-	-	-	1,275.00	1,345.70
Total - Institutional Bonds	**11,019.40**	**11,599.27**	**22,138.60**	**23,099.72**	**27,591.90**	**28,818.34**

(ii) 54EC Capital Gain Tax Exemption Bonds

(₹ in Crores)

Particulars	As at 31.03.2019		As at 31.03.2018		As at 01.04.2017	
	Face Value	Amortised Cost	Face Value	Amortised Cost	Face Value	Amortised Cost
Series XII (2018-19) - 5.75% Redeemable at par during financial year 2023-24	5,929.73	6,083.83	-	-	-	-
Series XI (2017-18) - 5.25% Redeemable at par during financial year 2020-21	9,565.23	9,934.60	8,096.27	8,298.32	-	-
Series X (2016-17) - 5.25%- 6.00% Redeemable at par during financial year 2019-20	7,662.92	7,991.70	7,662.92	7,987.12	7,662.92	7,854.44
Series X (2015-16) - 6.00% Redeemed at par during financial year 2018-19	-	-	6,476.70	6,766.31	6,476.70	6,764.10
Series IX (2014-15) - 6.00% Redeemed at par during financial year 2017-18	-	-	-	-	5,337.78	5,577.64
Total - 54EC Capital Gain Tax Exemption Bonds	**23,157.88**	**24,010.13**	**22,235.89**	**23,051.75**	**19,477.40**	**20,196.18**

(iii) Tax Free Bonds

(₹ in Crores)

Particulars	As at 31.03.2019		As at 31.03.2018		As at 01.04.2017	
	Face Value	Amortised Cost	Face Value	Amortised Cost	Face Value	Amortised Cost
Series 2015-16 Tranche 1	696.56	710.13	696.56	709.98	696.56	709.87
Redeemable at par. Bonds amounting to ₹ 105.93 Crores are redeemable on 05.11.2025, ₹ 172.90 Crores are redeemable on 05.11.2030 and ₹ 417.73 Crores are redeemable on 05.11.2035 with interest rates varying from 6.89% to 7.43% payable annually						
Series 2015-16 Series 5A	300.00	306.92	300.00	306.89	300.00	306.87
7.17% Redeemable at par on 23.07.2025	-	-	-	-	-	-
Series 2013-14 Tranche 2	1,057.40	1,082.77	1,057.40	1,082.35	1,057.40	1,082.00
Redeemable at par. Bonds amounting to ₹ 419.32 Crores are redeemable on 22.03.2024, ₹ 528.42 Crores are redeemable on 23.03.2029 and ₹ 109.66 Crores are redeemable on 24.03.2034 with interest rates varying from 8.19% to 8.88% payable annually						
Series 2013-14 Series 4A & 4B	150.00	155.64	150.00	155.61	150.00	155.59
Redeemable at par. Bonds amounting to ₹ 105.00 Crores are redeemable on 11.10.2023 and ₹ 45.00 Crores are redeemable on 11.10.2028 with interest rates varying from 8.18% to 8.54% payable annually						
Series 2013-14 Tranche 1	3,410.60	3,492.27	3,410.60	3,491.11	3,410.60	3,490.17
Redeemable at par. Bonds amounting to ₹ 575.06 Crores are redeemable on 25.09.2023, ₹ 2,780.26 Crores are redeemable on 25.09.2028 and ₹ 55.28 Crores are redeemable on 26.09.2033 with interest rates varying from 8.01% to 8.71% payable annually						
Series 2013-14 Series 3A & 3B	1,350.00	1,414.77	1,350.00	1,414.61	1,350.00	1,414.47
Redeemable at par. Bonds amounting to ₹ 209.00 Crores are redeemable on 29.08.2023 and ₹ 1,141.00 Crores are redeemable on 29.08.2028 with interest rates varying from 8.01% to 8.46% payable annually						
Series 2012-13 Tranche 2	131.06	133.84	131.06	133.79	131.06	133.75
Redeemable at par. Bonds amounting to ₹ 81.35 Crores are redeemable on 27.03.2023 and bonds amounting to ₹ 49.71 Crores are redeemable on 27.03.2028 with interest rates varying from 6.88% to 7.54% payable annually						
Series 2012-13 Tranche 1	1,982.35	2,026.43	1,982.35	2,025.57	1,982.35	2,024.88
Redeemable at par. Bonds amounting to ₹ 1,165.31 Crores are redeemable on 19.12.2022 and bonds amounting to ₹ 817.04 Crores are redeemable on 20.12.2027 with interest rates varying from 7.22% to 7.88% payable annually						
Series 2012-13 Series 2A & 2B	500.00	512.92	500.00	512.90	500.00	512.88
Redeemable at par. Bonds amounting to ₹ 255.00 Crores are redeemable on 21.11.2022 and bonds amounting to ₹ 245.00 Crores are redeemable on 22.11.2027 with interest rates of 7.21% and 7.38% respectively payable annually						
Series 2011-12	3,000.00	3,174.69	3,000.00	3,173.57	3,000.00	3,172.73
Redeemable at par. Bonds amounting to ₹ 839.67 Crores are redeemable on 28.03.2022 and bonds amounting to ₹ 2,160.33 Crores are redeemable on 29.03.2027 with interest rates varying from 7.93% to 8.32% payable annually						
Total - Tax Free Bonds	**12,577.97**	**13,010.38**	**12,577.97**	**13,006.38**	**12,577.97**	**13,003.21**

(iv) Bond Application Money

(₹ in Crores)

Particulars	As at 31.03.2019		As at 31.03.2018		As at 01.04.2017	
	Face Value	Amortised Cost	Face Value	Amortised Cost	Face Value	Amortised Cost
54EC Capital Gain Tax Exemption Bonds 5.75% Redeemable at par after 5 years from the deemed date of allotment	722.04	720.48	1,469.23	1,469.23	-	-
Total - Bond Application Money	**722.04**	**720.48**	**1,469.23**	**1,469.23**	**-**	**-**

20.2 Details of Unsecured Long-Term Debt Securities

(i) Institutional Bonds

(₹ in Crores)

Particulars	As at 31.03.2019		As at 31.03.2018		As at 01.04.2017	
	Face Value	Amortised Cost	Face Value	Amortised Cost	Face Value	Amortised Cost
169th Series - 8.37% Redeemable at par on 07.12.2028	2,554.00	2,620.27	-	-	-	-
168th Series - 8.56% Redeemable at par on 29.11.2028	2,552.40	2,624.99	-	-	-	-
163rd Series - 8.63% Redeemable at par on 25.08.2028	2,500.00	2,627.34	-	-	-	-
162nd Series - 8.55% Redeemable at par on 09.08.2028	2,500.00	2,636.73	-	-	-	-
156th Series - 7.70% Redeemable at par on 10.12.2027	3,533.00	3,614.04	3,533.00	3,613.97	-	-
147th Series - 7.95% Redeemable at par on 12.03.2027	2,745.00	2,745.25	2,745.00	2,745.17	2,745.00	2,754.66
142nd Series - 7.54% Redeemable at par on 30.12.2026	3,000.00	3,055.73	3,000.00	3,055.05	3,000.00	3,056.23
140th Series - 7.52% Redeemable at par on 07.11.2026	2,100.00	2,151.90	2,100.00	2,151.81	2,100.00	2,161.69
136th Series - 8.11% Redeemable at par on 07.10.2025	2,585.00	2,670.69	2,585.00	2,670.51	2,585.00	2,670.34
95-II Series - 8.75% Redeemable at par on 14.07.2025	1,800.00	1,913.49	1,800.00	1,913.51	1,800.00	1,911.93
94th Series - 8.75% Redeemable at par on 09.06.2025	1,250.00	1,339.00	1,250.00	1,338.98	1,250.00	1,343.87
133rd Series - 8.30% Redeemable at par on 10.04.2025	2,396.00	2,452.88	2,396.00	2,452.71	2,396.00	2,452.55
131st Series - 8.35% Redeemable at par on 21.02.2025	2,285.00	2,303.12	2,285.00	2,304.15	2,285.00	2,304.13
130th Series - 8.27% Redeemable at par on 06.02.2025	2,325.00	2,492.75	2,325.00	2,492.58	2,325.00	2,491.89
129th Series - 8.23% Redeemable at par on 23.01.2025	1,925.00	2,063.19	1,925.00	2,063.04	1,925.00	2,062.47
128th Series - 8.57% Redeemable at par on 21.12.2024	2,250.00	2,418.29	2,250.00	2,418.12	2,250.00	2,417.43
114th Series - 8.82% Redeemable at par on 12.04.2023	4,300.00	4,666.20	4,300.00	4,665.88	4,300.00	4,665.58
159th Series - 7.99% Redeemable at par on 23.02.2023	950.00	957.07	950.00	956.94	-	-
155th Series - 7.45% Redeemable at par on 30.11.2022	1,912.00	1,958.62	1,912.00	1,958.39	-	-
111-II Series - 9.02% Redeemable at par on 19.11.2022	2,211.20	2,283.10	2,211.20	2,282.93	2,211.20	2,282.77
152nd Series - 7.09% Redeemable at par on 17.10.2022	1,225.00	1,263.82	1,225.00	1,263.65	-	-
150th Series - 7.03% Redeemable at par on 07.09.2022	2,670.00	2,774.70	2,670.00	2,774.39	-	-
107th Series - 9.35% Redeemable at par on 15.06.2022	2,378.20	2,554.12	2,378.20	2,553.93	2,378.20	2,553.76
167th Series - 8.45% Redeemable at par on 22.03.2022	2,571.80	2,576.88	-	-	-	-
173th Series - 8.35% Redeemable at par on 11.03.2022	2,500.00	2,509.41	-	-	-	-
132nd Series - 8.27% Redeemable at par on 09.03.2022	700.00	750.61	700.00	750.52	700.00	750.28
145th Series - 7.46% Redeemable at par on 28.02.2022	625.00	628.75	625.00	628.65	625.00	628.55
165th Series - 8.83% Redeemable at par on 21.01.2022	2,171.00	2,206.47	-	-	-	-
141st Series - 7.14% Redeemable at par on 09.12.2021	1,020.00	1,037.69	1,020.00	1,037.34	1,020.00	1,041.79
127th Series - 8.44% Redeemable at par on 04.12.2021	1,550.00	1,664.56	1,550.00	1,664.41	1,550.00	1,663.91
105th Series - 9.75% Redeemable at par on 11.11.2021	3,922.20	4,069.16	3,922.20	4,068.06	3,922.20	4,067.65
139th Series - 7.24% Redeemable at par on 21.10.2021	2,500.00	2,574.49	2,500.00	2,574.18	2,500.00	2,578.86
101-III Series - 9.48% Redeemable at par on 10.08.2021	3,171.80	3,363.70	3,171.80	3,363.38	3,171.80	3,363.10
100th Series - 9.63% Redeemable at par on 15.07.2021	1,500.00	1,602.90	1,500.00	1,602.90	1,500.00	1,602.90
174th Series - 8.15% Redeemable at par on 18.06.2021	2,720.00	2,727.18	-	-	-	-
161B Series - 7.73% Redeemable at par on 15.06.2021	800.00	848.86	800.00	802.50	-	-
154th Series - 7.18% Redeemable at par on 21.05.2021	600.00	636.89	600.00	615.06	-	-
157th Series - 7.60% Redeemable at par on 17.04.2021	1,055.00	1,131.27	1,055.00	1,070.69	-	-
158th Series - 7.70% Redeemable at par on 15.03.2021	2,465.00	2,473.14	2,465.00	2,472.82	-	-
98th Series - 9.18% Redeemable at par on 15.03.2021	3,000.00	3,012.83	3,000.00	3,012.83	3,000.00	3,012.83
153rd Series - 6.99% Redeemable at par on 31.12.2020	2,850.00	2,898.98	2,850.00	2,898.63	-	-
97th Series - 8.80% Redeemable at par on 30.11.2020	2,120.50	2,183.11	2,120.50	2,182.96	2,120.50	2,182.83
96th Series - 8.80% Redeemable at par on 26.10.2020	1,150.00	1,193.81	1,150.00	1,193.78	1,150.00	1,193.79
149th Series - 6.87% Redeemable at par on 24.09.2020	2,485.00	2,572.86	2,485.00	2,572.53	-	-
135th Series - 8.36% Redeemable at par on 22.09.2020	2,750.00	2,817.11	2,750.00	2,816.94	2,750.00	2,816.78
144th Series - 7.13% Redeemable at par on 21.09.2020	835.00	840.00	835.00	839.87	835.00	841.05
172nd Series - 8.57% Redeemable at par on 20.08.2020	1,790.00	1,806.05	-	-	-	-
134th Series - 8.37% Redeemable at par on 14.08.2020	2,675.00	2,740.10	2,675.00	2,739.75	2,675.00	2,739.43
143rd Series - 6.83% Redeemable at par on 29.06.2020	1,275.00	1,289.08	1,275.00	1,288.90	1,275.00	1,288.73
148th Series - 7.42% Redeemable at par on 17.06.2020	1,200.00	1,203.42	1,200.00	1,203.24	1,200.00	1,203.08
161A Series - 7.59% Redeemable at par on 13.03.2020	3,000.00	3,010.44	3,000.00	3,010.27	-	-
113th Series - 8.87% Redeemable at par on 09.03.2020	1,542.00	1,550.86	1,542.00	1,550.72	1,542.00	1,550.60
111-I Series - 9.02% Redeemable at par on 19.11.2019	452.80	467.65	452.80	467.61	452.80	467.57
126th Series - 8.56% Redeemable at par on 13.11.2019	1,700.00	1,755.25	1,700.00	1,754.99	1,700.00	1,753.95
125th Series - 9.04% Redeemable at par on 11.10.2019	3,000.00	3,124.59	3,000.00	3,125.66	3,000.00	3,125.27
160th Series - 7.77% Redeemable at par on 16.09.2019	1,450.00	1,510.68	1,450.00	1,459.49	-	-
108-II Series - 9.39% Redeemable at par on 20.07.2019	960.00	1,022.94	960.00	1,022.83	960.00	1,022.73
95-I Series - 8.70% Redeemable at par on 12.07.2019	200.00	212.54	200.00	212.54	200.00	210.11
151st Series - 6.75% Redeemable at par on 26.03.2019	-	-	1,150.00	1,151.02	-	-
137th Series - 8.05% Redeemable at par on 07.12.2018	-	-	2,225.00	2,268.92	2,225.00	2,269.08
146th Series - 6.88% Redeemable at par on 03.09.2018	-	-	3,300.00	3,430.46	3,300.00	3,317.51
112th Series - 8.70% Redeemed at par on 01.02.2018	-	-	-	-	1,500.00	1,520.94
109th Series - 9.25% Redeemed at par on 28.08.2017	-	-	-	-	1,734.70	1,830.00
108-I Series - 9.40% Redeemed at par on 20.07.2017	-	-	-	-	2,125.00	2,264.47
Total - Institutional Bonds	**1,18,253.90**	**1,22,201.55**	**1,03,069.70**	**1,06,530.16**	**82,284.40**	**85,437.09**

(ii) Infrastructure Bonds

(₹ in Crores)

Particulars	As at 31.03.2019		As at 31.03.2018		As at 01.04.2017	
	Face Value	Amortised Cost	Face Value	Amortised Cost	Face Value	Amortised Cost
Series-II (2011-12) - Redeemable at par	11.07	18.37	29.50	45.09	29.50	41.97
Series-I (2010-11) - Redeemable at par	80.36	80.38	80.97	80.98	82.14	82.16
Total - Infrastructure Bonds	**91.43**	**98.75**	**110.47**	**126.07**	**111.64**	**124.13**

Details of Infrastructure Bonds issued are as under :

Series II (2011-12) allotted on 15.02.2012

(₹ in Crores)

Rate of Interest	As at 31.03.2019	As at 31.03.2018	As at 31.03.2017	Redemption Details
9.15% Cumulative	-	13.44	13.44	Redeemable on the date falling 15 years from the date of allotment with buyback option by bondholders after 7 years
9.15% Annual	-	5.00	5.00	
8.95% Cumulative	5.73	5.72	5.72	Redeemable on the date falling 10 years from the date of allotment
8.95% Annual	1.38	1.38	1.38	
9.15% Cumulative	2.83	2.83	2.83	Redeemable on the date falling 15 years from the date of allotment
9.15% Annual	1.13	1.13	1.13	
Total	**11.07**	**29.50**	**29.50**	

Amounts have been shown at face value

Series I (2010-11) allotted on 31.03.2011

(₹ in Crores)

Rate of Interest	As at 31.03.2019	As at 31.03.2018	As at 31.03.2017	Redemption Details
8.00%	16.92	17.07	17.40	Redeemable on the date falling 10 years from the date of allotment with buyback option by bondholders after 5/6/7/8/9 years
8.20%	58.04	58.50	59.34	
8.10%	1.61	1.61	1.61	Redeemable on the date falling 10 years from the date of allotment
8.20%	3.79	3.79	3.79	
Total	**80.36**	**80.97**	**82.14**	

Amounts have been shown at face value

(iii) Zero Coupon Bonds

(₹ in Crores)

Particulars	As at 31.03.2019		As at 31.03.2018		As at 01.04.2017	
	Face Value *	Amortised Cost	Face Value *	Amortised Cost	Face Value *	Amortised Cost
ZCB - Series II (Net of unamortised discount, 89,510 bonds with face value of ₹ 30,000 each redeemable at par on 03.02.2021)	230.11	229.95	211.59	211.43	194.57	194.40
ZCB - Series I (Net of unamortised discount, 3,92,700 bonds with face value of ₹ 30,000 each redeemable at par on 15.12.2020)	1,029.46	1,028.61	951.00	950.12	878.52	877.61
Total - Zero Coupon Bonds	**1,259.57**	**1,258.56**	**1,162.59**	**1,161.55**	**1,073.09**	**1,072.01**

** represents the face value net of unamortised discount on issue of Zero Coupon Bonds*

(iv) Foreign Currency Bonds

(₹ in Crores)

Particulars	As at 31.03.2019		As at 31.03.2018		As at 01.04.2017	
	Face Value	Amortised Cost	Face Value	Amortised Cost	Face Value	Amortised Cost
4.625% US $700 Mn Bonds - Redeemable at par on 13.11.2023	4,841.99	4,882.85	-	-	-	-
4.625% US $300 Mn Bonds - Redeemable at par on 22.03.2028	2,075.14	1,848.33	1,951.32	1,921.19	-	-
3.875% US $450 Mn Green Bonds - Redeemable at par on 07.07.2027	3,112.71	2,693.94	2,926.98	2,930.28	-	-
3.068% US $400 Mn Bonds - Redeemable at par on 18.12.2020	2,766.85	2,746.95	2,601.76	2,621.08	-	-
Total - Foreign Currency Bonds	**12,796.69**	**12,172.07**	**7,480.06**	**7,472.55**	**-**	**-**

20.3 Details of Unsecured Short-Term Debt Securities

(i) Commercial Paper

(₹ in Crores)

Particulars	As at 31.03.2019		As at 31.03.2018		As at 01.04.2017	
	Face Value	Amortised Cost	Face Value	Amortised Cost	Face Value	Amortised Cost
Commercial Paper	7,975.00	7,696.32	3,250.00	3,150.44	-	-

Details of Commercial Paper outstanding:

(₹ in Crores)

Particulars	As at 31.03.2019		As at 31.03.2018		As at 01.04.2017	
	Face Value	Amortised Cost	Face Value	Amortised Cost	Face Value	Amortised Cost
51st Series - 7.43% Repaid on 04.09.2018	-	-	3,250.00	3,150.44	-	-
57th Series - 8.04% Repayable on 30.04.2019	2,750.00	2,732.99	-	-	-	-
58th Series - 7.60% Repayable on 27.09.2019	1,875.00	1,808.27	-	-	-	-
59th Series - 7.72% Repayable on 30.12.2019	2,350.00	2,222.86	-	-	-	-
60th Series - 7.90% Repayable on 04.03.2020	1,000.00	932.20	-	-	-	-
Total	**7,975.00**	**7,696.32**	**3,250.00**	**3,150.44**	**-**	**-**

21 Borrowings (Other than Debt Securities)

The Company has categorised all borrowings (other than debt securities) at Amortised Cost in accordance with the requirements of Ind AS 109.

(₹ in Crores)

	Particulars	As at 31.03.2019		As at 31.03.2018		As at 01.04.2017	
		Principal O/s	Amortised Cost	Principal O/s	Amortised Cost	Principal O/s	Amortised Cost
(A)	**Secured Long-Term Borrowings**						
(i)	Term Loans from Others - Financial Institutions	200.00	207.33	400.00	414.82	750.00	776.66
	Sub-total (A)	**200.00**	**207.33**	**400.00**	**414.82**	**750.00**	**776.66**
(B)	**Unsecured Long-Term Borrowings**						
(i)	Finance Lease Obligations	0.11	0.11	0.11	0.11	0.13	0.13
(ii)	Term Loans from Govt. of India	5,000.00	5,121.84	-	-	-	-
(iii)	Term Loans from Banks	18,550.00	18,555.08	-	-	-	-
(iv)	Term Loans from Financial Institutions	1,000.00	1,000.00	-	-	-	-
(v)	Foreign Currency Borrowings	17,637.62	17,450.46	18,515.81	18,404.43	21,080.55	20,923.38
(vi)	FCNR (B) Loans	933.81	936.96	1,534.18	1,534.57	-	-
	Sub-total (B)	**43,121.54**	**43,064.45**	**20,050.10**	**19,939.11**	**21,080.68**	**20,923.51**
(C)	**Unsecured Short-Term Borrowings**						
(i)	FCNR (B) Loans	3,389.39	3,390.76	2,276.54	2,277.49	-	-
(ii)	Loans repayable on demand from Banks	-	-	-	-	-	-
(iii)	Loans repayable on demand from Financial Institutions	-	-	-	-	-	-
	Sub-total (C)	**3,389.39**	**3,390.76**	**2,276.54**	**2,277.49**	**-**	**-**
	Total - Borrowings (other than Debt Securities) (A to C)	**46,710.93**	**46,662.54**	**22,726.64**	**22,631.42**	**21,830.68**	**21,700.17**
	Borrowings (other than Debt Securities) in/ outside India						
(i)	Borrowings in India	29,073.31	29,212.08	4,210.83	4,226.99	750.13	776.79
(ii)	Borrowings outside India	17,637.62	17,450.46	18,515.81	18,404.43	21,080.55	20,923.38
	Total - Borrowings (other than Debt Securities)	**46,710.93**	**46,662.54**	**22,726.64**	**22,631.42**	**21,830.68**	**21,700.17**

21.1 Details of Secured Long-term Borrowings - *Refer Note 21.8 for details of the security*

(i) Secured Term Loans from Others - Financial Institutions

(₹ in Crores)

Particulars	As at 31.03.2019		As at 31.03.2018		As at 01.04.2017	
	Principal O/s	Amortised Cost	Principal O/s	Amortised Cost	Principal O/s	Amortised Cost
- Life Insurance Corporation of India (LIC)	200.00	207.33	400.00	414.82	750.00	776.66
Loan repayable in equal annual installments of ₹ 200 crores, next instalment due on 01.10.2019						
Total - Term Loans from Others - Financial Institutions	**200.00**	**207.33**	**400.00**	**414.82**	**750.00**	**776.66**

21.2 Details of Unsecured Long-term Borrowings

(i) Unsecured Term Loans from Govt. of India

(₹ in Crores)

Particulars	As at 31.03.2019		As at 31.03.2018		As at 01.04.2017	
	Principal O/s	Amortised Cost	Principal O/s	Amortised Cost	Principal O/s	Amortised Cost
- Loan from National Small Savings Fund (NSSF)	5,000.00	5,121.84	-	-	-	-
Loan repayable on 13.12.2028						
Total - Term Loans from Govt.	**5,000.00**	**5,121.84**	**-**	**-**	**-**	**-**

(ii) Unsecued Term Loans from Banks

(₹ in Crores)

Particulars	As at 31.03.2019		As at 31.03.2018		As at 01.04.2017	
	Principal O/s	Amortised Cost	Principal O/s	Amortised Cost	Principal O/s	Amortised Cost
- Canara Bank	500.00	500.12	-	-	-	-
Loan repayable on 05.03.2024						
- Corporation Bank	1,000.00	1,000.00	-	-	-	-
Loan repayable in 6 semi annual instalments, first instalment due on 06.09.2021.						
- HDFC Bank	2,000.00	2,000.46	-	-	-	-
Rs. 500 Crore repayable on 29.04.2020, Rs. 300 Crore repayable on 29.09.2023, Rs. 350 Crore repayable on 11.10.2023, Rs. 350 Crore repayable on 06.11.2023, Rs. 500 Crore repayable on 15.01.2024						
- United Bank of India	1,000.00	1,004.50	-	-	-	-
Loan repayable in 4 semi annual instalments, first instalment due on 13.09.2022						
- Bank of India	2,000.00	2,000.00	-	-	-	-
Loan repayable in 8 quarterly instalments, first instalment due on 05.05.2022						
- Punjab National Bank	3,500.00	3,500.00	-	-	-	-
Rs. 2,000 Crore repayable in 3 annual instalments and first instalment due on 14.09.2021, Rs. 1,500 Crore repayable in 3 annual instalments and first instalment due on 20.02.2022						
- State Bank of India	7,300.00	7,300.00	-	-	-	-
Rs. 5,000 Crore repayable in 3 annual instalments and first instalment due on 15.10.2021, Rs. 2,300 Crore repayable in 5 annual instalments and first instalment due on 05.09.2020						
- Oriental Bank of Commerce	750.00	750.00	-	-	-	-
Loan repayable in 8 semi-annual instalments, first instalment due on 05.09.2021						
- Union Bank of India	500.00	500.00	-	-	-	-
Loan repayable in 6 semi-annual instalments, first instalment due on 31.07.2021						
Total - Unsecured Term Loans from Banks	**18,550.00**	**18,555.08**	**-**	**-**	**-**	**-**

(iii) Unsecured Term Loans from Others - Financial Institutions

(₹ in Crores)

Particulars	As at 31.03.2019		As at 31.03.2018		As at 01.04.2017	
	Principal O/s	Amortised Cost	Principal O/s	Amortised Cost	Principal O/s	Amortised Cost
- Indian Infrastructure Finance Company Ltd. (IIFCL)	1,000.00	1,000.00	-	-	-	-
Repayable on 04.06.2022						
Total - Term Loans from Others - Financial Institutions	**1,000.00**	**1,000.00**	**-**	**-**	**-**	**-**

(iv) Foreign Currency Borrowings

	Particulars	As at 31.03.2019		As at 31.03.2018		As at 01.04.2017	
		Principal O/s	Amortised Cost	Principal O/s	Amortised Cost	Principal O/s	Amortised Cost
(1)	ODA Loans - Guaranteed by Govt. of India						
	JICA Loan -)(( )(((						
	3.73% KfW Loan - 1 ,						
	2.89% KfW-II Loan - 1 ,						
	1.86% KfW-III Loan - 1 ,						
	Sub-Total (1)	702.14	702.22	1,051.48	1,051.53	1,271.68	1,271.20
(2)	Bilateral/ Syndicated Loans						
	¥19.029 Bn 1						
	US $285 Mn - 1						
	US $250 Mn - , ,						
	US $400 Mn - 1						
	US $400 Mn - 1						
	US $300 Mn - 1						
	US $250 Mn - , ,						
	US $300 Mn - 1						
	US $250 Mn - 1						
	US $120 Mn - 1						
	US $100 Mn - 1						
	US $230 Mn - 1						
	US $200 Mn - 1						
	US $57.50 Mn - 1						
	US $240 Mn - 1						
	US $160 Mn - 1						
	US $250 Mn - 1						
	¥ 10,327.12 Mn - 1						
	US $250 Mn - 1						
	US $75 Mn - 1						
	Sub-Total (2)	16,935.48	16,748.24	17,464.33	17,352.90	19,808.87	19,652.18
	Total - Foreign Currency Borrowings	17,637.62	17,450.46	18,515.81	18,404.43	21,080.55	20,923.38

(v) FCNR (B) Loans

Particulars	As at 31.03.2019		As at 31.03.2018		As at 01.04.2017	
	Principal O/s	Amortised Cost	Principal O/s	Amortised Cost	Principal O/s	Amortised Cost
US $235.87 Mn - 1						
US $135 Mn - , ,						
Total - FNCR (B) Loans	933.81	936.96	1,534.18	1,534.57	-	-

21.3 Unsecured Short-Term Borrowings

(i) FCNR (B) Loans

Particulars	As at 31.03.2019		As at 31.03.2018		As at 01.04.2017	
	Principal O/s	Amortised Cost	Principal O/s	Amortised Cost	Principal O/s	Amortised Cost
4 2 , 1						
4 2 , 1						
4 2 , 1						
4 2 , 1						
4 2 , 1						
4 2 , 1						
4 2 , 1						
Total - FNCR (B) Loans	3,389.39	3,390.76	2,276.54	2,277.49	-	-

21.4 There has been no default as on the Balance Sheet date in repayment of borrowings and interest.

21.5 Term Loans from Govt./ banks/ financial institutions as mentioned in Note No. 21.1 (i) and 21.2 (i) to (iii) have been raised at interest rates ranging from 8.15% to 9.20% payable on monthly/ quarterly/ semi annual rests.

21.6 Foreign Currency Borrowings in Note No. 21.2 (iv) (2) have been raised at interest rates ranging from a spread of 65 bps to 150 bps over 6 Months' USD/JPY LIBOR (London Inter Bank Offered Rate)

21.7 Subsequent to the announcement of the strategic sale of Government of India's existing 52.63% of total paid up equity shareholding in REC Limited to Power Finance Corporation Ltd. (PFC), the Company had undertaken a consent solicitation exercise during the financial year ended 31st March 2019 for the modification in the 'Change of Control' covenant of certain External Commercial Borrowings (ECBs). In terms of the approval of the Reserve Bank of India and in compliance with the extant ECB framework, the Company has paid Consent Fees to the international bondholders/ lenders consenting to such modification, falling within the prescribed annual all-in-cost ceiling considering the remaining maturities of the related borrowings. The Company has accordingly amortised the Consent Fees as per Effective Interest Rate (EIR) method under Ind-AS 109 over the remaining maturities of the ECBs.

21.8 Security Details of Secured Debt Securities and Borrowings

For all the secured bonds issued by the Company and outstanding as at 31st March 2019, 100% security cover has been maintained by way of mortgage on certain immovable properties and/or charge on the receivables of the Company.

The Bond Series 90, 90 B-II, 90 C-II, 91-II and 92-II of Institutional Bonds are secured by a charge on (a) mortgage of Flat no. 640, Asiad Games Village, New Delhi and (b) pari passu charge on the receivables of our Company, both present and future, save and except receivables hypothecated to Vistra ITCL (India) Ltd. (formerly known as IL&FS Trust Company Ltd.) on the basis of joint hypothecation agreement dated 24th September, 2010 in favour of IDBI Trusteeship Services Ltd.

The Bond Series 122 of Institutional Bonds is secured by a charge on first pari passu charge on the book debts of the issuer both present & future which are charged to other lenders/ trustees and as may be agreed between the issuer and the trustee, pursuant to the terms of the Debenture /Bond Trust cum Hypothecation Deed with a minimum security cover of one time of the aggregate face value amount of the bonds outstanding at all times in favor of IDBI Trusteeship Services Ltd.

The Bond Series 123-I and 123-IIIB of Institutional Bonds are secured by way of first pari passu charge on the specified immovable property and the book debts of the Issuer which are charged to other lender / trustee and as may be agreed between the Issuer and the Trustee, pursuant to the terms of the Bond Trust Deed with a minimum security cover of one time of the aggregate face value of amount of bonds outstanding at all times and amount of interest due thereon in favor of IDBI Trusteeship Services Ltd.

Tax Free Bonds issued during FY 2011-12 are secured by first pari passu charge on premises at Shop No. 12, Ground Floor, Block No. 35, Church Road, Mylapore, Chennai and hypothecation of receivables of ₹ 4,998.66 Crores of MSEDCL in favour of Vistra ITCL (India) Ltd. (formerly known as IL&FS Trust Company Ltd.).

Tax Free Bonds issued during FY 2013-14 are secured by first pari passu charge on the book debts (other than those that are exclusively charged/earmarked to lenders / other Trustees) of the Company in favour of SBICap Trustee Company Ltd.

The Bond Series X, XI and XII of 54EC Capital Gain Tax Exemption Bonds and Tax Free Bonds issued during FY 2012-13 & 2015-16 are secured by first pari passu charge on (a) mortgage of premises at Sub Plot No. 8, TPS No 2, FP No. 584P, situated at Village Subhanpura, Distt Vadodara and (b) hypothecation of receivables (other than those that are exclusively charged/ earmarked to lenders / other Trustees) in favour of SBICap Trustee Company Ltd.

The term loan from Life Insurance Corporation of India is secured by a charge on the receivables of our Company, both present and future, save and except certain specific receivables hypothecated to Vistra ITCL (India) Ltd. (formerly known as IL&FS Trust Company Ltd.) on the basis of joint hypothecation agreement dated 24th September, 2010 in favour of IDBI Trusteeship Services Ltd.

Refer Note No. 9 and 16.2 for the carrying value of receivables and Property, Plant and Equipment (PPE) pledged as security.

22 Subordinated Liabilities

The Company has categorised all debt securities at amortised cost in accordance with the requirements of Ind AS 109.

(₹ in Crores)

	Particulars	As at 31.03.2019		As at 31.03.2018		As at 01.04.2017	
		Face Value	Amortised Cost	Face Value	Amortised Cost	Face Value	Amortised Cost
(i)	**175th Series - Subordinate Tier-II Bonds -** 8.97% Redeemable at par on 28.03.2029	2,151.20	2,151.24	-	-	-	-
(i)	**115th Series - Subordinate Tier-II Bonds -** 8.06% Redeemable at par on 31.05.2023	2,500.00	2,667.52	2,500.00	2,667.36	2,500.00	2,667.21
	Total - Subordinated Liabilities	**4,651.20**	**4,818.76**	**2,500.00**	**2,667.36**	**2,500.00**	**2,667.21**
	Subordinated Liabilities in/ outside India						
(i)	Borrowings in India	4,651.20	4,818.76	2,500.00	2,667.36	2,500.00	2,667.21
(ii)	Borrowings outside India	-	-	-	-	-	-
	Total - Subordinated Liabilities	**4,651.20**	**4,818.76**	**2,500.00**	**2,667.36**	**2,500.00**	**2,667.21**

22.1 Ratings assigned by credit rating agencies and migration of ratings during the year

Domestic Credit Ratings

Particulars	Long Term Rating	Short Term Rating
CRISIL	CRISIL AAA	CRISIL A1+
ICRA	ICRA AAA	ICRA A1+
CARE	CARE AAA	CARE A1+
India Ratings and Research	IND AAA	IND A1+

International Credit Ratings

Particulars	Rating	Outlook
Fitch Ratings	BBB-	Stable
Moody's	Baa3	Stable

There has been no migration of ratings during the year.

22.2 Reconciliation between carrying values and the actual amounts outstanding in respect of Borrowings:

(₹ in Crores)

Particulars	Debt Securities	Other Borrowings	Subordinated Liabilities	Total
As at 31st March 2019				
Total Amount as per Ind-AS	**1,92,767.51**	**46,662.54**	**4,818.76**	**2,44,248.81**
Less: Interest accrued on Borrowings classified under the same head as per Ind-AS	(6,060.00)	(207.10)	(169.96)	(6,437.06)
Less: Finance Lease Obligations classified under the same head as per Ind-AS	-	(0.11)	-	- 0.11
Add: Ind-AS Adjustments in respect of transaction costs at Effective Interest Rate (EIR)	1,146.37	255.49	2.40	1,404.26
Total Borrowings Outstanding	**1,87,853.88**	**46,710.82**	**4,651.20**	**2,39,215.90**
As at 31st March 2018				
Total Amount as per Ind-AS	1,79,067.85	22,631.42	2,667.36	2,04,366.63
Less: Interest accrued on Borrowings classified under the same head as per Ind-AS	(5,834.24)	(84.64)	(168.38)	(6,087.26)
Less: Finance Lease Obligations classified under the same head as per Ind-AS	-	(0.11)	-	- 0.11
Add: Ind-AS Adjustments in respect of transaction costs at Effective Interest Rate (EIR)	260.90	179.86	1.02	441.78
Total Borrowings Outstanding	**1,73,494.51**	**22,726.53**	**2,500.00**	**1,98,721.04**
As at 1st April 2017				
Total Amount as per Ind-AS	1,48,650.96	21,700.17	2,667.21	1,73,018.34
Less: Interest accrued on Borrowings classified under the same head as per Ind-AS	(5,633.30)	(101.81)	(168.38)	(5,903.49)
Less: Finance Lease Obligations classified under the same head as per Ind-AS	-	(0.13)	-	- 0.13
Add: Ind-AS Adjustments in respect of transaction costs at Effective Interest Rate (EIR)	98.74	232.32	1.17	332.23
Total Borrowings Outstanding	**1,43,116.40**	**21,830.55**	**2,500.00**	**1,67,446.95**

23 Other Financial Liabilities

(₹ in Crores)

	Particulars	As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
(A)	**Unpaid Dividends**	4.15	3.49	2.75
(B)	**Bond Application Money refundable and interest accrued thereon**	0.05	-	-
(C)	**Unpaid Principal & Interest on Bonds**			
	- Matured Bonds & Interest Accrued thereon	39.52	47.03	51.54
	- Interest on Bonds	15.91	14.27	15.19
	Sub-total (C)	**55.43**	**61.30**	**66.73**
(D)	**Funds Received from Govt. of India for Disbursement as Subsidy/ Grant (cumulative)**	77,717.88	57,141.98	46,154.67
	Add: Interest on Subsidy/ Grant (net of refund)	42.57	24.41	2.18
	Less: Disbursed to Beneficiaries (cumulative)	(76,903.42)	(56,699.84)	(46,131.01)
	Undisbursed Funds to be disbursed as Subsidy/ Grant	**857.03**	**466.55**	**25.84**
(E)	**Payables towards Bonds Fully serviced by Govt. of India**	17,996.06	4,007.17	-
(F)	Payable towards funded staff benefits	31.78	2.84	13.63
(G)	Other Liabilities	282.57	161.70	151.13
	Total (A to G)	**19,227.07**	**4,703.05**	**260.08**

23.1 Subsidy Under Accelerated Generation & Supply Programme (AG&SP):

The Company is maintaining an Interest Subsidy Fund Account and was given AG&SP subsidy (for disbursement to the eligible borrowers) by Govt. of India at net present value calculated at indicative rates and year in accordance with GOI's letter vide D.O.No. 32024/17/97-PFC dated 23.09.1997 and O.M.No.32024/23/2001-PFC dated 07.03.2003 irrespective of the actual repayment schedule, moratorium year and duration of repayment of the eligible schemes. The impact of difference between the indicative rate and year considered at the time of drawl and the actual can be ascertained only after the end of the respective schemes.

Net amount of ₹ 0.63 Crores as at 31st March 2019 (₹ 0.53 Crores as at 31st March 2018, ₹ 0.86 Crores as at 1st April 2017) represents the balance amount of interest subsidy fund, which is to be passed on to the borrowers against their interest liability arising in future, under Accelerated Generation & Supply Programme (AG&SP), which comprises of the following :-

(₹ in Crores)

Particulars	FY 2018-19	FY 2017-18
Opening Balance of Interest Subsidy Fund	0.53	0.86
Add: Interest earned during the year	0.11	0.02
Less: Interest subsidy passed on to the borrower	0.01	0.35
Closing Balance of Interest Subsidy Fund	**0.63**	**0.53**

23.2 Government of India has appointed REC Ltd. as a nodal agency for implementation of Deen Dayal Upadhyaya Gram Jyoti Yojna (DDUGJY). The funds received for disbursement to various agencies under the scheme are kept in a separate bank account. The undisbursed funds for the scheme (including the funds received under erstwhile RGGVY Scheme) including interest earned thereto are classified under "Undisbursed Subsidy/ grant" under the head "Other Financial Liabilities".

During the year, interest earned of ₹ 25.03 Crores (Previous year ₹ 18.15 Crores) has been taken to DDUGJY Subsidy account. Further, during the year, an amount of ₹ 23.51 crores (Previous year ₹ 10.33 crores) has been refunded back to MoP out of the total interest on subsidy.

23.3 The movement in Interest on Subsidy/ Grant is explained as under:

(₹ in Crores)

Particulars	FY 2018-19	FY 2017-18
Opening Balance	24.41	2.18
Add: Interest earned during the year	93.70	33.77
Less: Amount refunded to Govt. during the year	75.53	11.32
Less: Disbursement out of Interest earned on account of AG&SP Grant	0.01	0.22
Closing Balance	**42.57**	**24.41**

23.4 For meeting GOI's funding requirement of DDUGJY Scheme, during the year, the Company has raised an aggregate amount of ₹ 13,827 crores (Previous year ₹ 4,000 crores) through unsecured, redeemable, non-convertible, taxable bonds in the nature of debentures of face value of ₹ 10 lacs at par on private placement basis. As per Ministry of Power (MoP) letter dated 16th July 2018 and 19th July 2018, the repayment of principal and interest of the above bonds shall be made by GoI by making suitable budget provisions in the demand of Ministry of Power. Accordingly, the amount of such bonds along-with interest is also appearing as recoverable by the Company from Govt. of India.

Details of the GoI Fully Serviced Bonds raised are as follows:

(₹ in Crores)

Particulars	Coupon Rate	Interest Frequency	Redemption Date	As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
GoI-I Series	8.09%	Semi-annual	21-03-28	1,837.00	1,837.00	-
GoI-II Series	8.01%	Semi-annual	24-03-28	1,410.00	1,410.00	-
GoI-III Series	8.06%	Semi-annual	27-03-28	753.00	753.00	-
GoI-IV Series	8.70%	Semi-annual	28-09-28	3,000.00	-	-
GoI-V Series	8.54%	Semi-annual	15-11-28	3,600.00	-	-
GoI-VI Series	8.80%	Semi-annual	22-01-29	2,027.00	-	-
GoI-VII Series	8.60%	Semi-annual	08-03-29	1,200.00	-	-
GoI-VIII Series	8.30%	Semi-annual	25-03-29	4,000.00	-	-
Total				**17,827.00**	**4,000.00**	**-**

Amounts have been shown at face value

24 Current tax liabilities (net)

(₹ in Crores)

Particulars	As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
Provision for Income Tax	-	27.32	40.95
Less: Advance Income-tax & TDS	-	(26.81)	(40.40)
Current tax liabilities (Net)	**-**	**0.51**	**0.55**

25 Provisions

(₹ in Crores)

	Particulars	As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
	Provisions for			
(A)	**Employee Benefits**			
	Earned Leave Liability	11.80	10.17	31.25
	Post Retirement Medical Benefits	-	105.19	97.15
	Medical Leave Liability	21.67	19.77	19.27
	Settlement Allowance	1.42	1.24	1.27
	Economic Rehabilitation Scheme	3.69	3.34	3.45
	Long Service Award	1.24	2.57	2.83
	Incentive	46.99	19.19	20.34
	Pay Revision	13.06	58.90	14.59
	Loyalty Bonus	0.37	0.21	0.15
	Sub-total (A)	**100.24**	**220.58**	**190.30**
(B)	**Others**			
	Expected Credit Loss on Letters of Comfort	-	0.16	23.97
	Sub-total (B)	**-**	**0.16**	**23.97**
	Total (A+B)	**100.24**	**220.74**	**214.27**

26 Other Non-financial Liabilities

(₹ in Crores)

	Particulars	As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
(A)	Income Received in Advance	2.63	5.27	8.41
(B)	Sundry Liabilities Account (Interest Capitalisation)	21.99	45.99	-
(C)	Unamortised Fee on Undisbursed Loans	25.76	10.10	6.50
(D)	Advance received from Govt. towards Govt. Schemes	16.20	4.53	2.51
(E)	Statutory Dues	37.31	44.43	31.26
(F)	Other Liabilities	0.71	0.01	-
	Total (A to F)	**104.60**	**110.33**	**48.68**

27 Equity Share Capital

(₹ in Crores)

Particulars	As at 31.03.2019		As at 31.03.2018		As at 01.04.2017	
	No. of Shares	Amount	No. of Shares	Amount	No. of Shares	Amount
Authorised : Equity shares of ₹ 10 each	5,00,00,00,000	5,000.00	5,00,00,00,000	5,000.00	5,00,00,00,000	5,000.00
Issued, Subscribed and Paid up : Fully paid up Equity shares of ₹ 10 each	1,97,49,18,000	1,974.92	1,97,49,18,000	1,974.92	1,97,49,18,000	1,974.92
Total	**1,97,49,18,000**	**1,974.92**	**1,97,49,18,000**	**1,974.92**	**1,97,49,18,000**	**1,974.92**

27.1 Reconciliation of the number of shares outstanding at the beginning and at the end of the year

(₹ in Crores)

Particulars	FY 2018-19		FY 2017-18	
	No. of Shares	Amount	No. of Shares	Amount
Share Capital at the beginning of the year	1,97,49,18,000	1,974.92	1,97,49,18,000	1,974.92
Add: Bonus shares issued & allotted during the year	-	-	-	-
Share Capital at the end of the year	**1,97,49,18,000**	**1,974.92**	**1,97,49,18,000**	**1,974.92**

27.2 Allotment of Bonus Shares during the year and during preceding five years

During the current year and preceding five years, no bonus shares were issued by the Company except in the FY 2016-17, when the Company had allotted 98,74,59,000 Equity Shares as fully paid up by way of bonus shares.

27.3 The Company has neither issued any equity shares pursuant to contract without payment being received in cash nor has there been any buy-back of shares in the current year and five years immediately preceding the balance sheet date.

27.4 Rights, Preferences and Restrictions attached to Equity shares

The holders of the equity shares of the Company are entitled to receive dividends as and when declared by the Company and enjoy proportionate voting rights in case any resolution is put to vote. Further, the shareholders have all such rights, as may be available to a shareholder of a listed public company, under the Companies Act, 2013 and rules made thereunder, Companies Act, 1956 (to the extent applicable), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Memorandum of Association and Articles of Association of the Company.

27.5 Shareholders holding more than 5% of fully paid-up equity shares as at Balance Sheet date:

Name of the Shareholder	As at 31.03.2019		As at 31.03.2018		As at 01.04.2017	
	No. of Shares	Percentage	No. of Shares	Percentage	No. of Shares	Percentage
The President of India	-	0.00%	1,15,16,78,783	58.32%	1,16,25,04,472	58.86%
Power Finance Corporation Ltd.	1,03,94,95,247	52.63%	95,904	0.00%	95,904	0.00%
HDFC Trustee Company Ltd. A/c HDFC Hybrid Debt Fund	11,46,83,937	5.81%	4,60,84,438	2.33%	3,47,22,538	1.76%
Life Insurance Corporation of India	5,49,13,706	2.78%	5,51,51,984	2.79%	12,63,22,504	6.40%

During the financial year 2018-19, the President of India acting through Ministry of Power, Government of India divested/sold the shareholding in the Company as below:

Particulars	Period	No. of Shares	Percentage
Holding of the President of India as on 01-04-2018		1,15,16,78,783	58.32%
Disinvestment through Bharat 22 ETF	June 2018	(64,73,244)	-0.33%
Disinvestment through CPSE ETF Further Fund Offer 3 (FFO 3)	December 2018	(10,14,70,139)	-5.14%
Disinvestment through Bharat 22 ETF Additional Offering Period (AOP)	February 2019	(43,36,057)	-0.22%
Sale of Stake to Power Finance Corporation Ltd.	March 2019	(1,03,93,99,343)	-52.63%
Holding of the President of India as on 31-03-2019		-	0.00%

27.6 Details of equity shares held by the Holding Company, including the subsidiaries and associates

Name of the Company	As at 31.03.2019		As at 31.03.2018		As at 01.04.2017	
	No. of Shares	Percentage	No. of Shares	Percentage	No. of Shares	Percentage
Power Finance Corporation Ltd.	1,03,94,95,247	52.63%	95,904	0.00%	95,904	0.00%

28 Other Equity

(₹ in Crores)

	Particulars	As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
(A)	**Other Reserves**			
(i)	Securities Premium	2,236.54	2,236.54	2,236.54
(ii)	Debenture Redemption Reserve	1,318.13	1,121.54	924.95
(iii)	Special Reserve created u/s 36(1) (viii) of the Income Tax Act, 1961	15,136.78	13,813.19	12,230.70
(iv)	Reserve for Bad and doubtful debts u/s 36(1)(viia) of the Income Tax Act, 1961	3,034.72	2,761.10	2,425.30
(v)	Reserve Fund u/s 45-IC of Reserve Bank of India Act, 1934	1,153.00	-	-
(vi)	Foreign Currency Monetary Item Translation Difference Account	(764.82)	(86.29)	203.78
(vii)	General Reserve	5,230.54	5,230.54	4,730.54
(B)	**Retained Earnings**	5,088.19	5,344.37	5,900.84
(C)	**Other Comprehensive Income (OCI)**			
	Share of Other Comprehensive Income/ (loss) of Joint Venture accounted for using equity method	1.46	1.46	-
	- Equity Instruments through Other Comprehensive Income	136.88	190.24	181.86
	Total - Other Equity	**32,571.42**	**30,612.69**	**28,834.51**

Additions and deductions to the components of 'Other Equity' has been disclosed in 'Statement of Changes in Equity'.

28.1 Draw down from Reserves

No amount has been drawn from the reserves during the financial year 2018-19 and financial year 2017-18.

28.2 Securities Premium

Securities Premium represents the premium received by the Company on issue of shares and debt securities. It is utilised in accordance with the provisions of the Companies Act, 2013.

28.3 Debenture Redemption Reserve (DRR)

In accordance with provisions of Section 71(4) of the Companies Act, 2013 as further clarified by the Companies (Share Capital and Debentures) Rules, 2014 issued by Ministry of Corporate Affairs, Govt. of India, the company creates Debenture Redemption Reserve (DRR) upto 25% of the value of debentures issued through public issue as per present SEBI (Issue and Listing of Debt Securities) Regulations, 2008 during the maturity period of such debentures, and no DRR is required in the case of privately placed debentures. The amounts credited to the DRR may not be utilised except to redeem debentures. On redemption of debentures, the amount may be transferred from DRR to retained earnings.

28.4 Foreign Currency Monetary Item Translation Difference Account

The company had opted towards an irrevocable option 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 Para 46A of the erstwhile applicable Accounting Standard 11 'The Effects of Changes in Foreign Exchange Rates'. Ind AS 101 allows an entity to continue the policy adopted for accounting for exchange differences arising from translation of long-term foreign currency monetary items recognised in the financial statements for the period ending immediately before the beginning of the first Ind AS financial reporting period as per the previous GAAP. The balance in this account represents the unamortised gain/ (loss) which will be amortised over the balance period of the eligible long term foreign currency monetary liabilities.

28.5 Special Reserve created u/s 36(1) (viii) of the Income Tax Act, 1961

Special Reserve created u/s 36(1) (viii) of the Income Tax Act, 1961 is maintained by the Company in order to enable the Company to avail tax benefits. As per section 36(1)(viii) of the Income Tax Act, 1961, the company is eligible for deduction not exceeding 20% of profit derived from long term finance activity, provided such amount is transferred and maintained in special reserve account.

28.6 Reserve for Bad and doubtful debts u/s 36(1)(viia) of the Income Tax Act, 1961

Reserve for Bad and doubtful debts u/s 36(1)(viia) of the Income Tax Act, 1961 is maintained by the Company in order to enable the Company to avail tax benefits. As per Section 36(1)(viia) of the Income Tax Act, 1961, the Company is eligible to avail deduction in respect of any provision/ reserve made for bad and doubtful debts, not exceeding five per cent of the total income as per Income Tax Act. The reserve so maintained shall be primarily utilised for adjustment of actual bad debts or part thereof.

28.7 Reserve Fund u/s 45-IC of Reserve Bank of India Act, 1934

Till the financial year 2017-18, the Company, being a Govt. NBFC, was exempt from creation and maintainence of Reserve Fund as specified u/s 45-IC of Reserve Bank of India Act, 1934. However, the said exemption has been withdrawn by the Reserve Bank of India (RBI) vide Notification No. DNBR (PD) CC.No.092/03.10.001/2017-18 dated 31st May 2018. Accordingly, the Company is now creating the Reserve Fund as required u/s 45IC of RBI Act, 1934, wherein at least 20% of net profit every year will be transferred before the declaration of dividend. No appropriation is allowed to be made from the reserve fund except for the purpose as may be specified by the Bank from time to time and further, any such appropriation is also required to be reported to the Bank within 21 days from the date of such withdrawal.

28.8 General Reserve

In view of the erstwhile provisions of the Companies Act, 1956, the Company had transferred certain percentage of the profits to General Reserve before declaration of dividend. However, Companies Act, 2013 does not mandate transfer of profits to General Reserve before declaration of dividend.

28.9 Other Comprehensive Income (OCI)

The Company has elected to recognise changes in the fair value of certain investments in equity securities through other comprehensive income. These changes are accumulated within the OCI reserve within equity. The Group transfers amounts from this reserve to retained earnings when the related equity securities are derecognised.

28.10 Dividend declared/ proposed by the Company for Equity Shares of ₹ 10/- each

Particulars	**Year ended 31.03.2019**		**Year ended 31.03.2018**	
	Dividend per Equity Share (₹)	**Dividend Amount** (₹ in Crores)	**Dividend per Equity Share** (₹)	**Dividend Amount** (₹ in Crores)
Interim Dividend	11.00	2,172.41	7.40	1,461.44
Final Proposed Dividend	-	-	1.75	345.61
Total Dividend for the year	**11.00**	**2,172.41**	**9.15**	**1,807.05**

As per the requirements of Ind-AS 10 'Events after the Reporting Period', the Company is not required to provide for the dividend proposed by the Board of Directors after the end of the financial year. Such appropriation is made after the approval in the Annual General Meeting (AGM) in case of final dividend. The total payout on account of final proposed dividend including the impact of dividend distribution tax is as under:

(₹ in Crores)

Particulars	**Year ended 31.03.2019**	**Year ended 31.03.2018**
Final Proposed Dividend	-	345.61
Dividend Distribution Tax on Final Proposed Dividend	-	71.04
Total Payout on account of Final Proposed Dividend	**-**	**416.65**

29 **Interest Income**

(₹ in Crores)

	Particulars	Year ended 31.03.2019			Year ended 31.03.2018		
		On Financial Assets measured at Fair Value through OCI	On Financial Assets measured at Amortised Cost	On Financial Assets measured at Fair Value through Profit or Loss	On Financial Assets measured at Fair Value through OCI	On Financial Assets measured at Amortised Cost	On Financial Assets measured at Fair Value through Profit or Loss
(A)	**Interest on Loan Assets**						
(i)	Long term financing	-	24,405.17	-	-	21,386.39	-
	Less: Rebate for timely payments/completion etc	-	(6.11)	-	-	(16.43)	-
	Long term financing (net)	-	24,399.06	-	-	21,369.96	-
(ii)	Short term financing	-	328.84	-	-	426.61	-
	Sub-total (A)	**-**	**24,727.90**	**-**	**-**	**21,796.57**	**-**
(B)	**Interest Income from Investments**						
(i)	Interest from CP/ ICD	-	0.67	-	-	0.98	-
(ii)	Interest from Govt. Securities	-	9.43	-	-	16.98	-
(iii)	Interest from Long Term Investments	-	15.63	168.25	-	29.41	168.25
(iv)	Interest from tax free bonds	-	2.38	-	-	2.37	-
	Sub-total (B)	**-**	**28.11**	**168.25**	**-**	**49.74**	**168.25**
(C)	**Interest on Deposits with Banks**						
(i)	Interest from Deposits	-	51.81	-	-	74.39	-
	Sub-total (C)	**-**	**51.81**	**-**	**-**	**74.39**	**-**
(D)	**Other Interest Income**						
(i)	Interest from Income Tax Refund	-	-	-	-	0.62	-
(ii)	Interest from Staff Advances	-	3.89	-	-	4.33	-
(iii)	Interest on Mobilisation Advance	-	2.80	-	-	3.68	-
(iv)	Unwinding of Discount of Security Deposits	-	0.09	-	-	0.07	-
(v)	Interest from SPVs	-	0.77	-	-	0.66	-
	Sub-total (D)	**-**	**7.55**	**-**	**-**	**9.36**	**-**
	Total (A to D)	**-**	**24,815.37**	**168.25**	**-**	**21,930.06**	**168.25**

30 **Dividend Income**

(₹ in Crores)

Particulars	Year ended 31.03.2019	Year ended 31.03.2018
- Dividend from Long-Term Investments	20.38	26.85
Total - Dividend Income	**20.38**	**26.85**

30.1 **Details of dividend recognised on equity investments designated at FVOCI :**

(₹ in Crores)

Particulars	Year ended 31.03.2019	Year ended 31.03.2018
Dividend on:		
- Investments held at the end of the year	20.14	26.85
- Investments derecognized during the year	0.24	-
Total	**20.38**	**26.85**

31 **Fees and Commission Income**

(₹ in Crores)

Particulars	Year ended 31.03.2019	Year ended 31.03.2018
Fees based Income	2.78	5.19
Prepayment Premium	139.29	106.41
Fee for Implementation of Govt. Schemes	83.02	187.79
Total - Fees and Commission Income	**225.09**	**299.39**

32 **Sale of services**

Particulars	Year ended 31.03.2019	Year ended 31.03.2018
Consultancy Engineering Services	149.72	210.38
Execution of IT Implementation projects	19.42	16.08
Documentation fees	0.79	0.59
Total	**169.93**	**227.05**

33 **Other Income**

(₹ in Crores)

Particulars	Year ended 31.03.2019	Year ended 31.03.2018
- Net gain on derecognition of Property, Plant and Equipment	-	-
- Provision/ Liabilities Written Back	10.83	0.71
- Fees from Training Courses	8.69	6.85
- Miscellaneous Income	12.79	7.23
Total	**32.31**	**14.79**

34 Finance Costs

Finance Costs have been incurred on financial liabilities measured at amortised cost.

(₹ in Crores)

	Particulars	Year ended 31.03.2019	Year ended 31.03.2018
(i)	**Interest on Debt Securities**		
	- Domestic Debt Securities	12,965.67	11,895.66
	- Foreign Currency Debt Securities	441.83	124.01
	- Commercial Paper	402.84	135.60
	Sub-Total (i)	**13,810.34**	**12,155.27**
(ii)	**Interest on Borrowings**		
	- Loans from Govt. of India	121.84	-
	- Loans from Banks/ Financial Institutions	594.30	87.35
	- External Commercial Borrowings	914.19	888.11
	Sub-Total (ii)	**1,630.33**	**975.46**
(iii)	**Interest on Subordinated Liabilities**		
	- Subordinate Bonds	203.25	201.65
	Sub-Total (iii)	**203.25**	**201.65**
(iv)	**Other Interest Expense**		
	- Interest on Income Tax	3.70	5.68
	- Miscellaneous interest expense	2.95	1.20
	Sub-Total (iv)	**6.65**	**6.88**
	Total - Finance Costs	**15,650.57**	**13,339.26**
	Less: Finance Costs Capitalised	(11.37)	(6.32)
	Total - Finance Costs (Net)	**15,639.20**	**13,332.94**

35 Net translation/ transaction exchange loss/ (gain)

(₹ in Crores)

Particulars	Year ended 31.03.2019	Year ended 31.03.2018
Net translation/ transaction exchange loss/ (gain)	521.19	19.37
Total	**521.19**	**19.37**

35.1 The foreign currency monetary items are translated at FBIL (Financial Benchmark India Private Ltd) reference rates prevailing at the end of each reporting period or where the FBIL reference rate is not available for any currency, the closing rate for the same date quoted on Bloomberg. The respective rates as on the reporting date are as below:

Exchange Rates	USD/INR	JPY/INR	Euro/INR
As at 31st March 2019	69.1713	0.6252	77.7024
As at 31st March 2018	*65.0441*	*0.6154*	*80.6222*
As at 1st April 2017	*64.8386*	*0.5796*	*69.2476*

** Prior to introduction of FBIL reference rates, RBI reference rates were being used by the Company. RBI has handed over the responsibility of computing and disseminating reference rate for USD/INR and exchange rate of other major currencies to FBIL with effect from July 10, 2018.*

36 Fees and commission expense

(₹ in Crores)

	Particulars	Year ended 31.03.2019	Year ended 31.03.2018
(i)	Guarantee Fee	11.06	13.81
(ii)	Listing and Trusteeship Fee	1.67	1.54
(iii)	Agency Fees	0.78	1.65
(iv)	Credit Rating Expenses	2.85	5.95
(v)	Other Finance Charges	18.02	1.63
	Total (i to iv)	**34.38**	**24.58**

37 Net Gain/ (loss) on Fair Value Changes

(₹ in Crores)

	Particulars	Year ended 31.03.2019	Year ended 31.03.2018
(A)	**Net gain/ (loss) on financial instruments at Fair Value through profit or loss**		
(i)	**On trading Portfolio**	-	-
(ii)	**On financial instruments designated at fair value through profit or loss**		
	- Changes in fair value of Derivatives	(351.52)	(586.76)
	- Changes in fair value of Short-term investment of surplus funds in Mutual Funds	3.00	13.39
	Sub-total (ii)	**(348.52)**	**(573.37)**
	Total (A)	**(348.52)**	**(573.37)**
	Breakup of Fair Value Changes		
	- Realised	(619.05)	(817.51)
	- Unrealised	270.53	244.14
	Total Net Gain/ (loss) on Fair Value Changes	**(348.52)**	**(573.37)**

*Fair value changes in this schedule are other than those arising on account of accrued interest income/ expense.

38 Impairment on financial instruments

(₹ in Crores)

	Particulars	Year ended 31.03.2019		Year ended 31.03.2018	
		On financial instruments measured at FVOCI	On financial instruments measured at Amortised Cost	On financial instruments measured at FVOCI	On financial instruments measured at Amortised Cost
(i)	- Loans	-	222.32	-	2,290.43
(ii)	- Others	-	21.17	-	10.10
	Total (i+ii)	**-**	**243.49**	**-**	**2,300.53**

39 Cost of services rendered

(₹ in Crores)

Particulars	Year ended 31.03.2019	Year ended 31.03.2018
Project Expenses	85.15	119.80
Total	**85.15**	**119.80**

40 Cost of material consumed

(₹ in Crores)

Particulars	Year ended 31.03.2019	Year ended 31.03.2018
IT- Hardware	-	7.95
Total	**-**	**7.95**

41 Changes in inventories of finished goods and work-in-progress

Particulars	Year ended 31.03.2019	Year ended 31.03.2018
Opening stock		
Work-in-progress	-	0.04
	-	**0.04**
Closing stock		
Work-in-progress	-	-
	-	**-**
Change in stock	-	0.04
Total	**-**	**0.04**

42 Employee Benefits Expense

(₹ in Crores)

Particulars	Year ended 31.03.2019	Year ended 31.03.2018
- Salaries and Allowances	130.70	139.82
- Contribution to Provident Fund and Other Funds	14.93	14.18
- Gratuity	2.89	1.63
- Expenses towards Post Retirement Medical Facility	8.81	9.24
- Rent towards Residential Accomodation for Employees	0.69	1.64
- Staff Welfare Expenses	19.35	17.53
Total	**177.37**	**184.04**

42.1 Rent for Residential Accommodation of Employees is on account of rent (net of recoveries) on lease arrangements for premises which are taken for residential use of employees, which are usually renewable on mutually agreed terms and are cancellable.

42.2 Pay Revision of Employees of the Company

The pay revision of the employees of the Company had become due w.e.f. 1st January 2017. The Company has implemented the revision in pay scales of Board and below Board Level Executives during the financial year 2018-19 in line with the recommendations of 3rd Pay Revision Committee constituted by the Department of Public Enterprises (DPE), Govt. of India. Further, the pay revision of non-executive employees has also been approved by the Board of Directors in March 2019 and the arrears in this respect will be paid out during the financial year 2019-20.

43 Depreciation and amortization

(₹ in Crores)

Particulars	Year ended 31.03.2019	Year ended 31.03.2018
- Depreciation on Property, Plant & Equipment	6.77	6.29
- Amortization on Intangible Assets	1.52	0.64
Total	**8.29**	**6.93**

44 Corporate Social Responsibility Expenses

(₹ in Crores)

Particulars	Year ended 31.03.2019	Year ended 31.03.2018
- Direct Expenditure	99.93	48.16
- Overheads	4.56	2.78
Total	**104.49**	**50.94**

44.1 Disclosure in respect of CSR Expenses:

(a) Amount spent during the year (₹ in Crores) :

	Particulars	Year ended 31.03.2019			Year ended 31.03.2018		
		In Cash	Yet to be paid	Total	In Cash	Yet to be paid	Total
(i)	**Construction/ acquisition of any asset**	-	-	-	-	-	-
(ii)	**On purpose other than (i) above**						
	Sanitation / Waste Management / Drinking water	0.44	-	0.44	-	-	-
	Education/ Vocational/ Skill Development	0.13	-	0.13	0.90	-	0.90
	Environmental Sustainability (Solar Applications/	98.83	-	98.83	45.86	0.81	46.67
	Afforestation/ Energy efficient LED lighting)	-	-		-	-	-
	Sports	0.06	-	0.06	0.24	-	0.24
	Others	0.47	-	0.47	0.35	-	0.35
	Administrative overheads including training, impact assessment etc.	4.56	-	4.56	2.78	-	2.78
	Total (ii)	**104.49**	**-**	**104.49**	**50.13**	**0.81**	**50.94**

45 Other Expenses

(₹ in Crores)

Particulars	Year ended 31.03.2019	Year ended 31.03.2018
- Travelling and Conveyance	17.05	14.88
- Publicity & Promotion Expenses	83.22	9.27
- Repairs and Maintenance	7.81	10.01
- Rent, taxes and energy costs	17.55	15.41
- Insurance Charges	0.05	0.16
- Communication costs	2.72	2.62
- Printing & stationery	4.11	3.44
- Director's sitting fees	0.24	0.18
- Auditors' fees and expenses	1.63	1.29
- Legal & Professional Charges	10.10	5.99
- Donations	2.00	-
- Net Loss on Disposal of Property, Plant & Equipment	0.86	0.56
- Monitoring Expenses	10.85	13.11
- Miscellaneous Expenses	30.57	22.13
Total	**188.76**	**99.05**

45.1 Disclosure in respect of Auditors' fees and expenses

(₹ in Crores)

Particulars	Year ended 31.03.2019	Year ended 31.03.2018
Fees paid to statutory auditors :		
- as auditor	0.48	0.43
- for taxation matters *	0.29	0.12
- for company law matters (includes limited review fees)	0.45	0.26
- for other services	-	-
(i) Certification of MTN Offer Document/ Comfort Letter	0.20	0.30
(ii) Other Certifications	0.08	0.06
- for reimbursement of expenses	0.03	0.02
Sub-total	**1.53**	**1.19**
Non-recoverable tax credit in respect of fees paid to auditors	0.10	0.10
Total - Auditor's fees and expenses	**1.63**	**1.29**

** includes ₹ 0.09 crores (Previous year ₹ 0.02 crores) of Tax Audit fees pertaining to earlier years.*

46 Tax Expense

(₹ in Crores)

Particulars	Year ended 31.03.2019	Year ended 31.03.2018
- Current tax expense	1,826.51	2,204.57
- Current tax expense/ (benefit) pertaining to earlier years	(13.28)	10.86
Sub-total - Current Tax	**1,813.23**	**2,215.43**
- Deferred tax expense/ (credit)	535.83	(708.43)
Total	**2,349.06**	**1,507.00**

46.1 Reconciliation of Effective Tax Rate

3

Particulars	Year ended 31.03.2019	Year ended 31.03.2018
Profit before Tax		
Statutory income tax rate	**34.944%**	**34.608%**
Expected income tax expense		
Tax effect of income tax adjustments:		
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3)5 . (		
Tax expense	**2,349.06**	**1,507.00**

46.2

47 Earnings per Share

Particulars	Year ended 31.03.2019	Year ended 31.03.2018
Numerator		
/		
2 /		
/		
2 /		
Denominator		
6 -		
2		
2		

48 Contingent Liabilities and Commitments :

48.1

	Particulars	As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
(A)	**Claims against the Company not acknowledged as debts**			
(B)	**Taxation Demands**			
	(3			
	(3			
	2 3			
(C)	&			
(C)	**Others**			
	- Letters of Comfort			
	- Bank Guarantees			

3

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48.2

Particulars	As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
- Contracts remaining to be executed on capital account			
3 / /			
3 (			
- Other Commitments			
21			

49. Details of Registration/ License/ authorisation obtained from financial sector regulators:

	Particulars	Regulator Name	Registration Details
(i)	Corporate Identification Number	Ministry of Corporate Affairs	L40101DL1969GOI005095
(ii)	Registration Number	Reserve Bank of India	14.000011
(iii)	Legal Entity Identifier (LEI) Code	Global Legal Entity Identifier Foundation (GLEIF)	335800B4YRYWAMIJZ374

50 Implementation of Govt. Schemes

50.1 Pradhan Mantri Sahaj Bijli Har Ghar Yojana (SAUBHAGYA)

Government of India has launched a scheme "Pradhan Mantri Sahaj Bijli Har Ghar Yojana" - Saubhagya to achieve universal household electrification in the country. The scheme envisages to provide last mile connectivity and electricity connections to all remaining un-electrified households in rural areas and poor households in urban areas by 31st March, 2019. The capital outlay of Saubhagya Scheme is Rs 16,320 Crore including Gross Budgetary Support of Rs 12,320 Crore during the entire implementation period. Ministry of Power designated REC as the Nodal agency for operationalization of Saubhagya Scheme.

With the active support and cooperation of States/Power Utilities and other stakeholders, cumulatively 2.62 Crore Households Were electrified since launch of Saubhagya scheme upto 31st March, 2019. During FY 2018-19, 2.22 Crore households were electrified. Accordingly, All States (except Chhattisgarh with 18,734 un-electrified Households) have declared achievement of saturation of household electrification.

50.2 Deen Dayal Upadhyaya Gram Jyoti Yojana (DDUGJY)

Deendayal Upadhyaya Gram Jyoti Yojana (DDUGJY) is the flagship scheme of Government of India covering all aspects of rural power distribution. Under the scheme 60% of the project cost (85% for special States) is provided as grant by Government of India and additional grant upto 15% (5% for special States) on achievement of prescribed milestones. DDUGJY facilitates towards achievement of '24x7 Power for All' in the country through the following project components:

(i) Separation of agriculture and non-agriculture feeders facilitating adequate power supply to agriculture & continuous power supply to non-agricultural consumers in the rural areas;

(ii) Strengthening and augmentation of sub-transmission & distribution infrastructure in rural areas, including metering of distribution transformers/ feeders/ consumers;

(iii) Micro-grid and Off-grid distribution network;

(iv) Rural Electrification component under the RGGVY 12th and 13th plans, subsumed to DDUGJY.

The components at (i) and (ii) of the above scheme will have an estimated outlay of Rs. 43,033 Crore including budgetary support of Rs. 33,453 Crore from Government of India during the entire implementation period. The scheme of RGGVY as approved by CCEA for continuation in 12th and 13th plan have been subsumed in this scheme as a separate Rural Electrification (RE) component. During FY 2018-19, grant of Rs. 20,593 Crore has been received from Ministry of Power for utilization of implementing Government programmes (DDUGJY & Saubhagya) by the State Power Utilities/ Discoms across the Country.

50.3 National Electricity Fund (NEF)

The National Electricity Fund (NEF), an interest subsidy scheme, has become operational since FY 2012-13. The scheme has been introduced by the Government of India to promote capital investment in the distribution sector. The scheme provides interest subsidy linked with reform measures, on the loans taken by public and private distribution power utilities for various capital works in the Distribution sector. NEF would provide interest subsidy aggregating up to ₹ 8,466 Crore (including interest subsidy to the borrowers, Service Charges to the Nodal Agency, payments to Independent Evaluators and other incidental expenses) spread over 14 years for loan disbursement against projects approved during 2012-13 and 2013-14. REC has been nominated as the Nodal Agency for operationalization of NEF scheme across the country.

50.4 J&K Prime Minister's Development Plan (PMDP)

Government of Jammu & Kashmir, Power Development Department has appointed RECPDCL and RECTPCL as a Project Implimenting Agency (PIA) for design, engineering, procurement, supply, erection, testing and commsioning of all the material and services works to be taken-up for execution of distribution work under PMDP in J&K state on nomination basis, as per actual cost to be discovered through competitive biddings.

50.5 Urja Mitra and 11 kV Feeder Monitoring

Ministry of Power has initiated two schemes namely Urja Mitra and 11 kV Feeder Monitoring. Urja Mitra is an initiative which aims to provide information about power outage/cuts /breakdown/shutdown (both planned and unplanned) to the consumers. Feeder Monitoring scheme is to develop a Self-sustained independent web based system for automated 11 kV Rural Feeder Monitoring System through Data Logging of various essential parameters of all the Outgoing 11kV rural feeders from 66, 33/11 kV sub stations and make the information available online for various stake holders including public portal, on real time basis for power supply monitoring, alerts, meter data analysis, information dissemination and energy audit. RECTPCL has been appointed as nodal agency for the both the schemes.

51 Capital management

The Group manages its capital to ensure that it will continue as going concern while maximizing the return to stakeholders. The capital structure of the Group consists of the equity and the long-term borrowings made by the Group.

Management assesses the Group's capital requirements in order to maintain an efficient overall financing structure while avoiding excessive leverage. The Group manages the capital structure and raises funds through the suitable instruments, in light of the dynamic business environment and liquidity position within the sector. Further, with regard to capital restructuring, the Group is also guided, inter alia, by guidelines on "Capital Restructuring of Central Public Sector Enterprises" issued by Department of Investment and Public Asset Management (DIPAM), Ministry of Finance, Department of Public Enterprises in respect of issue of bonus shares, dividend distribution, buy back of equity shares etc. The Group has complied with all externally imposed capital requirements.

The debt-equity ratio of the Group is as below:

(₹ in Crores)

Particulars	**As at 31.03.2019**	**As at 31.03.2018**	**As at 01.04.2017**
Total debt	2,39,215.90	1,98,721.04	1,67,446.95
Net Worth	34,546.34	32,587.61	30,809.43
Debt-equity ratio	**6.92**	**6.10**	**5.43**

Total debt represents principal outstanding.

Dividend Distribution Policy

BoD monitors the dividend pay-out to the shareholders of the Company. Dividend distribution policy of the Company focuses on various factors including but not limited to the present & future capital requirements, profits earned during the financial year, Capital to Risk-weighted Assets Ratio (CRAR), cost of raising funds from alternate sources, cash flow position and applicable taxes including tax on dividend, subject to the guidelines as applicable from time to time, cash flow position and net worth of the Company, subject to the guidelines as applicable from time to time.

As per the extant guidelines issued by DIPAM, Govt. of India, Company is required to pay a minimum annual dividend of 30% of PAT or 5% of the net-worth, whichever is higher. Though the Company endeavors to declare the dividend as per these guidelines, the Company may propose lower dividend after analysis of various financial parameters, cash flow position and funds required for future growth.

52 Capital to Risk-weighted Assets Ratio

The Company has also adopted various policies for the management of the Company which inter-alia include Comprehensive Risk Management Policy, Whistle Blower Policy, Code for Prevention of Insider Trading in REC Equity Shares/Securities, Policy for prevention of Fraud, The Code of Business Conduct and Ethics for Board Members and Senior Management, Fair Practices Code, etc.

The Company is complying with the Capital Adequacy requirements as prescribed by the Reserve Bank of India. Being an NBFC and Infrastructure Finance Company (NBFC-IFC), REC is required to maintain a Capital to Risk Weighted Assets Ratio (CRAR) of 15% (with a minimum Tier I Capital of 10%).

	Particulars	**As at 31.03.19**	**As at 31.03.18**	**As at 01.04.17**
(i)	CRAR (%)	17.77%	17.00%	18.97%
(ii)	CRAR - Tier I Capital (%)	14.44%	14.40%	16.16%
(iii)	CRAR - Tier II Capital (%)	3.33%	2.60%	2.81%

Details of Tier II capital and perpetual debt instruments raised during the financial year are as under:

(₹ in Crores)

Particulars	**FY 2018-19**	**FY 2017-18**
Amount of subordinated debt raised as Tier-II capital	2,151.20	-
Amount raised by issue of Perpetual Debt Instruments	-	-

53 Financial Risk Management

The Group's board of directors has overall responsibility for the establishment and oversight of the Company risk management framework. The Group has formulated a comprehensive Risk Management Policy, which covers, inter-alia, Credit Risk, Operational Risk and Market Risk of the organization. The Group's risk management policies are guided by well-defined policies appropriate for various risk categories, independent risk oversight and periodic monitoring. A Risk Management Committee (RMC) has also been constituted under the chairmanship of an Independent Director, whose main function is to identify and monitor various risks of the organization and to suggest actions for mitigation of the same.

This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the related impact in the financial statements.

Risk	Exposure arising from	Measurement	Management
Credit risk	Cash and cash equivalents, loans, trade receivables, financial assets measured at amortised cost, investment in debt securities	Ageing analysis	Bank deposits, liquid funds, diversification of asset base, credit limits and collateral.
Liquidity risk	Borrowings, debt securities, subordinated liabilities, and other financial liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities
Market risk - Currency risk	Recognised financial assets and liabilities not denominated in Indian Rupee (INR)	Cash flow forecasting	Derivative contracts/ hedging, if required
Market risk - interest rate risk	Borrowings, debt securities and subordinated liabilities at variable interest rates	Sensitivity analysis	Derivative contracts
Market risk - equity price risk	Investments in quoted equity securities	Sensitivity analysis	Diversification of portfolio, with focus on strategic investments

In order to avoid excessive concentrations of risk, the Group's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

53.1 Credit Risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group's exposure to credit risk is influenced mainly by cash and cash equivalents, other bank balances, investments, loan assets, trade receivables and other financial assets. The Group continuously monitors defaults of customers and other counterparties and incorporates this information into its credit risk controls.

53.1.1 Financial assets that expose the entity to credit risk

(₹ in Crores)

	Particulars	As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
(i)	**Low credit risk on financial reporting date**			
	Cash and cash equivalents	381.99	248.43	4,468.51
	Bank balances other than above	1,733.08	1,946.84	72.98
	Loans *	2,56,448.62	2,07,067.88	1,84,379.61
	Trade Receivables	148.55	145.93	142.47
	Investments **	1,636.14	2,056.52	2,121.01
	Other financial assets	18,390.68	4,293.80	68.24
(ii)	**Moderate credit risk**			
	Loans *	4,412.62	15,266.53	12,850
	Trade Receivables	3.37	0.04	3.07
(iii)	**High credit risk**			
	Loans *	20,348.44	17,128.42	4,872.69
	Trade Receivables	23.83	23.78	20.71

* Represents the principal outstanding (along with undisbursed amount towards Letters of Comfort) without deduction for expected credit losses

** This does not include investments in quoted equity instruments and venture capital funds as they are carried at FVOCI

Cash and cash equivalents and bank deposits

Credit risk related to cash and cash equivalents and bank deposits is managed by parking funds in investment grade rated instruments and highly rated banks and also diversifying the deposit base by investing in different instruments/ banks across the country.

Loans

Credit risk related to borrowers are mitigated through adequate security arrangements for the loans by way of hypothecation of future project loan assets, receivables, inventories or any other assets, Govt. Guarantees, Corporate guarantees etc. and additionally Collaterals wherever required. The Company closely monitors the credit-worthiness of the promoters through well-defined entity appraisal guidelines that are configured from systematic institutional and project appraisal process analysis to assess the credit risk and define credit limits of borrower, thereby, limiting the credit risk to pre-calculated amounts. These processes include a detailed appraisal methodology, identification of risks and suitable structuring and credit risk mitigation measures in form of pre-disbursement conditions.

Trade Receivables

Credit risk related to Trade Receivables is mitigated by assessing the credit worthiness of debtors and is managed by monitoring the recoverability of such amounts continuously.

Other financial assets measured at amortized cost

Other financial assets measured at amortized cost includes loans and advances to employees and subsidiaries, security deposits and other amounts recoverable, including from Govt. of India. Credit risk related to these other financial assets is managed by monitoring the recoverability of such amounts continuously.

53.1.2 Expected Credit Losses (ECL) for financial assets other than loans and trade receivables

Company provides for expected credit losses on financial assets other than loans and trade receivables by assessing individual financial instruments for expectation of any credit losses:

- For cash and cash equivalents and other bank balances - Since the Company deals with only high-rated banks and financial institutions for banking operations and the liquid funds category in the debt funds with consistent track record for short term investment of surplus funds, credit risk in respect of cash and cash equivalents, other bank balances and bank deposits is evaluated as very low.

- For investments - Considering that the investments are in debt securities of the State Govt./ minimum investment grade rated Government Companies and Public Sector Banks, credit risk is considered low.

- For other financial assets - Credit risk is evaluated based on Company's knowledge of the credit worthiness of those parties and loss allowance is measured for 12 month expected credit losses upon initial recognition and provide for lifetime expected credit losses upon significant increase in credit risk.

Details of expected credit loss for financial assets other than Loans and Trade Receivables is disclosed as follows:

(₹ in Crores)

Particulars	Gross Carrying Amount	ECL	Net Carrying Amount
As at 31st March 2019			
Cash and cash equivalents	381.99	-	381.99
Bank balances other than above	1,733.08	-	1,733.08
Investments	1,636.14	-	1,636.14
Other financial assets *	18,390.68	26.69	18,363.99
As at 31st March 2018			
Cash and cash equivalents	248.43	-	248.43
Bank balances other than above	1,946.84	-	1,946.84
Investments	2,056.52	-	2,056.52
Other financial assets *	4,293.80	12.27	4,281.53
As at 1st April 2017			
Cash and cash equivalents	4,468.51	-	4,468.51
Bank balances other than above	72.98	-	72.98
Investments	2,121.01	-	2,121.01
Other financial assets *	68.24	5.59	62.65

** The impairment allowance has been provided in full on other financial assets considered as credit-impaired.*

53.1.3 Expected Credit Loss for loans

For risk management reporting purposes, the Company considers and consolidates following elements of credit risk:

(i) Credit default risk: The risk of loss arising from a debtor being unlikely to pay its loan obligations in full or the debtor is more than 90 days past due on any material credit obligation; default risk may impact all credit-sensitive transactions, including loans and securities.

(ii) Concentration risk: The risk associated with any single exposure or group of exposures with the potential to produce large enough losses to threaten Company's core operations.

Credit Risk Management

Credit risk is the single largest risk of the Company's business, and therefore the Company has developed several processes and controls to manage it. The credit risk are managed at different levels including at appraisal, disbursements and post disbursement monitoring. To mitigate this risk, the company follows systematic institutional and project appraisal process to assess the credit risk. These processes include a detailed appraisal methodology, identification of risks and suitable structuring and credit risk mitigation measures. Further, on regular basis the projects risk are reviewed and categorised as High/Moderate/Low on the basis of different risk parameters and exposure of the project as per Project Risk Categorization Frameworks. The process for Credit Risk Management are as under :

(i) The Company has "Integrated Rating Guidelines" and "Comprehensive Risk Management Policy" covering credit assessment, risk grading, collateral requirements, reporting, monitoring of end utilisation of funds etc.. Further, independent Lender legal counsels are appointed to ensure effective documentation and mitigation of legal risk.

(ii) For all existing private sector projects, where the Company is Lead Financial Institution, the Company engages lender’s engineers, financial advisors and insurance advisors, which are independent agencies who act on behalf of various lenders and consortium members. The Lenders’ Engineers conducts periodic site visits and submits reports on progress status of the project, after discussion with borrower and inspection/ review of relevant documents. Lender’s financial advisors submit the statements of fund flow and utilization of funds in the project periodically. In cases where the Company is not the lead FI, the tasks related to LE and LFA services are being coordinated with the lead lender.

A separate Project Management Agency (PMA) is being appointed for each of new project being financed by REC , which shall be stationed at project site to closely monitor various project execution activities including review of invoices, fund utilization and insurance for the project. PMA shall verify the bills of original equipment manufacturer/supplier, composite works contractor and give its recommendation for disbursement.

(iii) The Company has an authorisation structure for the approval and renewal of credit facilities. Authorisation limits have been established commensurating with the size of business proposal at CMD/Executive Committee/Loan Committee/Board of Directors based on the recommendation of Screening Committee, as appropriate.

(iv) The Company has developed risk grading structure to categorise its exposures according to the degree of risk of default by charging appropriate interest rates and security package.

(v) Regular reports on the credit quality of loan portfolios are provided to Risk Management Committee and Board, which may require appropriate corrective action to be taken.

(vi) External agencies are appointed from time to time to review the guidelines, policy and existing practices being followed by business units along with providing the specialist skills to promote best practice throughout the Company for management of credit risk.

(vii) Individual and Group Credit Exposures are assessed against designated limits, before facilities are committed to borrowers by the business unit concerned. Sanction of additional facilities are also subject to the same review process.

(viii) The Company continuously monitors delays and/ or default of borrowers & other counterparties and their recoverability. On occurrence of default in the borrower's account, the Company initiates necessary steps to cure the default which may involve action(s) including, but not limited to, Special Mention Account (SMA) reporting to RBI, credit information reporting to Central Repository of Information on Large Credits (CRILC), etc. regularization of the account by recovering all over dues, invocation of guarantees/ securities to recover the dues, conversion of loan into equity as per loan agreement, restructuring of loan account, formulating resolution plan with the borrower, change in ownership, Corporate Insolvency Resolution Process (CIRP), sale of the exposures to other entities/ investors and other recovery mechanisms.

(B) Credit risk Measurement

REC has appointed an independent agency, IRR Advisory Services Pvt. Ltd. for developing the methodology, evaluation and calculation of ECL as per Ind AS 109. A comprehensive model for measurement of Credit risk has been developed based on key financial and operational parameters to assess improvement/ deterioration in credit quality. The credit risk model also provides a rating and the expected loss in case of default. The Company has considered following parameters in the model:

Quantitative factors

Debt/ EBITDA (20% weightage)
Return on Capital Employed (30% weightage)
Interest Coverage (20% weightage)
Cash Interest Coverage (30% weightage)

Qualitative Factors

(i) Quarter wise Operational Parameters like PPA, PLF, ACS – ARR Gap, and LAF
(ii) Actual Default dates, loan restructuring details
(iii) Cost run over and time delay in commissioning of the project for under construction projects
(iv) Parent support
(v) Turnover caps
(vi) Conduct of account

(C) Measurement of Expected Credit Loss (ECL)

Ind AS 109 outlines a "three stage" model for impairment based on changes in credit quality since initial recognition as summarised below:
- A financial instrument that is not credit impaired on initial recognition and whose credit risk has not increased significantly since initial recognition is classified as "Stage 1".

- If a significant increase in credit risk since initial recognition is identified, the financial instrument is moved to "Stage 2" but is not yet deemed to be credit impaired.
- If a financial instrument is credit impaired, it is moved to "Stage 3".
- Financial instrument in Stage 1 have their ECL measured at an amount equal to expected credit loss that results from default events possible within the next 12 months. Instruments in Stage 2 or Stage 3 criteria have their ECL measured on lifetime basis.

(D) Significant Increase in Credit Risk (SICR)

The Company considers a financial instrument to have experienced a significant increase in credit risk when one or more of the following quantitative or qualitative criteria are met.

Quantitative criteria

The company has assumed that a 2 notch downgrade in credit rating since inception to be considered as significant increase in credit risk.

Qualitative criteria

In case of significant delay in commissioning in under construction projects, it is assumed that there is significant increase in risk and loan is moved to stage 2.

Backstop

A backstop is applied by the Company on any financial instrument if the payment is greater than or equal to Rs. 1 crore and the borrower is more than 30 days past due on its contractual payments. However, based on historical data, it has been noticed that such overdue amounts for more than 30 days do not signify significant increase in credit risk for state utilities. Therefore, the Company has applied this criteria only for private entities.

(E) Low credit risk exemption

Ind-AS provides an optional simplification to assume that the credit risk on a financial asset has not increased significantly since initial recognition (and thus remain in stage 1) if the financial asset is considered to have a low credit risk at the reporting date.

Credit risk is considered to be 'low' when the financial instrument has a low risk of default, the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfill its contractual cash flow obligations.

The Company considers loan assets having External credit rating between AAA to A, to have low credit risk. Further, the Company has taken low credit risk exemption for all state utilities as the Company considers that loans to state sector have a low credit risk in comparison to lending to private sector mainly due to low default/ loss history in state sector and availability of government guarantee in certain loans. Further, presence of Government interest in these projects lowers the risk of non-recoverability of dues.

(F) Definition of default and credit-impaired assets

The Company defines a financial instrument as in default, which is fully aligned with the definition of credit-impaired, when the loan account is more than 90 days past due on its contractual payments.

(G) Measuring ECL - explanation of inputs, assumptions and estimation techniques

Expected credit losses are the product of the probability of default (PD), exposure at default (EAD) and loss given default (LGD), defined as follows:

- PD represents the likelihood of the borrower defaulting on its obligation either over next 12 months or over the remaining lifetime of the instrument.
- EAD is based on the amounts that the Company expects to be owed at the time of default over the next 12 months or remaining lifetime of the instrument.
- LGD represents the Company's expectation of loss given that a default occurs. LGD is expressed in percentage and remains unaffected from the fact that whether the financial instrument is a Stage 1 asset, or Stage 2 or even Stage 3. However, it varies by type of borrower, availability of collateral or other credit support.

Determination of Probability of Default (PD)

The Company has analysed the transition matrix of various rating agencies (CRISIL, Care and India Ratings) and has taken average of transition matrix of these rating agencies to arrive at the annual average transition matrix. This average annual transition matrix was extrapolated to arrive at the lifetime probability of default of various rating grades by loan tenure / maturity profile i.e. lifetime PD.

Loss Given Default (LGD) computation model

Based on the historical trend, research and industry benchmarking the Company has constructed a LGD model. Factors reviewed in the LGD model include Project cost per unit, current PLF, parent / state support, PPA status, FSA, fuel cost pass-through status, years of existing default etc. Based on internal research, for Thermal plants company has benchmarked project cost and PLF level to estimate viable scenario for operating profitably and recoverability is calculated accordingly. Similarly company assumes that although Renewable companies and Transmission companies face collection issues from distribution companies leading to longer working capital cycle but they are sustainable on long term basis. For State Utilities, the Company has factored in the state support and assumed that the State governments would step in to repay debt obligations of the state utilities as witnessed in the past during the Uday scheme, thus state credit rating and corresponding PD is considered to compute LGD.

Further, where REC and PFC (Group Companies) are in Consortium for Stage-III Loan accounts, LGD is taken on the following basis:

(a) In cases where either REC or PFC is lead lender, LGD % calculated by the lead lender is adopted

(b) In cases where neither REC nor PFC is lead lender, higher of the LGD% worked out by REC and PFC is adopted.

(H) Key assumptions used in measurement of ECL

(i) The Company considers the date of initial recognition as the base date from which significant increase in credit risk is determined.

(ii) Cost Overrun and time delay in commissioning is considered for computing credit rating for under construction projects.

(iii) Turnover Cap and Parent support is considered for assigning final ratings.

(iv) Since the Company has a right to cancel any sanctioned but undrawn limits to any of its borrowers, EAD is assumed to be outstanding balance as on the reporting date.

(I) Forward looking information incorporated in ECL models

The assessment of significant increase in risk and the calculation of ECL both incorporate forward-looking information. Further, the Credit Rating Models also consider the forward looking information in the determination of the credit rating to be assigned to the borrower, by taking into consideration various financial ratios and extension of the project completion. As such, the Base Case Scenario reflects the most appropriate basis for the computation of ECL for the Company. After analysis of the forward looking information and the economic situation, no upturn/downturn scenario seems to be applicable or requiring any consideration in inputs used for ECL computation.

(J) Credit Risk Exposure

Credit Risk Exposure in respect of the borrowers with different credit ratings is as under

As at 31st March 2019

(₹ in Crores)

External rating range	Stage 1	Stage 2	Stage 3	Total
AAA	-	-	-	-
AA	3,239.02	-	-	3,239.02
A	56,158.84	-	-	56,158.84
BBB	40,834.51	-	-	40,834.51
BB	57,967.67	519.32	-	58,486.99
B	47,683.74	1,030.31	-	48,714.05
C	46,119.65	2,862.99	-	48,982.64
D	-	-	20,348.44	20,348.44
Government Loan	4,445.19	-	-	4,445.19
Gross carrying amount	**2,56,448.62**	**4,412.62**	**20,348.44**	**2,81,209.68**
Loss allowance	525.26	1,273.72	9,698.95	11,497.93
Carrying amount	**2,55,923.36**	**3,138.90**	**10,649.49**	**2,69,711.75**

As at 31st March 2018

(₹ in Crores)

External rating range	Stage 1	Stage 2	Stage 3	Total
AAA	-	-	-	-
AA	3,198.11	-	-	3,198.11
A	51,693.57	-	-	51,693.57
BBB	17,974.14	-	-	17,974.14
BB	53,056.43	10,594.28	-	63,650.71
B	30,981.40	-	-	30,981.40
C	46,596.39	4,672.25	-	51,268.64
D	-	-	17,128.42	17,128.42
Government Loan	3,567.83	-	-	3,567.83
Gross carrying amount	**2,07,067.88**	**15,266.53**	**17,128.42**	**2,39,462.83**
Loss allowance	1,090.78	1,694.30	8,490.53	11,275.61
Carrying amount	**2,05,977.10**	**13,572.23**	**8,637.89**	**2,28,187.22**

As at 1st April 2017

(₹ in Crores)

External rating range	Stage 1	Stage 2	Stage 3	Total
AAA	-	-	-	-
AA	3,371.83	-	-	3,371.83
A	32,324.46	-	-	32,324.46
BBB	21,635.16	-	-	21,635.16
BB	51,057.87	-	-	51,057.87
B	34,743.10	-	-	34,743.10
C	37,949.19	12,849.73	-	50,798.92
D	-	-	4,872.69	4,872.69
Government Loan	3,298.00	-	-	3,298.00
Gross carrying amount	**1,84,379.61**	**12,849.73**	**4,872.69**	**2,02,102.03**
Loss allowance	1,324.86	5,011.36	2,648.95	8,985.17
Carrying amount	**1,83,054.75**	**7,838.37**	**2,223.74**	**1,93,116.86**

(K) Collateral and other credit enhancements

The Company employs a range of policies and practices to mitigate credit risk. The most common of these is accepting collateral for funds disbursed. The Company has internal policies on the acceptability of specific classes of collateral or credit risk mitigation. The principal collateral types for loans and advances are:

- Mortgage of Immovable properties
- Hypothecation of Moveable property
- Assignment of project contract documents
- Pledge of instruments through which promoters' contribution is infused in the project
- Pledge of Promoter Shareholding
- Corporate and personal Guarantee of Promoters

(L) Loss allowance

The loss allowance recognized in the period is impacted by a variety of factors, as described below:

- Transfers between Stage 1 and Stages 2 or 3 due to financial instruments experiencing significant increases (or decreases) of credit risk or becoming credit-impaired in the period, and the consequent “step up” (or “step down”) between 12-month and Lifetime ECL
- Additional allowances for new financial instruments recognised during the period, as well as releases for financial instruments de-recognised in the period
- Impact on the measurement of ECL due to changes in PDs, EADs and LGDs in the period, arising from regular refreshing of inputs to models
- Financial assets derecognised during the period and write-offs of allowances related to assets that were written off during the period

The following tables explain the changes in the loan assets (including undisbursed Letters of Comfort) and the corresponding ECL allowance between the beginning and the end of the reporting period:

(₹ in Crores)

FY 2018-19	Stage 1		Stage 2		Stage 3		Total	
	Gross Amount	12 months ECL	Gross Amount	Lifetime ECL	Gross Amount	Lifetime ECL	Gross Amount	ECL
Opening Balance	**2,07,067.88**	**1,090.78**	**15,266.52**	**1,694.30**	**17,128.43**	**8,490.53**	**2,39,462.83**	**11,275.61**
Transfer to 12 months ECL	10,594.28	21.95	(10,594.28)	(21.95)	-	-	-	-
Transfer to life time ECL not credit impaired	(549.56)	(4.38)	1,775.34	372.11	(1,225.78)	(367.73)	-	-
Transfer to Lifetime ECL credit	(2,763.00)	(625.75)	(1,865.40)	(527.07)	4,628.40	1,152.82	-	-
Additional provision due to changes in PD/ LGD	-	(16.82)	-	(266.20)	-	423.75	-	140.73
New Financial assets originated or purchased (including further disbursements in existing assets)	56,669.38	78.30	63.82	22.54	-	-	56,733.20	100.84
Financial Assets that have been derecognised (including recoveries in existing assets)	(14,570.35)	(18.83)	(233.39)	-	(182.61)	(0.42)	(14,986.35)	(19.25)
Closing Balance	**2,56,448.63**	**525.25**	**4,412.61**	**1,273.73**	**20,348.44**	**9,698.95**	**2,81,209.68**	**11,497.93**

(₹ in Crores)

FY 2017-18	Stage 1		Stage 2		Stage 3		Total	
	Gross Amount	12 months ECL	Gross Amount	Lifetime ECL	Gross Amount	Lifetime ECL	Gross Amount	ECL
Opening Balance	**1,84,379.60**	**1,324.86**	**12,849.73**	**5,011.36**	**4,872.69**	**2,648.95**	**2,02,102.02**	**8,985.17**
Transfer to 12 months ECL	217.78	43.56	-	-	(217.78)	(43.56)	-	-
Transfer to life time ECL not credit	(11,127.58)	(70.64)	11,127.58	70.64	-	-	-	-
Transfer to Lifetime ECL credit impaired	(3,473.14)	(446.62)	(8,504.68)	(3,455.79)	11,977.82	3,902.41	-	-
Additional provision due to changes in PD/ LGD	-	112.07	-	16.23	-	1,982.73	-	2,111.03
New Financial assets originated or purchased	43,799.44	150.11	289.57	52.15	593.02	-	44,682.03	202.26
Financial Assets that have been derecognised	(6,728.22)	(22.56)	(495.68)	(0.29)	(97.32)	-	(7,321.22)	(22.85)
Closing Balance	**2,07,067.88**	**1,090.78**	**15,266.52**	**1,694.30**	**17,128.43**	**8,490.53**	**2,39,462.83**	**11,275.61**

(M) Details of Stage wise Exposure and Impairment Loss Allowance:

(₹ in Crores)

Particulars	Stage I	Stage II	Stage III	Total
As on 1st April 2017				
Total Exposure	1,84,379.61	12,849.73	4,872.69	2,02,102.03
Impairment Allowance	1,324.86	5,011.36	2,648.95	8,985.17
ECL %	0.72%	39.00%	54.36%	4.45%
As on 31st March 2018				
Total Exposure	2,07,067.88	15,266.53	17,128.42	2,39,462.83
Impairment Allowance	1,090.78	1,694.30	8,490.53	11,275.61
ECL %	0.53%	11.10%	49.57%	4.71%
As on 31st March 2019				
Total Exposure	2,56,448.62	4,412.62	20,348.44	2,81,209.68
Impairment Allowance	525.26	1,273.72	9,698.95	11,497.93
ECL %	0.20%	28.87%	47.66%	4.09%

(N) Concentration of credit risk

The Company monitors concentration of credit risk (loan assets including undisbursed Letters of Comfort) by type of industry in which the borrower operates, further bifurcated into type of borrower, whether state or private.

(₹ in Crores)

Particulars	As at 31.03.2019		As at 31.03.2018		As at 01.04.2017	
	Gross Amount	ECL	Gross Amount	ECL	Gross Amount	ECL
Concentration by industry						
Generation	1,31,019.56	10,730.93	1,12,763.35	10,357.10	99,789.89	8,222.57
Renewables	4,463.99	74.13	3,276.99	63.17	2,119.13	53.64
Transcos	51,995.18	429.47	43,432.91	624.88	40,228.28	505.43
Discoms	89,285.76	262.07	76,421.75	229.39	56,666.73	202.27
Government Loans	4,445.19	1.33	3,567.83	1.07	3,298.00	1.26
Total	**2,81,209.68**	**11,497.93**	**2,39,462.83**	**11,275.61**	**2,02,102.03**	**8,985.17**
Concentration by ownership						
State	2,47,719.13	445.42	2,06,410.51	403.71	1,68,810.93	317.77
Private	33,490.55	11,052.51	33,052.32	10,871.90	33,291.10	8,667.40
Total	**2,81,209.68**	**11,497.93**	**2,39,462.83**	**11,275.61**	**2,02,102.03**	**8,985.17**

(O) Sector-wise Credit-impaired Assets - Percentage of Stage-III Assets to Total Advances in that sector

Particulars	As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
Power Sector	7.24%	7.15%	2.41%

(P) Movement of Credit-impaired Assets

(₹ in Crores)

	Particulars	FY 2018-19	FY 2017-18
(i)	**Gross Credit-impaired Assets to Gross Advances (%)**	7.24%	7.15%
(ii)	**Net Credit-impaired Assets to Net Advances (%)**	3.95%	3.79%
(iii)	**Movement of Credit-impaired Assets (Gross)**		
(a)	Opening balance	17,128.43	4,872.69
(b)	Additions during the year	4,628.40	12,570.84
(c)	Reductions during the year	(1408.39)	(315.10)
(d)	Closing balance	**20,348.44**	**17,128.43**
(iv)	**Movement of Credit-impaired Assets (Net)**		
(a)	Opening balance	8,637.90	2,223.74
(b)	Additions during the year	3,051.83	6,685.70
(c)	Reductions during the year	(1040.24)	(271.54)
(d)	Closing balance	**10,649.49**	**8,637.90**
(v)	**Movement of provisions for Credit-impaired Assets**		
(a)	Opening balance	8,490.53	2,648.95
(b)	Provisions made during the year	1,576.57	5,885.14
(c)	Write-off / write-back of excess provisions	(368.15)	(43.56)
(d)	Closing balance	**9,698.95**	**8,490.53**

(Q) Write off policy

The Company writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include ceasure of enforcement activity or where the Company's recovery method is foreclosing on collateral and the value of collateral is such that there is no reasonable expectation of recovery in full.

53.1.4 Expected Credit Loss for Trade Receivables

The entity provides for lifetime credit losses in respect of trade receivables of RECPDCL, one of the subsidiary of REC using simplified approach under ECL method

Particulars	Less than 6 months	6 months- 1 year	1 year- 2 year	2 year- 3 year	More than 3 year	Total
As at 31st March 2019						
Gross carrying value	71.57	22.56	31.52	3.37	23.83	152.85
Expected loss rate	6.87%	21.41%	8.76%	50.15%	100.00%	24.88%
Expected credit loss (provision)	4.92	4.83	2.76	1.69	23.83	38.03
Carying amount (net of impairment)	66.65	17.73	28.76	1.68	-	114.82
As at 31st March 2018						
Gross carrying value	89.24	11.22	28.30	0.04	23.78	152.58
Expected loss rate	6.22%	21.12%	15.09%	50.00%	100.00%	23.59%
Expected credit loss (provision)	5.55	2.37	4.27	0.02	23.78	35.99
Carying amount (net of impairment)	83.69	8.85	24.03	0.02	-	116.59
As at 1st April 2017						
Gross carrying value	113.71	12.83	15.35	3.07	20.71	165.67
Expected loss rate	5.29%	22.99%	24.17%	50.16%	100.00%	21.08%
Expected credit loss (provision)	6.01	2.95	3.71	1.54	20.71	34.92
Carying amount (net of impairment)	107.70	9.88	11.64	1.53	-	130.75

Other trade receivables included in the financial statements pertain to RECTPCL, for which there is no Expected Credit Loss. The figure for the same as on 31.03.2019 is Rs 22.90 crores (Rs 17.17 crores as on 31.03.2018 and Rs 0.58 crores as on 01.04.2017)

53.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due.

The Company manages its liquidity risk through a mix of strategies, including forward-looking resource mobilization based on projected disbursements and maturing obligations. The Company has put in place an effective Asset Liability Management System and has also constituted an Asset Liability Management Committee (“ALCO”) which monitors the liquidity risk with the help of liquidity gap analysis.

The Company maintains adequate bank balances, short term investments that are readily convertible into cash and adequate borrowing and overdraft facilities by continuously monitoring the forecast and actual cash flows.

53.2.1 Maturity Pattern of Future Undiscounted Cash Flows

The cash flows towards items of financial liabilities (representing future undiscounted cash flows towards principal and interest) is as under:

(₹ in Crores)

As at 31st March 2019	Up to 30/31 days	Over 1 month & up to 2 Months	Over 2 months & up to 3 Months	Over 3 months & up to 6 Months	Over 6 months & up to 1 year	Over 1 year & up to 3 years	Over 3 years & up to 5 years	Over 5 years	Total
Non-Derivative Financial Liabilities :									
Rupee Borrowings									
Debt Securities									
- Principal	3,256.39	525.21	2,294.33	9,272.90	20,218.27	65,194.54	25,107.93	49,187.62	**1,75,057.19**
- Interest	484.75	912.75	1,840.88	2,754.00	6,877.86	19,633.29	11,001.43	13,288.00	**56,792.96**
Other Borrowings									
- Principal	-	350.00	500.00	850.00	200.01	4,257.52	13,405.02	5,187.59	**24,750.14**
- Interest	133.77	129.71	355.81	388.00	975.00	3,673.00	2,176.00	2,055.00	**9,886.29**
Subordinated Liabilities									
- Principal	-	-	-	-	-	-	2,500.00	2,151.20	**4,651.20**
- Interest	-	201.50	-	-	189.26	782.00	782.00	945.00	**2,899.76**
Foreign Currency Borrowings									
Debt Securities									
- Principal	-	-	-	-	-	2,766.85	4,841.99	5,187.85	**12,796.69**
- Interest	-	126.06	42.33	108.00	279.00	1,052.00	1,281.00	807.00	**3,695.39**
Other Borrowings									
- Principal	-	1,729.28	71.11	1,058.63	2,444.00	10,423.28	6,234.49	-	**21,960.79**
- Interest	43.40	54.77	42.07	229.00	290.00	734.00	278.00	-	**1,671.24**
Derivative Liabilities :									
Interest rate swaps	-	-	-	0.59	6.26	10.19	110.01	3.11	**130.16**
Currency swaps	-	-	-	-	-	0.40	-	-	**0.40**
Forward Contracts	10.27	-	-	-	-	-	-	-	**10.27**
Others -									
Seagull Option	-	-	-	0.37	18.20	-	-	-	**18.57**

(₹ in Crores)

As at 31st March 2018	Up to 30/31 days	Over 1 month & up to 2 Months	Over 2 months & up to 3 Months	Over 3 months & up to 6 Months	Over 6 months & up to 1 year	Over 1 year & up to 3 years	Over 3 years & up to 5 years	Over 5 years	Total
Non-Derivative Financial Liabilities :									
Rupee Borrowings									
Debt Securities									
- Principal	312.36	427.89	940.89	9,610.60	16,323.17	61,056.11	32,653.85	44,689.59	**1,66,014.46**
- Interest	415.74	777.17	1,636.05	2,475.00	7,218.16	19,907.58	11,268.40	12,649.00	**56,347.10**
Other Borrowings									
- Principal	-	-	-	-	200.00	200.00	-	-	**400.00**
- Interest	-	-	-	-	29.00	15.00	-	-	**44.00**
Subordinated Liabilities									
- Principal	-	-	-	-	-	-	-	2,500.00	**2,500.00**
- Interest	-	201.50	-	-	-	403.00	403.00	201.00	**1,208.50**
Foreign Currency Borrowings									
Debt Securities									
- Principal	-	-	-	-	-	2,601.76	-	4,878.30	**7,480.06**
- Interest	-	-	39.80	102.00	142.00	568.00	407.00	962.00	**2,220.80**
Other Borrowings									
- Principal	-	-	103.49	1,698.16	8,225.52	8,508.57	3,663.49	127.44	**22,326.67**
- Interest	33.87	42.91	63.03	151.00	270.00	541.00	101.00	2.00	**1,204.81**
Derivative Liabilities :									
Interest rate swaps	-	-	-	2.18	9.70	0.11	-	73.08	**85.07**
Currency swaps	-	-	-	5.35	3.08	63.07	-	-	**71.50**
Forward Contracts	-	-	-	-	-	-	-	-	**-**
Others -	-	-	-	-	-	-	-	-	**-**
Call Spread	-	-	-	1.37	37.98	43.05	78.77	-	**161.17**
Seagull Option	-	-	-	-	-	-	-	-	**-**

(₹ in Crores)

As at 1st April 2017	Up to 30/31 days	Over 1 month & up to 2 Months	Over 2 months & up to 3 Months	Over 3 months & up to 6 Months	Over 6 months & up to 1 year	Over 1 year & up to 3 years	Over 3 years & up to 5 years	Over 5 years	Total
Non-Derivative Financial Liabilities :									
Rupee Borrowings									
Debt Securities									
- Principal	402.64	365.98	326.16	9,853.96	5,278.77	46,206.46	33,434.77	47,247.66	**1,43,116.40**
- Interest	399.38	752.39	1,383.18	2,760.00	6,195.15	19,114.43	12,396.19	15,291.00	**58,291.72**
Other Borrowings									
- Principal	-	-	-	-	350.00	400.00	-	-	**750.00**
- Interest	-	-	-	-	53.46	45.00	-	-	**98.46**
Subordinated Liabilities									
- Principal	-	-	-	-	-	-	-	2,500.00	**2,500.00**
- Interest	-	201.50	-	-	-	403.00	403.00	403.00	**1,410.50**
Foreign Currency Borrowings									
Other Borrowings									
- Principal	1,102.92	-	88.89	101.98	156.76	13,135.37	6,290.56	204.19	**21,080.67**
- Interest	13.21	33.35	45.40	136.00	196.00	579.00	129.00	5.00	**1,136.96**
Derivative Liabilities :									
Interest rate swaps	-	-	-	-	-	0.82	-	64.40	**65.22**
Currency swaps	79.25	-	2.11	4.51	-	29.66	42.22	5.45	**163.20**
Forward Contracts	-	-	-	-	-	-	-	-	**-**
Others -	-	-	-	-	-	-	-	-	**-**
Call Spread	-	-	-	-	-	55.46	70.59	-	**126.05**

Bonds with put & call option have been shown considering the earliest exercise date. The liquidity analysis for derivative financial liabilities is based on fair values of the derivative contracts and the maturity buckets have been derived on the basis of the remaining tenor of the respective derivative instrument.

Significant cashflows required for financial liabilities shall be funded through the undiscounted cash flows (principal and interest) from loans as below:

(₹ in Crores)

Particulars	Up to 30/31 days	Over 1 month & up to 2 Months	Over 2 months & up to 3 Months	Over 3 months & up to 6 Months	Over 6 months & up to 1 year	Over 1 year & up to 3 years	Over 3 years & up to 5 years	Over 5 years	Total
As at 31st March 2019									
Principal	1,654.88	1,316.82	3,073.31	7,365.12	13,781.11	55,904.77	50,995.33	1,35,620.42	**2,69,711.76**
Interest	866.67	684.94	5,324.18	6,853.48	12,557.11	43,097.02	31,940.32	53,720.12	**1,55,043.84**
As at 31st March 2018									
Principal	1,230.83	1,492.35	3,293.35	8,191.72	12,150.11	48,496.92	41,862.39	1,11,456.20	**2,28,173.87**
Interest	531.59	532.53	4,795.14	6,201.87	10,813.02	37,162.38	27,418.33	53,753.31	**1,41,208.17**
As at 1st April 2017									
Principal	1,001.24	893.61	2,277.07	5,717.85	9,745.28	38,401.16	35,944.37	98,986.89	**1,92,967.47**
Interest	329.97	372.01	4,903.23	6,344.17	10,568.49	37,093.49	28,347.84	48,660.08	1,36,619.28

The principal cash flows relating to Stage III assets, net of Expected Credit Loss have been considered in over 5 years bucket irrespective of the maturity date.

53.2.2 Maturity Pattern of Significant Financial Assets & Liabilities, as prescribed by RBI

(₹ in Crores)

As at 31st March 2019	Up to 30/31 days	Over 1 month & up to 2 Months	Over 2 months & up to 3 Months	Over 3 months & up to 6 Months	Over 6 months & up to 1 year	Over 1 year & up to 3 years	Over 3 years & up to 5 years	Over 5 years	Total
Loan Assets	1,850.88	1,316.82	3,401.32	7,627.17	13,781.11	55,904.77	50,995.33	1,35,573.52	**2,70,450.92**
Investments	56.56	-	-	-	48.30	1,500.00	-	678.27	**2,283.13**
Rupee Borrowings									
Debt Securities	3,781.97	621.87	3,645.36	11,092.27	22,325.05	65,199.36	25,107.93	48,821.65	**1,80,595.46**
Other Borrowings	126.93	350.00	500.00	850.00	207.34	4,257.52	13,405.02	5,187.59	**24,884.40**
Subordinated Liabilities	-	168.38	-	-	1.59	-	2,499.15	2,149.65	**4,818.77**
Foreign Currency Borrowings									
Debt Securities	-	98.15	24.29	30.88	-	2,722.66	4,784.70	4,511.39	**12,172.07**
Other Borrowings	27.10	1,750.21	74.77	1,079.80	2,444.00	10,167.79	6,234.49	-	**21,778.16**
Foreign Currency Assets	-	-	-	-	-	-	-	-	**-**
Foreign Currency Liabilities (other than Borrowings)	-	-	-	-	-	-	-	-	**-**

(₹ in Crores)

As at 31st March 2018	Up to 30/31 days	Over 1 month & up to 2 Months	Over 2 months & up to 3 Months	Over 3 months & up to 6 Months	Over 6 months & up to 1 year	Over 1 year & up to 3 years	Over 3 years & up to 5 years	Over 5 years	Total
Loan Assets	1,252.83	1,492.35	3,574.58	8,654.08	12,150.11	48,496.92	41,862.39	1,11,394.99	**2,28,878.25**
Investments	13.65	-	-	-	416.75	1,594.32	-	750.43	**2,775.15**
Rupee Borrowings									
Debt Securities	754.75	427.89	2,221.69	11,302.89	18,683.59	61,056.11	32,657.81	44,490.57	**1,71,595.30**
Other Borrowings	-	-	-	-	214.82	200.00	-	-	**414.82**
Subordinated Liabilities	-	168.38	-	-	-	-	-	2,498.98	**2,667.36**
Foreign Currency Borrowings									
Debt Securities	-	-	-	-	52.35	2,601.76	-	4,818.44	**7,472.55**
Other Borrowings	-	-	103.49	1,710.42	8,283.07	8,508.59	3,483.65	127.40	**22,216.62**
Foreign Currency Assets	-	-	-	-	-	-	-	-	**-**
Foreign Currency Liabilities (other than Borrowings)	-	-	-	-	-	-	-	-	**-**

(₹ in Crores)

As at 1st April 2017	Up to 30/31 days	Over 1 month & up to 2 Months	Over 2 months & up to 3 Months	Over 3 months & up to 6 Months	Over 6 months & up to 1 year	Over 1 year & up to 3 years	Over 3 years & up to 5 years	Over 5 years	Total
Loan Assets	1,020.74	893.61	2,545.88	6,499.11	9,745.28	38,401.16	35,944.37	98,884.37	**1,93,934.52**
Investments	13.65	-	-	-	83.07	492.49	1,500.00	739.87	**2,829.08**
Rupee Borrowings									
Debt Securities	828.77	365.98	1,508.30	11,689.95	7,463.07	46,209.63	33,434.77	47,150.50	**1,48,650.97**
Other Borrowings	-	-	-	-	-	-	-	-	**-**
Subordinated Liabilities	-	168.38	-	-	-	-	-	2,498.83	**2,667.21**
Foreign Currency Borrowings									
Other Borrowings	1,103.12	-	88.89	127.35	583.03	13,535.37	6,058.25	204.18	**21,700.19**
Foreign Currency Assets	-	-	-	-	-	-	-	-	**-**
Foreign Currency Liabilities (other than Borrowings)	-	-	-	-	-	-	-	-	-

53.2.3 Financing arrangements

The Company had access to the following undrawn borrowing facilities at the end of the reporting period:

(₹ in Crores)

Particulars	As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
Expiring within one year (cash credit and other facilities)			
- Floating rate	11,440.00	10,340.00	5,710.00
Expiring beyond one year (loans/ borrowings)			
- Floating rate	1,577.11	-	-

53.3 Market Risk - Currency Risk

The Company is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the US Dollar, EURO and JPY. Foreign exchange risk arises from recognised liabilities denominated in a currency, other than the functional currency of the Company. To mitigate the Company's exposure to foreign currency risk, non-INR cash flows are monitored and derivative contracts are entered into in accordance with the Company's risk management policies.

The Company has a board-approved Risk Management Policy which inter-alia aims to manage risks associated with foreign currency borrowings. Parameters like hedge ratio, un-hedged exposure, mark-to market position, exposure limit with banks etc. are monitored as a part of foreign exchange risk and interest rate risk management. This policy provides the guiding parameters within which the Company can take decisions for managing the Currency Risk and interest risk that it is exposed to on account of foreign currency loan, including debt securities. The purpose of the policy is to provide a framework to the Company for management of its foreign currency risk and interest rate risk.

An Asset Liability Management Committee (ALCO) is currently functioning under the chairmanship of CMD, Director (Finance), Director (Technical), Executive Directors and General Managers from Finance and Operating Divisions as its members. ALCO monitors Foreign currency risk with exchange rate and interest rate managed through various derivative instruments. 'The Company enters into various derivative transactions to cover exchange rate through various instruments like foreign currency forwards contracts, currency options, principal only swaps and forward rate agreements. These derivative transactions are done for hedging purpose and not for trading or speculative purpose.

In respect of foreign currency debt securities and borrowings, the company has also executed cross currency swaps (principal and/or interest) to hedge the Foreign Currency Exposure. The outstanding position of Foreign Currency Exposure as at 31st March 2019 is as under:

Currency	As at 31.03.2019			As at 31.03.2018			As at 01.04.2017		
	Total Exposure	Hedged through Derivatives	Unhedged Exposure	Total Exposure	Hedged through Derivatives	Unhedged Exposure	Total Exposure	Hedged through Derivatives	Unhedged Exposure
USD $	4,830.00	3,370.00	1,460.00	4,420.87	2,680.00	1,740.87	2,885.00	2,530.00	355.00
INR Equivalent	*33,409.74*	*23,310.73*	*10,099.01*	*28,755.15*	*17,431.82*	*11,323.33*	*18,705.94*	*16,404.17*	*2,301.77*
JPY ¥	12,428.85	10,920.22	1,508.63	4,100.17	2,214.38	1,885.79	26,059.52	23,985.15	2,074.37
INR Equivalent	*777.05*	*682.73*	*94.32*	*252.32*	*136.27*	*116.05*	*1,510.41*	*1,390.18*	*120.23*
EURO €	73.45	48.00	25.45	99.13	73.68	25.45	124.80	99.35	25.45
INR Equivalent	*570.74*	*373.00*	*197.74*	*799.21*	*594.02*	*205.19*	*864.21*	*687.97*	*176.24*
Total	**34,757.53**	**24,366.46**	**10,391.07**	**29,806.68**	**18,162.11**	**11,644.57**	**21,080.56**	**18,482.32**	**2,598.24**

53.3.1 Sensitivity Analysis

The table below represents the impact on P&L including FCMITDA (+ Gain / (Loss) for 5% change in foreign currency exchange rate against INR on the unhedged exposures:

(₹ in Crores)

Particulars	As at 31.03.2019		As at 31.03.2018		As at 01.04.2017	
	Favorable	Adverse	Favorable	Adverse	Favorable	Adverse
USD/INR	328.50	(328.50)	368.33	(368.33)	75.26	(75.26)
JPY/INR	4.72	(4.72)	5.80	(5.80)	6.01	(6.01)
EUR/INR	1.27	(1.27)	10.26	(10.26)	8.81	(8.81)

** Holding all other variables constant*

53.4 Market Risk - Interest Rate Risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in interest rates.

The Company manages interest rate risk by entering into various derivative contracts like use of interest rate swap contracts and forward interest rate contracts. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite, ensuring the most cost-effective hedging strategies are applied.

The table below shows the overall exposure of the Company to interest rate risk on the floating rate liabilities, along with the bifurcation under hedged/ un-hedged category as at 31st March 2019 is as under:

(Foreign Currency amounts in Millions, INR equivalent in ₹ Crores)

Currency	As at 31.03.2019			As at 31.03.2018			As at 01.04.2017		
	Floating Interest Rate Exposure	Hedged through Derivatives	Unhedged Exposure	Floating Interest Rate Exposure	Hedged through Derivatives	Unhedged Exposure	Floating Interest Rate Exposure	Hedged through Derivatives	Unhedged Exposure
INR Borrowings	19,550.00	-	19,550.00	-	-	-	-	-	-
USD $	2,980.00	2,005.00	975.00	3,270.87	2,335.00	935.87	2,885.00	2,085.00	800.00
INR Equivalent	*20,613.05*	*13,868.85*	*6,744.20*	*21,275.07*	*15,187.80*	*6,087.27*	*18,765.22*	*13,561.69*	*5,203.53*
JPY ¥	10,327.12	10,327.12	-	-	-	-	19,029.00	-	19,029.00
INR Equivalent	*645.65*	*645.65*	-	-	-	-	*1,102.92*	-	*1,102.92*
Total INR Equivalent	**40,808.70**	**14,514.50**	**26,294.20**	**21,275.07**	**15,187.80**	**6,087.27**	**19,868.14**	**13,561.69**	**6,306.45**

The Company's lending portfolio carries interest at semi-fixed rate i.e. fixed rate of interest with 3/10 year reset option with the borrower. The Company reviews its lending rates periodically based on prevailing market conditions, borrowing cost, yield, spread, competitors' rates, sanctions and disbursements etc. In order to manage pre-payment risks, the Company charges pre-payment premium from borrowers in case of pre- payment of loan. The interest rate risk is managed by the analysis of interest rate sensitivity gap statements and by evaluating the creation of assets and liabilities with a mix of fixed and floating interest rates.

The Company is exposed to interest rate risk on following Loan Assets which are at semi-fixed rates:

(₹ in Crores)

Description	As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
Rupee Loans	2,79,021.68	2,33,801.39	1,98,339.83

Sensitivity Analysis

The table below represents the impact on P&L (Gain / (Loss) for 50 basis points increase or decrease in interest rate on Company's floating rate assets and liabilities on the unhedged exposures:

(₹ in Crores)

Particulars	As at 31.03.2019		As at 31.03.2018		As at 01.04.2017	
	Increase	(Decrease)	Increase	(Decrease)	Increase	(Decrease)
Floating Rate Loan Liabilities	(85.53)	85.53	(19.80)	19.80	(20.62)	20.62
Floating/ semi-fixed Rate Loan Assets	907.60	(907.60)	760.51	(760.51)	648.49	(648.49)

** Holding all other variables constant*

The above sensitivity analysis has been prepared assuming that the amount outstanding at the end of the reporting period remains outstanding for the whole year. A 50 basis point increase or decrease represents management's assessment of the reasonably possible change in interest rates.

53.5 Market Risk - Price risk

The Company is exposed to equity price risks arising from investments in quoted equity shares and venture capital funds. The Company's equity investments are held for strategic rather than trading purposes.

Sensitivity Analysis

The table below represents the impact on OCI Gain / (Loss) for 5% increase or decrease in the respective prices on Company's equity investments, outside the group:

(₹ in Crores)

Particulars	As at 31.03.2019		As at 31.03.2018		As at 01.04.2017	
	Increase	(Decrease)	Increase	(Decrease)	Increase	(Decrease)
Impact on Other Comprehensive Income (OCI)	32.35	(32.35)	35.93	(35.93)	35.40	(35.40)

54 Additional Disclosures in respect of derivatives

54.1 Forward Rate Agreements/ Interest Rate Swaps

(₹ in Crores)

	Particulars	As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
(i)	The notional principal of swap agreements	45,803.16	42,961.27	42,220.55
(ii)	Losses which would be incurred if counterparties failed to fulfill their obligations under the agreements	1,802.58	690.38	628.07
(iii)	Collateral required by the NBFC upon entering into swaps	NIL	Nil	Nil
(iv)	Concentration of credit risk arising from the swaps	Refer Note Below	Refer Note Below	Refer Note Below
(v)	The fair value of the swap book	1,643.18	372.63	273.61

** includes all the currency derivatives and interest rate derivatives entered by the Company. REC, being NBFC has entered into swap agreements with Category-I, Authorized Dealers Banks only, in accordance with the RBI guidelines. All the swap agreements entered into with banks are well with in the credit risk limit defined in the Board approved Risk Management Policy.*

54.2 The Company has not entered into any exchange traded Interest Rate (IR) derivatives.

54.3 Quantitative Disclosures

(₹ in Crores)

	Particulars	Currency Derivatives *			Interest Rate Derivatives **		
		As at 31.03.19	As at 31.03.18	As at 01.04.17	As at 31.03.19	As at 31.03.18	As at 01.04.17
(i)	Derivatives (Notional Principal Amount)						
	For hedging	24,366.46	15,455.07	19,130.70	21,436.70	27,506.20	23,089.85
(ii)	Marked to Market Positions						
a)	Asset (+)	1,642.11	453.61	370.75	160.47	236.77	257.32
b)	Liability (-)	29.24	232.67	289.24	130.16	85.08	65.22
(iii)	Credit Exposure	24,366.46	15,455.07	19,130.70	21,436.70	27,506.20	23,089.85
(iv)	Unhedged Exposures	10,391.07	11,644.57	2,598.24	N.A.	N.A.	N.A.

** Includes Full Hedge, Principal only Swap and Call Spread.*

*** Includes Interest Rate Derivatives as a strategy of cost reduction*

55 Exposure Related Disclosures

RBI, vide its letter dated 17th September 2010 had categorized REC as an Infrastructure Finance Company (IFC) in terms of instructions contained in RBI Circular CC No.168 dated 12th February 2010. As an IFC, the total permissible exposure for lending in the private sector is 25% of owned funds in case of single borrower and 40% in case of a single group of borrowers and exposure for lending and investing taken together can be upto 30% and 50% of owned funds, respectively.

In respect of Central/State Government entities, 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 till 31st March, 2022. In view of the above, our maximum credit exposure limits to Central and State power Utilities continue to vary from 50% to 250% of owned funds, depending upon entity appraisal.

In respect of Private Sector entities, the Company's credit exposure to single borrowers and group borrowers did not exceed the RBI prudential exposure limits as at 31st March 2019, 31st March 2018 and 1st April 2017.

55.1 Exposure to Real Estate Sector

The Company has no exposure to real estate sector as at 31st March 2019 (As at 31st March 2018 Nil, as at 1st April 2017 Nil).

55.2 Exposure to Capital Market

(₹ in Crores)

	Particulars	As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
(i)	Direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	820.44	885.00	877.84
(ii)	Advances against shares/ bonds/ debentures or other securities or on clean basis to individuals for investment in shares (including IPOs/ ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	-	-	-
(iii)	Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	-	-	-
(iv)	Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares/ convertible bonds / convertible debentures / units of equity oriented mutual funds does not fully cover the advances;	-	-	-
(v)	Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	-	-	-
(vi)	Loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	-	-	-
(vii)	Bridge loans to companies against expected equity flows/ issues;	-	-	-
(viii)	All exposures to Venture Capital Funds (both registered and unregistered)	6.18	6.26	6.30
	Total Exposure to Capital Market	826.62	891.26	884.14

55.3 Concentration of Advances, Exposures and Credit-impaired Assets

	Particulars	As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
(i)	**Concentration of Advances**			
	Total Advances to twenty largest borrowers (₹ in Crores)	1,58,931.60	1,36,285.52	1,11,916.90
	Percentage of Advances to twenty largest borrowers to Total Advances of the Company	56.52%	56.92%	55.42%
(ii)	**Concentration of Exposures**			
	Total Exposure to twenty largest borrowers (₹ in Crores)	2,54,896.66	2,36,006.27	1,97,327.07
	Percentage of Exposures to twenty largest borrowers to Total Exposure of the Company on borrowers	59.46%	59.25%	60.34%
(iii)	**Concentration of Credit-impaired Assets**			
	Total Outstanding to top four Credit-impaired Assets (₹ in Crores)	8,502.74	8,558.91	3,444.72
	Total Exposure to the above four Credit-impaired Assets (₹ in Crores)	8,502.74	8,558.91	3,444.72

56 The Company has not entered into any securitisation/ assignment transactions during the year ended 31st March 2019 (Previous year Nil). Further, no assets have been sold to securitisation/ reconstruction company for asset reconstruction. The Company has also not entered into any transaction of sale and purchase of non-performing financial assets.

57 Fair value disclosures

The fair values of financial instruments measured at amortised cost and the carrying cost of financial instruments measured at fair value by category are as follows:

(₹ in Crores)

	Particulars	Note No.	As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
	Financial assets measured at fair value				
	Derivative financial instruments	8	1,802.58	690.38	628.07
	Investments* measured at				
(i)	Fair value through other comprehensive income	10	646.99	718.63	708.07
(ii)	Fair value through profit and loss	10	1,556.87	1,500.62	1,500.62
	Financial assets measured at amortised cost				
	Cash and cash equivalents	5	381.99	248.43	4,468.51
	Other Bank Balances	6	1,733.08	1,946.84	72.98
	Trade receivables	7	137.72	133.76	131.33
	Loan Assets	9	2,70,450.92	2,28,878.25	1,93,934.52
	Investments	10	79.27	555.90	620.39
	Other financial assets	11	18,363.99	4,281.53	62.65
	Total		**2,95,153.41**	**2,38,954.34**	**2,02,127.14**
	Financial liabilities measured at fair value				
	Derivative financial instruments	8	159.40	317.75	354.46
	Financial liabilities measured at amortised cost				
	Trade payables	19	67.29	63.14	43.19
	Debt securities	20	1,92,767.51	1,79,067.85	1,48,650.96
	Borrowings (other than debt securities)	21	46,662.54	22,631.42	21,700.17
	Subordinated liabilities	22	4,818.76	2,667.36	2,667.21
	Other financial liabilities	23	19,227.07	4,703.05	260.08
	Total		**2,63,702.57**	**2,09,450.57**	**1,73,676.07**

57.1 Fair values hierarchy

The fair value of financial instruments as referred above has been classified into three categories depending on the inputs used in the valuation technique. The hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities [Level 1 measurements] and lowest priority to unobservable inputs [Level 3 measurements].

The categories used are as follows:

Level 1: Quoted prices (unadjusted) for identical instruments in an active market;

Level 2: Directly (i.e. as prices) or indirectly (i.e. derived from prices) observable market inputs, other than Level 1 inputs; and

Level 3: Inputs which are not based on observable market data (unobservable inputs).

The Company's policy is to recognize transfers into and transfer out of fair value hierarchy at the date of event or change in circumstances that caused the transfer.

Financial assets and liabilities measured at fair value - recurring fair value measurements

(₹ in Crores)

Particulars	As at 31.03.2019			As at 31.03.2018			As at 01.04.2017		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Investments at FVOCI									
Equity investments	640.81	6.18	-	712.37	6.26	-	592.52	6.30	109.25
Investments at FVTPL									
Perpetual Bonds	-	-	1,556.87	-	-	1,500.62	-	-	1,500.62
Assets at FVTPL									
Derivative financial instruments	-	1,802.58	-	-	690.38	-	-	628.07	-
Liability at FVTPL									
Derivative financial instruments	-	159.40	-	-	317.75	-	-	354.46	-

Valuation Techniques for fair value disclosures (Level 1 , Level 2 and Level 3)

(A) Investment in Quoted Equity Investments - Level 1 - Investment in listed equity instruments are measured at their readily available quoted price in the market.

(B) Investment in Venture Capital Fund - Level 2 - Investment in venture capital fund are measured at their fair value as per the Net Asset Value (NAV) Certificate shared by the fund.

(C) Derivative Financial Instruments - Level 2 - The fair value has been determined by an independent valuer using observable inputs including forward exchange rates, interest rates corresponding to the maturity of the contract, implied volatilities, etc.

(D) Investment in Perpetual Bond Investments - Level 3 - The Company has made investments in perpetual bonds of Indian Bank, Vijaya Bank and Syndicate Bank which are quoted on NSE/BSE. The Company checks for active market transactions for these bonds. In such investments held by the Company, there is no history of any market activity in these bonds, and therefore, quoted price for such bonds is not available. The Company checks for any significant changes in credit rating of the borrower bank, and if no change is noted, then, coupon rate is considered for computing the fair value using discounted cash flow method.

(E) Investment in Unquoted Equity Investments - Level 3 - Investment in unquoted equity instruments of Universal Commodity Exchange Ltd. (UCX) and Lanco Teesta Hydro Power Pvt. Ltd. are classified as Level 3 and have been carried at Nil value by the Company due to the company specific reasons. UCX was shut down in 2014, thereby, ceasing to exist as a going concern. Further, the Company had acquired investment in Lanco Teesta Hydro Power Pvt. Ltd., on conversion of its credit-impaired loan. Since the Company has already recognised lifetime Expected Credit Loss on the loan, the equity value is considered to be Nil.

57.2 Reconciliation of Financial Instruments fair valued through Level 3 inputs

The following tables show the reconciliation of the opening and closing amounts of Level 3 financial assets and liabilities measured at fair value:

(₹ in Crores)

Particulars	FVTPL	FVOCI	Total
	Investment in Perpetual Bonds	Investment in Equity Instruments	
FY 2017-18			
Opening Balance	1,500.62	109.25	1,609.87
Settlement	(168.25)	-	(168.25)
Transfer from Level 3	-	(109.25)	(109.25)
Net interest income, net trading income and other income	168.25	-	168.25
Closing Balance	**1,500.62**	-	**1,500.62**
Unrealised gains/ (losses) on balances held at the end of the period	0.62	-	0.62
FY 2018-19	-	-	
Opening Balance	1,500.62	-	**1,500.62**
Settlement	(112.00)	-	(112.00)
Net interest income, net trading income and other income	168.25	-	168.25
Closing Balance	**1,556.87**	-	**1,556.87**
Unrealised gains/ (losses) on balances held at the end of the period	56.87	-	56.87

57.3 Fair value of instruments measured at amortised cost

Fair value of instruments measured at amortised cost for which fair value is disclosed is as follows, these fair values are calculated using Level 3 inputs:

(₹ in Crores)

Particulars	As at 31.03.2019		As at 31.03.2018		As at 01.04.2017	
	Carrying value	Fair value	Carrying value	Fair value	Carrying value	Fair value
Financial assets						
Cash and cash equivalents	381.99	381.99	248.43	248.43	4,468.51	4,468.51
Bank balances other than above	1,733.08	1,733.08	1,946.84	1,946.84	72.98	72.98
Trade receivables	137.72	137.72	133.76	133.76	131.33	131.33
Other receivables	-	-	-	-	-	-
Loans	2,70,450.92	2,67,598.29	2,28,878.25	2,26,731.59	1,93,934.52	1,93,558.09
Investments	79.27	79.27	555.90	555.90	620.39	620.39
Other financial assets	18,363.99	18,365.66	4,281.53	4,282.35	62.65	62.20
Total	**2,91,146.97**	**2,88,296.01**	**2,36,044.71**	**2,33,898.87**	**1,99,290.38**	**1,98,913.50**
Financial liabilities						
Trade payables	67.29	67.29	63.14	63.14	43.19	43.19
Other payables	-	-	-	-	-	-
Debt securities	1,92,767.51	1,94,378.93	1,79,067.85	1,83,492.24	1,48,650.96	1,56,113.45
Borrowings (other than debt securities)	46,662.54	46,595.46	22,631.42	22,623.10	21,700.17	21,671.66
Subordinated liabilities	4,818.76	4,748.14	2,667.36	2,701.11	2,667.21	2,723.89
Other financial liabilities	19,227.07	19,227.07	4,703.05	4,703.05	260.08	260.08
Total	**2,63,475.88**	**2,64,949.60**	**2,09,069.68**	**2,13,519.50**	**1,73,278.42**	**1,80,769.08**

Valuation methodologies of financial instruments not measured at fair value

Below are the methodologies and assumptions used to determine fair values for the above financial instruments which are not recorded and measured at fair value in the Company's financial statements. These fair values were calculated for disclosure purposes only. The below methodologies and assumptions relate only to the instruments in the above tables:

<u>Financial assets and liabilities</u>

For financial assets and financial liabilities that have a short-term maturity (less than twelve months), the carrying amounts, which are net of impairment, are a reasonable approximation of their fair value. Such instruments include: cash and balances, Trade receivables, Contract assets, balances other than cash and cash equivalents, trade payables and contract liability without a specific maturity.

<u>Loans and advances to customers</u>

Fair values of loan assets are calculated using a portfolio-based approach, grouping loans as far as possible into homogenous groups based on similar characteristics. The Company then calculates and extrapolates the fair value to the entire portfolio, using discounted cash flow models that incorporate interest rate estimates considering all significant characteristics of the loans. Where such information is not available, the Company uses historical experience and other information used in its collective impairment models.

<u>Financial assets at amortised cost</u>

The fair values of debt securities measured at amortised cost are estimated using a discounted cash flow model based on contractual cash flows using actual or estimated yields and discounting by yields incorporating the counterparties' credit risk.

<u>Issued debt</u>

The fair values of the Company fixed interest-bearing debt securities, borrowings and subordinated liabilities are determined by applying discounted cash flows ('DCF') method, using discount rate that reflects the issuer's borrowing rate as at the end of the reporting period. The own non-performance risk as at 31st March 2019 was assessed to be insignificant.

All other debt securities, borrowings and subordinated liabilities availed by the Company are variable rate facilities which are subject to changes in underlying Interest rate indices. Further, the credit spread on these facilities are subject to change with changes in Company creditworthiness. The management believes that the current rate of interest on these loans are in close approximation from market rates applicable to the Company. Therefore, the management estimates that the fair value of these borrowings are approximate to their respective carrying values.

58 Disclosure under Micro, Small and Medium Enterprises Development Act, 2006:

(₹ in Crores)

Particulars	As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
Principal amount remaining unpaid as at year end	2.65	1.83	0.30
Interest due thereon remaining unpaid as at year end	0.39	0.14	0.06
Interest paid by the company in terms of Section 16 of MSME Development Act, 2006 along with the amount of the payment made to the supplier beyond the appointed day during the year.	-	-	-
Interest due and payable for the period of delay in making payment but without adding the interest specified under MSME Development Act, 2006.	-	-	-
Interest accrued and remaining unpaid as at year end.	0.39	0.14	0.06
Further interest remaining due and payable even in the succeeding years, until such date when the interest due as above are actually paid to the small entereprises.	-	-	-

59 Related Party Disclosures :

59.1 List of Related Parties

(1) Key Managerial Personnel

Dr. P.V. Ramesh	Chairman & Managing Director (upto 5th March 2019)
Sh. Ajeet Kumar Agarwal	Chairman & Managing Director (w.e.f 6th March 2019) and Director (Finance)
Sh. Sanjeev Kumar Gupta	Director (Technical)
Dr. Arun Kumar Verma	Govt. Nominee Director (Non-executive Director)
Sh. Aravamudan Krishna	Part Time Non-Official Independent Director
Smt. Asha Swarup	Part Time Non-Official Independent Director
Dr. Bhagvat Kishanrao	Part Time Non-Official Independent Director (w.e.f. 17th July 2018).
Prof. T.T. Ram Mohan	Part Time Non-Official Independent Director
Sh. J.S. Amitabh	GM & Company Secretary

(2) Holding Company

Power Finance Corporation Ltd. (w.e.f. 28th March 2019)

(3) Associate Companies of REC Transmission Projects Company Limited

Dinchang Transmission Limited

Ghatampur Transmission Limited - Transferred to M/s Adani Transmission Limited (ATL) on 19.06.2018, substantially upon the terms and conditions as detailed in the Share Purchase Agreement executed between RECTPCL, Ghatampur Transmission Limited and ATL.

Chandil Transmission Limited

Koderma Transmission Limited

Dumka Transmission Limited

Mandar Transmission Limited

Jawaharpur-Firozabad Transmission Limited - Incorporated on 20.08.2018 and transferred to Power Grid Corporation of India Limited (PGCIL) on 21.12.2018, substantially upon the terms and conditions as detailed in the Share Purchase Agreement executed between RECTPCL, Jawaharpur Firozabad Transmission Limited and PGCIL.

Bhind-Guna Transmission Limited - Incorporated on 18.09.2018

Udupi Kasargode Transmission Limited - Iincorporated on 29.11.2018

Jam Khambaliya Transco Limited - Incorporated on 11.03.2019

Khetri Transco Limited - Incorporated on 12.03.2019

Ajmer Phagi Transco Limited - Incorporated on 19.03.2019

Lakadia Banaskantha Transco Limited - Incorporated on 19.03.2019

WRSS XXI (A) Transco Limited - Incorporated on 26.03.2019

(4) Joint Ventures

Energy Efficiency Services Limited (EESL)

Creighton Energy Limited (through EESL)

EESL EnergyPro Assets Limited (through EESL)

Edina Acquisition Limited (through EESL)

Anesco Energy Services South Limited (through EESL)

Edina Limited (through EESL)

EPAL Holdings Limited (through EESL)

Edina Australia Pty Limited (through EESL)

Edina Power Services Limited (through EESL)

Stanbeck Limited (through EESL)

Edina UK Limited (through EESL)

Edina Power Limited (through EESL)

Armoura Holdings Limited (through EESL)

Edina Manufacturing Limited (through EESL)

(5) Post-employment Benefit Plan Trusts

REC Limited Contributory Provident Fund Trust

REC Gratuity Fund

REC Employees' Superannuation Trust

REC Retired Employees' Medical Trust

(6) Society registered for undertaking CSR Initiatives

REC Foundation

Below mentioned related parties of the Holding Company will also be considered as related parties of REC w.e.f. 28th March 2019.

(1) Key Managerial Personnel of Holding Company

Shri Rajeev Sharma	Chairman & Managing Director
Shri N. B. Gupta	Director (Finance)
Shri Chinmoy Gangopadhyay	Director (Projects)
Shri Praveen Kumar Singh	Director (Commercial)
Shri Sitaram Pareek	Part Time Non-Official Independent Director
Smt. Gouri Chaudhury	Part Time Non-Official Independent Director
Shri Manohar Balwani	Company Secretary

(2) Subsidiary Companies of Holding Company

PFC Consulting Limited (PFCCL)

Power Equity Capital Advisors (Pvt) Limited (PECAP) (Decision of voluntary winding up of PECAP is under consideration of MoP, GoI.)

(3) Associate Companies of Holding Company

Sakhigopal Integrated Power Company Limited
Coastal Maharashtra Mega Power Limited
Ghogarpalli Integrated Power Company Limited
Orissa Integrated Power Limited
Tatiya Andhra Mega Power Limited
Coastal Karnataka Power Limited
Deoghar Mega Power Limited
Coastal Tamil Nadu Power Limited
Cheyyur Infra Limited
Chhattisgarh Surguja Power Limited
Odisha Infrapower Limited
Deoghar Infra Limited
Bihar Mega Power Limited
Bihar Infrapower Limited
Jharkhand Infrapower Limited
Tanda Transmission Company Limited (through PFCCL)
Shongtong Karcham-Wangtoo Transmission Limited (through PFCCL)
Ballabhgarh-GN Transmission Company Limited (through PFCCL)
Mohindergarh-Bhiwani Transmission Limited (through PFCCL)
Bikaner-Khetri Transmission Limited (through PFCCL)
South-Central East Delhi Power Transmission Limited (through PFCCL)
Bhuj-II Transmission Limited (through PFCCL)
Fatehgarh-II Transco Limited (through PFCCL)
Bijawar-Vidarbha Transmission Limited (through PFCCL)
Vapi II North Lakhimpur Transmission Limited (through PFCCL)
Lakadia-Vadodara Transmission Project Limited (through PFCCL)

(4) Post-employment Benefit Plan Trusts of Holding Company

PFC Employees Provident Fund Trust
PFC Employees Gratuity Trust
PFC Defined Contribution Pension Scheme 2007
PFC Ltd. Superannuation Medical Fund

59.2 Amount due from/ to the related parties :

(₹ in Crores)

Particulars	As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
Associates			
Loans to associates	9.06	7.58	2.88
Payables	0.08	-	-
Post-employment Benefit Plan Trusts			
Debt Securities	3.00	3.00	3.00
Other financial liabilities	31.78	2.84	13.63
Other financial assets	2.77	-	-
Post-employment Benefit Plan Trusts of Holding Company			
Debt Securities	1.20	-	-
Key Managerial Personnel			
Debt Securities	1.00	0.25	0.25
Staff Loans & Advances	0.46	0.56	0.53
Key Managerial Personnel of Holding Company			
Debt Securities	0.10	-	-

59.3 Transactions with the related parties :

(₹ in Crores)

Particulars	FY 2018-19	FY 2017-18
Post-employment Benefits Plan Trusts		
Contributions made by the Company during the year	99.58	13.63
Subscription to GOI Serviced Bonds	29.30	-
Finance Costs - Interest Paid	0.27	0.27
Post-employment Benefits Plan Trusts of Holding Company		
Subscription to the bonds of Company	1.20	
REC Foundation		
CSR Expenses	98.83	
Key Managerial Personnel		
Staff Loans & Advances	-	0.20
Interest Income on Staff Loans	0.09	0.04
Finance Cost	0.02	0.01
Employee Benefits Expense - Managerial Remuneration	2.65	2.07
Directors' Sitting Fee	0.24	0.18

59.4 Managerial Remuneration

The details of remuneration to Key Managerial Personnel (KMP) during the reporting period is as below:

(₹ in Crores)

	Particulars	FY 2018-19	FY 2017-18
(i)	Short-term employee benefits	2.44	1.93
(ii)	Post employment benefits	0.21	0.14
	Total	**2.65**	**2.07**

As the liabilities for the gratuity and compensated absence are provided on an actuarial basis for the Company as a whole rather than each individual employee, the amounts pertaining specifically to KMP are not known and hence, not included in the above table. Gratuity and compensated absence, are included based on actual payment in respective year based in the above table.

59.5 Disclosure in respect of entities under the control of the same government (Government related entities)

List of Government related entities

The Company had transactions with the following government related entities during the year:

Bhartiya Rail Bijlee Company Ltd
Bhilai Electric Supply Company Ltd.
Bihar Grid Company Ltd
Damodar Valley Corporation
Nabinagar Power Generating Co. Pvt. Ltd.
Neyveli Uttar Pradesh Power Ltd
NTPC Tamil Nadu Energy Company Ltd.
Patratu Vidut Utpadan Nigam Ltd.
THDC India Ltd.
Singareni Collieries Company Limited

Aggregate transactions with such government related entities are as under:

(₹ in Crores)

Particulars	FY 2018-19	FY 2017-18
Disbursement of Loans	3,583.67	4,193.05
Interest income recognised	1,935.27	1,877.35

Aggregate balance outstanding from such government related entities are as under:

(₹ in Crores)

Particulars	As at 31-03-19	As at 31-03-18	As at 01-04-17
Loan Assets	21,034.76	19,879.42	16,727.92
Interest Accrued	15.88	12.60	11.60

Refer Note No. 11, 23 and 27 in respect of material transactions with the Central Govt.

60 Disclosures for Employee Benefits as required under Ind AS 19 '*Employee Benefits*':

60.1 Defined Contribution Plans

A. Provident Fund

REC pays fixed contribution of Provident Fund at pre-determined rates to a separate trust registered under The Provident Fund Act, 1925 which invests the funds in permitted securities. The trust fixes the rate of interest on contribution to the members of the fund based upon the returns earned on investments during the year. Since the Act does not prescribe the minimum interest to be paid to the members of the fund, it is considered as Defined Contribution Plan as per the provisions of Ind AS 19.

In case of RECPDCL, there is no separate trust and the Company makes Provident Fund Contributions to defined contribution plans.

B. Defined Contribution Superannuation Scheme

The Company pays fixed contribution towards superannuation scheme at pre-determined rates to NPS Trust/ separate trust which invests the funds in the permitted securities. The balance with the NPS Trust/ separate trust includes the monthly contributions in the members' account along with the accumulated returns. When the pension becomes payable to the member, the amount standing to the credit of the menber is appropriated towards the member's accumulation and annuities, as opted for by the member is alloted.

The Group has recognised an expense of ₹ 14.87 Crores (Previous year ₹ 14.10 Crores) towards defined contribution plans.

60.2 Defined Benefit Plans - Post-Employment Benefits

A. Gratuity

The Company has a defined gratuity scheme which is managed by a separate trust. Every employee who has rendered continuous service of five years or more is entitled to gratuity at 15 days salary for each completed year of service subject to a maximum of ₹ 0.20 crores on superannuation, resignation, termination, disablement or on death, considering the provisions of the Payment of Gratuity Act, 1972, as amended. The liability of Gratuity is recognized on the basis of actuarial valuation.

Net Defined Benefit (Asset)/ Liability

(₹ in Crores)

Particulars	As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
Present value of Defined benefit obligation	42.41	52.59	50.61
Fair Value of Plan Assets	44.15	48.66	35.69
Net Defined Benefit (Asset)/ Liability	(1.74)	3.93	14.92

Movement in net defined benefit (asset)/ liability

(₹ in Crores)

Particulars	Defined Benefit Obligation		Fair Value of Plan Assets		Net Defined Benefit (Asset)/ Liability	
	FY 2018-19	FY 2017-18	FY 2018-19	FY 2017-18	FY 2018-19	FY 2017-18
Opening Balance	52.59	50.61	48.66	35.69	3.93	14.92
Included in profit or loss						
Current service Cost	2.59	2.11	-	-	2.59	2.11
Interest cost / income	4.00	3.80	3.71	2.67	0.29	1.13
Total amount recognised in profit or loss	**6.59**	**5.91**	**3.71**	**2.67**	**2.88**	**3.24**
Included in OCI						
Re-measurement loss (gain)						
- Actuarial loss (gain) arising from changes in financial assumptions	(0.31)	0.27	-	-	(0.31)	0.27
- Actuarial loss (gain) arising from changes in demographic assumptions	(1.44)	-	-	-	(1.44)	-
-Actuarial loss (gain) arising from Experience adjustments	(3.69)	(0.39)	-	-	(3.69)	(0.39)
Return on plan assets excluding interest income	-	-	0.22	0.27	(0.22)	(0.27)
Total amount recognised in OCI	**(5.44)**	**(0.12)**	**0.22**	**0.27**	**(5.66)**	**(0.39)**
Contribution by participants			2.84	13.63	(2.84)	(13.63)
Contribution by employers			0.05	0.21	(0.05)	(0.21)
Benefits paid	(11.33)	(3.81)	(11.33)	(3.81)	-	-
Closing Balance	**42.41**	**52.59**	**44.15**	**48.66**	**(1.74)**	**3.93**

B. Post Retirement Medical Facility (PRMF)

The Company has Post Retirement Medical Facility under which the entitled retired employees and their dependent family members are covered as per Company Rules. The scheme is funded by the Company and is managed by separate trust from the financial year 2018-19. The liability towards the same is recognized on the basis of actuarial valuation.

Net Defined Benefit (Asset)/ Liability

(₹ in Crores)

Particulars	As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
Present value of Defined benefit obligation	129.77	105.19	97.15
Fair Value of Plan Assets	97.99	-	-
Net Defined Benefit (Asset)/ Liability	31.78	105.19	97.15

Movement in net defined benefit (asset)/ liability

(₹ in Crores)

Particulars	Defined Benefit Obligation		Fair Value of Plan Assets		Net Defined Benefit (Asset)/ Liability	
	FY 2018-19	FY 2017-18	FY 2018-19	FY 2017-18	FY 2018-19	FY 2017-18
Opening Balance	**105.19**	**97.15**	**-**	**-**	**105.19**	**97.15**
Included in profit or loss	-	-	-	-	-	-
Current service Cost	2.06	1.96	-	-	2.06	1.96
Interest cost / income	7.99	7.28	1.25	-	6.74	7.28
Total amount recognised in profit or loss	**10.05**	**9.24**	**1.25**	**-**	**8.80**	**9.24**
Included in OCI						
Re-measurement loss (gain)						
- Actuarial loss (gain) arising from changes in financial assumptions	(6.34)	4.39	-	-	(6.34)	4.39
- Actuarial loss (gain) arising from changes in demographic assumptions	1.20	-			1.20	-
-Actuarial loss (gain) arising from Experience adjustments	29.44	2.07	-	-	29.44	2.07
Total amount recognised in OCI	24.30	6.46	-	-	24.30	6.46
Contribution by participants	-	-	96.74	-	(96.74)	-
Benefits paid	(9.77)	(7.66)	-	-	(9.77)	(7.66)
Closing Balance	**129.77**	**105.19**	**97.99**	**-**	**31.78**	**105.19**

C. Economic Rehabilitation Scheme (ERS)

The Company has an Economic Rehabilitation Scheme (ERS) to support the family financially in case of permanent disability/ death of an employee during the service tenure. This scheme is unfunded and the liability is determined based on actuarial valuation.

Net Defined Benefit (Asset)/ Liability for ERS

(₹ in Crores)

Particulars	As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
Present value of Defined benefit obligation			
- ERS	3.69	3.34	3.45

Movement in net defined benefit (asset)/ liability for ERS

(₹ in Crores)

Particulars	FY 2018-19	FY 2017-18
Opening Balance	**3.34**	**3.45**
Included in profit or loss		
Current service Cost	0.18	0.16
Interest cost / income	0.25	0.27
Total amount recognised in profit or loss	**0.43**	**0.43**
Included in OCI		
Re-measurement loss (gain)		
- Actuarial loss (gain) arising from changes in financial assumptions	(0.02)	(0.02)
-Actuarial loss (gain) arising from Experience adjustments	0.75	0.30
Total amount recognised in OCI	**0.73**	**0.28**
Benefits paid	(0.81)	(0.82)
Closing Balance	**3.69**	**3.34**

60.2.1 Risk exposure

Through its defined benefit plans, the Company is exposed to a number of risks, the most significant of which are detailed below:

(i) Asset volatility

Most of the plan asset investments are in government securities, other fixed income securities with high rating grades and mutual funds. The fair value of these assets is subject to volatility due to change in interest rates and other market and macro-economic factors.

(ii) Changes in discount rate

The present value of defined benefit plan liabilities is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period. A decrease in discount rate will increase present values of defined benefit obligations, although this will be partially offset by an increase in the value of the plans' investments.

(iii) Longevity risk

The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

(iv) Salary risk

The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

60.2.2 Plan Assets

The fair value of plan assets at the end of reporting period for each category, are as follows:

(₹ in Crores)

Particulars	Gratuity			PRMF		
	As at 31.03.2019	As at 31.03.2018	As at 01.04.2017	As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
Cash & Cash Equivalents	**0.61**	**0.39**	**0.78**	**0.65**		
Unquoted Plan Assets						
Corporate Bonds/ Debentures				97.34		
Others - Insurer managed funds & T-bills	43.54	48.27	34.91			
Sub-total - Unquoted Plan Assets	**43.54**	**48.27**	**34.91**	**97.34**	**-**	**-**
Total	**44.15**	**48.66**	**35.69**	**97.99**	**-**	**-**

Actual return on plan assets is ₹ 5.16 crores (previous year ₹ 2.94 crores).

60.2.3 Significant Actuarial Assumptions

The most recent actuarial valuation of the plan assets and the present value of the defined benefit obligation were carried out as at March 31, 2019 by M/s Transvalue Consultants. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the projected unit credit method. The principal assumptions used for actuarial valuations are:-

(₹ in Crores)

Particulars	Gratuity		PRMF		ERS	
	FY 2018-19	FY 2017-18	FY 2018-19	FY 2017-18	FY 2018-19	FY 2017-18
Method Used	**PUCM**	**PUCM**	**PUCM**	**PUCM**	**PUCM**	**PUCM**
Discount Rate & Expected Return on Plan Assets, if funded	7.71%	7.60%	7.71%	7.60%	7.71%	7.60%
Future Salary Increase / medical inflation	6.00%	6.50%	6.00%	6.50%	6.00%	6.50%
Expected average remaining working lives of employees (years)	13.12	12.82	13.12	12.82	13.12	12.82

- *The Principle assumptions are the discount rate, salary growth rate and expected average remaining working lives of employees. The discount rate is generally based on the market yields available on govt. bonds at the reporting date with a term that matches the liabilities and the salary growth rate takes account of inflation, seniority, promotions and other relevant factors as long term basis. The above information is certified by the Actuary.*

60.2.4 Sensitivity Analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

(₹ in Crores)

Particulars	As at 31.03.2019		As at 31.03.2018		As at 01.04.2017	
	Increase	Decrease	Increase	Decrease	Increase	Decrease
Discount rate (0.50% movement)						
- Gratuity	(0.89)	1.10	(1.12)	1.19	(1.16)	1.23
- PRMS	(0.77)	0.84	(0.43)	0.46	(4.83)	5.07
- ERS	(0.13)	0.15	(0.12)	0.13	(0.12)	0.14
Salary Escalation Rate (0.50% movement)						
- Gratuity	0.15	(0.12)	0.46	(0.50)	0.62	(0.69)
- PRMS	-	-	-	-	-	-
- ERS	0.14	(0.12)	0.12	(0.11)	0.13	(0.11)
Medical inflation Rate (0.50% movement)						
- PRMS	6.31	(5.92)	-	-	-	-
Medical Cost (0.50% movement)						
- PRMS	12.98	(12.98)	-	-	-	-

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

The Company actively monitors how the duration and expected yield of investments are matching the expected cash outflows arising from employee benefit obligations. Investments are well diversified, such that the failure of any single investment would not have a material impact on overall level of assets. There has been no change in the process used by the Company to manage its risks from prior periods.

60.2.5 Expected maturity analysis of the defined benefit plans in future years

(₹ in Crores)

Particulars	Gratuity			PRMF			ERS		
	As at 31.03.19	As at 31.03.18	As at 01.04.17	As at 31.03.19	As at 31.03.18	As at 01.04.17	As at 31.03.19	As at 31.03.18	As at 01.04.17
Less than 1 year	12.16	12.62	7.42	9.64	5.39	4.66	0.82	0.01	0.03
From 1 to 5 years	21.13	28.08	26.03	49.25	25.53	23.39	2.12	1.73	1.80
Beyond 5 years	9.12	11.89	17.16	70.88	74.27	69.10	0.75	1.60	1.62
Total	**42.41**	**52.59**	**50.61**	**129.77**	**105.19**	**97.15**	**3.69**	**3.34**	**3.45**

60.2.6 Expected contribution for the next year.

(₹ in Crores)

Particulars	Gratuity		PRMF		ERS	
	FY 2018-19	FY 2017-18	FY 2018-19	FY 2017-18	FY 2018-19	FY 2017-18
Expected contribution	1.72	2.89	34.74	4.98	-	-

The weighted average duration of the defined benefit plan obligation at the end of the reporting period is 12.76 years (as at 31.03.2018 - 12.82 years, as at 1ST April 2017 - 13.08 years).

60.3 Other Long-term Employee Benefits

60.3.1 Earned Leave and Half Pay Leave

REC provides for earned leave benefit and half-pay leave benefit to the credit of the employees, which accrues on half-yearly basis at 15 days and 10 days respectively. A maximum of 300 days of earned leave can be accumulated at any point of time during the service, while there is no limit for accumulation of half pay leave. In case of RECPDCL, the Employees are entitled for Leave Encashment after completion of one year of service only and amount is paid in full, at the time of separation. The liability for the same is recognised on the basis of actuarial valuation. Total expenses amounting to ₹ 7.40 crore (Previous year ₹ 8.55 crore) have been made towards these employee benefits and debited to the Statement of Profit and Loss on the basis of actuarial valuation.

60.3.2 Other employee benefits

Expenses towards long service award and settlement allowance amounting to ₹ 1.43 crore (Previous year ₹ -0.41 crore) have been debited to the Statement of Profit and Loss on the basis of actuarial valuation.

In case of RECPDCL and RECTPCL, the Loyalty incentive to the employees is payable after completion of three years of continuous service only, except in case of separation due to death. The payment of dues to outgoing employee is released at the time of separation. Expenses amounting to ₹ 0.17 crore (Previous year ₹ 0.13 crore) have been debited to the Statement of Profit and Loss on the basis of actuarial valuation.

61 Status of Documentation Subsequent to Unbundling of SEBs

Some of the erstwhile State Electricity Boards (SEBs) against whom loans were outstanding or on whose behalf guarantees were given, were restructured by the respective State Governments and new entities were formed in the past. Consequently, the liabilities of the erstwhile SEBs stand transferred to new entities. However, transfer agreements in the case of Chhattisgarh State Electricity Board (CSEB) are yet to be executed amongst the Company, new entity and the State Government.

Agreements in case of erstwhile Tamil Nadu State Electricity Board (TNEB) have been executed based on the provisional provisions of the Tamil Nadu Electricity (Re-organisation and Reforms) Transfer Scheme, 2010. However further transfer agreements in this regard shall be executed, once finalized based on the discussion with the Tamilnadu utilities.

Status of Documentation Subsequent to Reorganisation of the State of Andhra Pradesh

Subsequent to the reorganisation of erstwhile State of Andhra Pradesh, the state of Telangana has been formed on 2 June 2014. However, the assets and liabilities are yet to be transferred to the respective power utilities through a formal Gazette Notification.

Status of Documentation is as under:

(i) Where ever the loans have been sanctioned to erstwhile APCPDCL, APNPDCL and APGENCO prior to bifurcation and documentation has not been done, these schemes have been re-sanctioned in the name of newly formed utilities and documentation formalities completed and accordingly the charge has been registered with the Ministry of Corporate Affairs (MCA).

(ii) Where ever the loans sanctioned in the name of erstwhile APCPDCL, APNPDCL prior to bifurcation and documentation formalities completed and drawls have been made, in these schemes an undertaking has been obtained from the name changed / newly formed utility and disbursements have been made to the newly formed utility by changing the name of the borrower in the name of new / name changed utility.

(iii) Where ever the Loan is sanctioned in the name of erstwhile APCPDCL, APNPDCL prior to bifurcation and documentation formalities completed with Government Guarantee and drawls have been made, further documentation for these schemes shall be done on Gazette Notification.

(iv) Once the final transfer scheme is notified through Gazette Notification by Govt, duly indicating the transfer of assets and liabilities among the power utilities, action for execution of documentation formalities will be taken up in respect of all the outstanding loans with the new / name changed utilities. Till that time, the demand for payment of interest / principal is being segregated by the Utilities and the respective portions are being paid by Utilities in Telangana and Andhra Pradesh.

62 The Company's operations comprise of only one business segment - lending loans to power sector companies engaged in construction of power plants and in generation, supply, distribution and transmission of electricity: in the context of reporting business/ geographical segment as required by Ind AS 108 - Operating Segments. Based on "management approach" as defined in Ind AS 108 Operating Segments, the Chief Operating Decision Maker evaluates the Company's performance based on analysis of various factors of one business segment.

62.1 Information about Revenue from major products and services

(₹ in Crores)

	Particulars	FY 2018-19	FY 2017-18
(A)	Income from Loan Assets	24,869.97	21,908.17
(B)	Fee for Implementation of Govt. Schemes	83.02	187.79
(C)	Income from Management of Short-term Surplus Funds	55.48	88.76
(D)	Revenue from sale of services	169.93	227.05
	Total	**25,178.40**	**22,411.77**

62.2 The Group does not have any reportable geographical segment as the primary operations of the Group are carried out within the country.

62.3 No single borrower has contributed 10% or more to the Group's revenue during the financial year 2018-19 and 2017-18.

63 First time adoption of Ind AS

These financial statements, for the year ended March 31, 2019, are the first financial statements the Company has prepared in accordance with Ind AS. For periods up to and including the year ended March 31, 2018, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP or previous GAAP).

Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for periods ending on March 31, 2019, together with the comparative period data as at and for the year ended March 31, 2018, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening balance sheet was prepared as at 1 April 2017, the Company's date of transition to Ind AS. This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements, including the balance sheet as at 1 April 2017 and the financial statements as at and for the year ended March 31, 2018.

63.1 Ind AS optional exemptions

Deemed cost for property, plant and equipment, investment property and intangible assets

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the Previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities. This exemption can also be used for intangible assets covered by Ind AS 38 Intangible Assets and investment property covered by Ind AS 40 Investment Property. Accordingly, the Group has elected to measure all of its property, plant and equipment, intangible assets and investment property at their Previous GAAP carrying value.

Designation of previously recognised financial instruments

Ind AS 101 allows an entity to designate investments in equity instruments at FVOCI on the basis of the facts and circumstances at the date of transition to Ind AS. The Company has elected to apply this exemption for its investment in equity investments.

Amortisation of Exchange Differences on Existing Long Term Foreign Currency Monetary Items

The Company has availed the exemption to continue the policy as per the previous GAAP with respect to amortization of the exchange differences arising from translation of long-term foreign currency monetary items recognised in the financial statements up to 31.03.2018

63.2 Ind AS mandatory exceptions

(i) Estimates

An entity's estimates in accordance with Ind ASs at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with Previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

Ind AS estimates as at 1 April 2017 are consistent with the estimates as at the same date made in conformity with Previous GAAP. The Company made estimates for impairment of financial assets based on expected credit loss model in accordance with Ind AS at the date of transition as these were not required under Previous GAAP.

(ii) Classification and measurement of financial assets and liabilities

The classification and measurement of financial assets will be made considering whether the conditions as per Ind AS 109 are met based on facts and circumstances existing at the date of transition.

Financial assets can be measured using effective interest method by assessing its contractual cash flow characteristics only on the basis of facts and circumstances existing at the date of transition and if it is impracticable to assess the use of effective interest method, fair value of financial asset at the date of transition shall be the new carrying amount of that asset. The measurement exemption applies for financial liabilities as well.

(iii) Impairment of financial assets

At the date of transition to Ind AS, determining whether there has been a significant increase in credit risk since the initial recognition of a financial instrument would require undue cost or effort, the Company has recognised a loss allowance at an amount equal to lifetime expected credit losses at each reporting date until that financial instrument is derecognised.

(iv) De-recognition of financial assets and liabilities

Ind AS 101 requires a first-time adopter to apply the de-recognition provisions of Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS. However, Ind AS 101 allows a first-time adopter to apply the de-recognition requirements in Ind AS 109 retrospectively from a date of the entity's choosing, provided that the information needed to apply Ind AS 109 to financial assets and financial liabilities derecognised as a result of past transactions was obtained at the time of initially accounting for those transactions. The Company has elected to apply the de-recognition provisions of Ind AS 109 prospectively from the date of transition to Ind AS.

63.3 Reconciliations between Previous GAAP and Ind AS

Ind AS 101 requires an entity to reconcile equity, total comprehensive income and cash flows for prior periods. The following tables represent the reconciliations from Previous GAAP to Ind AS.

Reconciliation of total equity as at March 31, 2018

(₹ in Crores)

Description	Notes to First time adoption	As at 31.03.2018	As at 01.04.2017
Total equity (shareholder's funds) as per Previous GAAP		**35,872.30**	**33,670.56**
Adjustments:			
Measurement of financial assets initially at fair value and subsequently at amortised cost	Note – 1	(71.32)	(109.02)
Measurement of financial liabilities initially at fair value and subsequently at amortised cost	Note – 2	248.07	332.23
Measurement of Investments at fair value	Note – 3	239.71	201.82
Recognition of Expected Credit Loss on loan assets	Note – 4	(6,441.51)	(5,533.58)
Measurement of Derivatives at Mark to market	Note – 6	(178.21)	71.50
Share of change in undistributed reserves of JV due to Ind-AS adjustments	Note – 7	3.48	0.20
Deferred tax impact on undistributed reserves of subsidiaries and JVs	Note – 5	(76.95)	(65.87)
Other Miscellaneous Adjustments		9.32	2.69
Prior period items (net)	Note – 8	(0.63)	(0.45)
Tax impact on accumulated impairment allowance in excess of Reserve for Bad & Doubtful Debts	Note – 5	2,979.61	2,272.18
Income tax effect of Ind AS adjustments	Note – 5	3.74	(32.83)
Total adjustments		**(3,284.69)**	**(2,861.13)**
Total equity as per Ind AS		**32,587.61**	**30,809.43**

Previous year figures have been reclassified/ regrouped to conform to the current classification.

Reconciliation of Total Comprehensive Income for the year ended March 31, 2018

(₹ in Crores)

Description	Notes to First time adoption	FY 2017-18
Profit after tax as per Previous GAAP		**4,689.46**
Adjustments:		
Measurement of financial assets initially at fair value and subsequently at amortised cost	Note 1	37.70
Measurement of financial liabilities initially at fair value and subsequently at amortised cost	Note 2	(84.16)
Allowance for Expected Credit Loss	Note 4	(878.51)
Measurement of Derivatives at Mark to market	Note 6	(59.06)
Share of change in profit of joint ventures as per equity method due to Ind-AS adjustment		1.47
Tax impact on undistributed reserves of subsidiaries and joint venture		(11.07)
Other Miscellaneous Adjustments	Note 5	12.96
Prior period items (net)		(0.18)
Total adjustments		**(980.85)**
Income tax effect of above adjustments	Note 5	34.48
Tax impact on accumulated impairment allowance in excess of Reserve for Bad & Doubtful Debts		707.43
Profit as per Ind AS for the year ended 31st March 2018		**4,450.52**
Other Comprehensive Income	Note 3	5.67
Total comprehensive income as per Ind AS for the year ended 31st March 2018		**4,456.19**

Previous year figures have been reclassified/ regrouped to conform to the current classification.

Impact of Ind AS adoption on the Statement of cash flows for the year ended 31st March 2018

(₹ in Crores)

Particulars	Per Previous GAAP	Ind AS adjustments*	Per Ind AS
Net cash flow from operating activities	(30,825.94)	(1,683.87)	(32,509.81)
Net cash flow from investing activities	(245.28)	291.16	45.88
Net cash flow from financing activities	28,622.23	(378.38)	28,243.85
Net increase in cash and cash equivalents	**(2,448.99)**	**(1,771.09)**	**(4,220.08)**
Cash and cash equivalents as at 1st April 2017	4,580.28	(111.77)	4,468.51
Cash and cash equivalents as at 31st March 2018	2,131.29	(1,882.86)	248.43

Previous year figures have been reclassified/ regrouped to conform to the current classification.

The transition from previous GAAP to Ind AS has not made a material impact on the statement of cash flows, except for the following:

(1) Earmarked bank balances are being classified as 'Other Bank Balances' instead of 'Cash & Cash Equivalents'. Accordingly, the bank balances in respect of grants are being adjusted under 'Cash Flow from Operating Activities'. To nullify the impact of the movement in such balances, the net cash flow from receipt and disbursement of grants, hitherto classified under 'Cash Flow From Financing Activities' is now being adjusted as 'Cash Flow from Operating Activities'.

(2) The interest accrued on term deposits is classified under the same head as that of the principal term deposit.

(3) The cash flow in respect of derivatives, hitherto classified as 'Cash Flow from Financing Activities' is now classified as 'Cash Flow from Operating Activities', considering the presentation under the Schedule III Division III notified for NBFCs wherein the fair value in changes of derivatives form part of 'Revenue from Operations'.

(4) Finance Costs, to the extent capitalised towards qualifying assets, are now being classified as 'Cash Flow from Investing Activities'.

Reconciliation of Assets and Liabilities in the balance sheet prepared as per Previous GAAP as on 31st March 2018 and 1st April 2017

(₹ in Crores)

	Particulars	Notes to first time adoption	As on 31st March 2018				As on 1st April 2017			
			Previous GAAP*	Adjustments on transition from proportionate consolidation to equity method	Adjustments on Transition to Ind-AS	Ind-AS Amount	Previous GAAP*	Adjustments on transition from proportionate consolidation to equity method	Adjustments on Transition to Ind-AS	Ind-AS Amount
	ASSETS									
(1)	**Financial Assets**									
(a)	Cash and cash equivalents		430.04	(181.59)	(0.02)	248.43	4,585.75	(117.22)	(0.02)	4,468.51
(b)	Other Bank Balances		1,946.84		-	1,946.84	72.98		-	72.98
(c)	Trade receivables		542.56	(373.28)	(35.52)	133.76	438.40	(274.68)	(32.39)	131.33
(d)	Derivative financial instruments	6	465.25		225.13	690.38	335.89		292.18	628.07
(e)	Loans	1	2,35,345.62		(6,467.37)	2,28,878.25	1,99,514.26		(5,579.74)	1,93,934.52
(f)	Investments	3	2,592.68	(57.14)	239.61	2,775.15	2,628.06	(0.60)	201.62	2,829.08
(g)	Other financial assets		4,385.89	(83.44)	(20.92)	4,281.53	120.95	(40.39)	(17.91)	62.65
	Total - Financial Assets (1)		**2,45,708.88**	**(695.45)**	**(6,059.09)**	**2,38,954.34**	**2,07,696.29**	**(432.89)**	**(5,136.26)**	**2,02,127.14**
(2)	**Non-Financial Assets**									
(a)	Inventories		102.48	(102.48)	-	-	51.18	(51.14)	-	0.04
(b)	Current tax assets (net)		34.09	(1.87)	-	32.22	50.40	(1.97)	-	48.43
(c)	Deferred tax assets (net)	5	(65.75)	(0.87)	2,909.05	2,842.43	(39.92)	0.56	2,173.48	2,134.12
(d)	Investment Property		0.01	-	-	0.01	0.01	-	-	0.01
(e)	Property, Plant & Equipment		424.14	(297.66)	0.11	126.59	354.13	(230.03)	0.13	124.23
(f)	Capital Work-in-Progress		530.07	(411.88)	9.04	127.23	164.13	(105.44)	2.72	61.41
(g)	Intangible Assets Under Development		1.46	-	-	1.46	1.46	-	-	1.46
(h)	Other Intangible Assets		10.16	(5.00)	-	5.16	0.74	(0.29)	-	0.45
(i)	Other non-financial assets		372.06	(15.98)	(256.07)	100.01	74.54	(17.01)	15.03	72.56
(j)	Investments accounted for using equity method		-	171.78	0.85	172.63	-	175.87	0.20	176.07
	Total - Non-Financial Assets (2)		**1,408.72**	**(663.96)**	**2,662.98**	**3,407.74**	**656.67**	**(229.45)**	**2,191.56**	**2,618.78**
(3)	**Assets classified as held for sale**		**-**		**7.68**	**7.68**	**-**		**3.08**	**3.08**
	Total ASSETS (1+2+3)		**2,47,117.60**	**(1,359.41)**	**(3,388.43)**	**2,42,369.76**	**2,08,352.96**	**(662.34)**	**(2,941.62)**	**2,04,749.00**

(₹ in Crores)

	Particulars	Notes to first time adoption	As on 31st March 2018				As on 1st April 2017			
			Previous GAAP*	Adjustments on transition from proportionate consolidation to equity method	Adjustments on Transition to Ind-AS	Ind-AS Amount	Previous GAAP*	Adjustments on transition from proportionate consolidation to equity method	Adjustments on Transition to Ind-AS	Ind-AS Amount
	LIABILITIES AND EQUITY									
	LIABILITIES									
(1)	**Financial Liabilities**									
(a)	Derivative financial instruments	6.00	-		317.75	317.75	-		354.46	354.46
(b)	Trade Payables				-				-	
	(i) total outstanding dues of MSMEs		387.57	(385.74)	-	1.83	117.92	(117.62)	-	0.30
	(ii) total outstanding dues of creditors other than MSMEs		61.08		0.23	61.31	42.46		0.43	42.89
(c)	Debt Securities	2.00	1,79,633.49	(404.30)	(161.34)	1,79,067.85	1,48,908.25	(158.55)	(98.74)	1,48,650.96
(d)	Borrowings (other than debt securities)	2.00	23,269.01	(367.77)	(269.82)	22,631.42	22,280.58	(214.43)	(365.98)	21,700.17
(e)	Subordinated Liabilities	2.00	2,668.38	-	(1.02)	2,667.36	2,668.38	-	(1.17)	2,667.21
(f)	Other financial liabilities		4,830.80	(128.04)	0.29	4,703.05	408.89	(148.81)	-	260.08
	Total - Financial Liabilities (1)		**2,10,850.33**	**(1,285.85)**	**(113.91)**	**2,09,450.57**	**1,74,426.48**	**(639.41)**	**(111.00)**	**1,73,676.07**
(2)	**Non-Financial Liabilities**									
(a)	Current tax liabilities (net)		0.40	-	0.11	0.51	0.55		-	0.55
(b)	Provisions	4.00	235.65	(15.07)	0.16	220.74	191.16	(0.86)	23.97	214.27
(c)	Other non-financial liabilities		127.53	(27.10)	9.90	110.33	64.21	(22.07)	6.54	48.68
	Total - Non-Financial Liabilities (2)		**363.58**	**(42.17)**	**10.17**	**331.58**	**255.92**	**(22.93)**	**30.51**	**263.50**
(3)	**EQUITY**									
(a)	Equity Share Capital		1,974.92	-	-	1,974.92	1,974.92	-	-	1,974.92
(b)	Other equity		33,897.38	-	(3,284.69)	30,612.69	31,695.64	-	(2,861.13)	28,834.51
	Total - Equity (4)		**35,872.30**	**-**	**(3,284.69)**	**32,587.61**	**33,670.56**	**-**	**(2,861.13)**	**30,809.43**
(4)	**Share Application Money pending Allotment**		31.39	**(31.39)**	-	-	-		-	-
	Total - LIABILITIES AND EQUITY (1+2+3+4)		**2,47,117.60**	**(1,359.41)**	**(3,388.43)**	**2,42,369.76**	**2,08,352.96**	**(662.34)**	**(2,941.62)**	**2,04,749.00**

Previous year figures have been reclassified/ regrouped to conform to the current classification.

Reconciliation of the income and expenses presented in the consolidated statement of profit and loss prepared as per Indian GAAP and as per Ind AS for FY 2017-18

	Particulars	Notes to first time adoption	Previous GAAP	Adjustments on transition from proportionate consolidation to equity method	Adjustments on Transition to Ind-AS	Ind-AS Amount
	Revenue from Operations					
(i)	Interest Income	1	22,056.62	(8.44)	50.13	22,098.31
(ii)	Dividend Income		26.85		-	26.85
(iii)	Fees and Commission Income	1	309.31		(9.92)	299.39
(iv)	Sale of services		678.78	(451.73)	-	227.05
I.	**Total Revenue from Operations (i to iv)**		**23,071.56**	**(460.17)**	**40.21**	**22,651.60**
II.	Other Income		16.40	(1.61)	-	14.79
III.	**Total Income (I+II)**		**23,087.96**	**(461.78)**	**40.21**	**22,666.39**
	Expenses					
(i)	Finance Costs	2	13,794.36	(30.18)	(431.24)	13,332.94
(ii)	Net translation/ transaction exchange loss	2	44.36	(2.98)	(22.01)	19.37
(iii)	Fees and commission Expense	2	75.38	(2.28)	(48.52)	24.58
(iv)	Net loss on fair value changes	6	(66.49)	-	639.86	573.37
(v)	Impairment on financial instruments	4	1,427.25	(5.23)	878.51	2,300.53
(vi)	Cost of services rendered		122.28		(2.48)	119.80
(vii)	Cost of material consumed		328.54	(320.59)	-	7.95
(viii)	Changes in inventories of finished goods and work-in-progress		(53.32)	53.36	-	0.04
(ix)	Employee Benefits Expenses		198.04	(12.70)	(1.30)	184.04
(x)	Depreciation and amortization		69.60	(62.71)	0.04	6.93
(xi)	Corporate Social Responsibility Expenses		50.94		-	50.94
(xii)	Other Expenses		155.80	(55.35)	(1.40)	99.05
IV.	**Total Expenses (i to xii)**		**16,146.74**	**(438.66)**	**1,011.46**	**16,719.54**
V.	**Share of Profit/Loss of Joint Venture accounted for using equity method**	7	-		10.67	**10.67**
VI.	**Profit before Tax (III-IV+V)**		**6,941.22**	**(23.12)**	**(960.58)**	**5,957.52**
VII.	**Tax Expense**					
(i)	Current tax		2,224.36	(13.76)	4.83	2,215.43
(ii)	Deferred Tax	5	27.40	(0.16)	(735.67)	(708.43)
	Total Tax Expense (i+ii)		**2,251.76**	**(13.92)**	**(730.84)**	**1,507.00**
VIII.	**Profit for the year**		**4,689.46**	**(9.20)**	**(229.74)**	**4,450.52**
IX.	**Other comprehensive Income/(Loss)**					
(i)	**Items that will not be reclassified to profit or loss**					
(a)	Re-measurement gains/(losses) on defined benefit plans		-		(6.34)	(6.34)
(b)	Changes in Fair Value of FVOCI Equity Instruments	3	-		8.48	8.48
(c)	Share of Other Comprehensive Income/ (loss) of Joint Venture accounted for using equity method	7	-		(0.03)	(0.03)
(d)	Income tax relating to these items		-		-	
	- Re-measurement gains/(losses) on defined benefit plans		-		2.20	2.20
	- Changes in Fair Value of FVOCI Equity Instruments		-		(0.10)	(0.10)
	Sub-Total (i)		**-**		**4.21**	**4.21**
(ii)	**Items that will be reclassified to profit or loss**					
	Share of Other Comprehensive Income/ (loss) of Joint Venture accounted for using equity method	7	-		1.46	1.46
	Sub-Total (ii)		**-**		**1.46**	**1.46**
	Other comprehensive Income/(Loss) for the period (i+ii)		**-**	**-**	**5.67**	**5.67**
X.	**Total comprehensive Income for the period (VIII+IX)**		**4,689.46**	**(9.20)**	**(224.07)**	**4,456.19**

Previous year figures have been reclassified/ regrouped to conform to the current classification.

63.4 Notes to First time adoption

Explanation of major impact on adoption on Ind AS on the reported standalone financial statements of the Company as on the date of transition is as under:

(1) Loan assets and interest income

The Company's loan assets, satisfying the business model test of held to collect contractual cash flows and SPPI (Solely Payment of Principal and Interest) test as on transition date, have been measured at amortized cost using effective interest rate (EIR) method. These loans were measured at cost under previous GAAP.

This adjustment of retrospective application of EIR method, has resulted in the reduction of retained earnings by ₹ 109.02 crore, with a corresponding reduction in value of loan assets as on transition date. Subsequent to the transition date, the impact on profit and loss for the year ended March 31, 2018 is ₹ 37.70 crores.

(2) Financial liabilities and interest expense

All financial liabilities except derivatives have been subsequently measured at Amortised Cost using the EIR method. The effect of the adjustments resulted in increase in retained earnings by ₹ 332.10 crore with corresponding reduction in the value of financial liabilities on transition date. Subsequent to the transition date, the impact on profit and loss for the year ended March 31, 2018 is ₹ 84.16 crore. The impact on profit and loss includes ₹ 1.14 crore due to effects of restatement of foreign exchange amounts.

(3) Investments

Under Ind AS, the Company has designated equity investments other than investments in subsidiaries/ JVs as measured at Fair Value through Other Comprehensive Income (FVOCI). The resulting fair value changes in these investments have been recognized in OCI reserve as at the date of transition and subsequently in other comprehensive income.

This has resulted in increase in retained earnings by ₹ 201.82 crore with corresponding increase in value of investments in equity instruments as at the date of transition. Subsequent to the transition date, the impact on 'Other Comprehensive Income' for the year ended March 31, 2018 is ₹ 37.89 crore.

(4) Expected Credit Loss

Under previous GAAP, the provision on loan assets was maintained as per RBI Master Directions. However, the Company is now creating Expected Credit Loss allowance on the outstanding balance of loan assets and the undisbursed Letters of Comfort (LOC) as per the requirements of Ind AS 109. The transition to ECL model has resulted in the reduction of retained earnings by ₹ 5,501.19 crore as at the date of transition. Subsequent to the transition date, the impact on profit and loss due to impairment of loan assets for the year ended March 31, 2018 is ₹ 904.79 crore.

(5) Deferred Taxes

Under previous GAAP, deferred tax accounting was done using the income statement approach. However, Ind AS requires the accounting of deferred taxes using the balance sheet approach, which includes identification of temporary differences based on the difference in carrying amount of an asset/ liability in the standalone balance sheet and its tax base. These differences have been suitably recognized in the financial statements. Deferred tax liability has also been created on temporaary difference between the carrying amount and tax base of investments in subsidiaries and joint ventures.

(6) Derivative Financial Instruments

Under Indian GAAP, the Company measured interest rate swap derivatives at mark to market and cross currency swap were measured at exchange rate on the reporting date through FCMITD A/c with gain/loss on restatement amortised over the remaining life of the instrument.

According to Ind AS 109, all derivatives are measured at fair value and any gains/losses, except gains/losses on derivatives used for hedge purposes, are recognized in profit or loss.

These adjustments and the consequential impact due to the adoption of Ind AS have resulted in a increase in the retained earnings by ₹ 95.97 crore as on April 1, 2017 and an increase in retained earnings by ₹ 155.02 crore as on March 31, 2018.

(7) Joint Venture accounted for using eqquity method

Share of unditributed reserves of joint venture has been accounted for as per numbers finalised under previous GAAP, in the financial statements of EESL. However, as the EESL has also transitioned to Ind-AS, therefore, the impact of Ind-AS adjustments has been taken into account in the consolidated financial statements. Further, the method of consolidation of Joint Venture has also been changed from proportionate consolidation method to equity method of accounting as per Ind-AS 28.

(8) Prior Period

Any material adjustments in the prior periods has been accounted for in the respective years as pe the principles of Ind-AS i.e. previous finnacial years has beeen restated.

64 Subsidiaries, joint venture and associates considered for consolidation

A. Wholly owned subsidiaries of the Company:

Name of entity	Place of business/ country of incorporation	Ownership interest held by the Group		
		As at 31-03-19	As at 31-03-18	As at 01-04-17
REC Transmission Projects Company Limited (RECTPCL)	India	100%	100%	100%
REC Power Distribution Company Limited (RECPDCL)	India	100%	100%	100%

B. Joint venture

Name of entity	Place of business/ country of incorporation	Ownership interest /Carrying Amount* held by the Group		
		As at 31-03-19	As at 31-03-18	As at 01-04-17
Energy Effiency Services Limited (EESL)*	India			
Ownership interest		21.70%	31.71%	31.71%
Carrying Amount**		179.63	172.63	176.07

** The financial statements for FY 2018-19 are un-audited and certifed by the management and have been considered for Consolidated Financial Statements of the Group. The figures appearing in the financial statements may change upon completion of the audit. Figures for FY 2018-19 have been prepared on standalone basis as per the information available till date. For FY 2017-18 and FY 2016-17, consolidated audited figures have been considered.*

** Quoted price of the investment is not available, as the equity shares of the Company are not listed on stock exchanges.

C. **Associates**

Name of entity	Place of business/ country of incorporation	Ownership interest		
		As at 31-03-19	As at 31-03-18	As at 01-04-17
WRSS-XXI (A) Transco Limited	India	100.00%		
Ajmer Phagi Transco Limited	India	100.00%		
Bhindguna Transmission Limited	India	100.00%		
Jam Khambaliya Transco Limited	India	100.00%		
Khetri Transco Limited	India	100.00%		
Lakadia Banaskantha Transco Limited	India	100.00%		
Udupi Kasargode Trans. Ltd.	India	100.00%		
Chandil Transmission Ltd	India	100.00%	100.00%	
Dumka Transmission Ltd.	India	100.00%	100.00%	
Koderma Transmission Ltd	India	100.00%	100.00%	
Mandar Transmission Ltd.	India	100.00%	100.00%	
Dinchang Transmission Limited	India	100.00%	100.00%	100.00%
Ghatampur Transmission Limited	India		100.00%	100.00%
ERSS XXI Transmission Limited	India			100.00%
WR-NR Power Transmission Limited	India			100.00%

Note: The above investments are managed as per the mandate from Government of India (GoI) and the Company does not have the practical ability to direct the relevant activities of these Companies unilaterally. The Company therefore, considers its investment in respective Companies as associates having significant influence despite the Company holding 100% of their paid-up equity share capital.

D **Joint venture accounted for using equity method**

Summarised financial position of EESL

(₹ in Crores)

Particulars	As at March 31, 2019 *	As at March 31, 2018	As at April 1, 2017
Financial assets			
Cash and cash equivalents	424.96	558.78	264.67
Bank balances other than above	335.76	68.58	57.67
Other financial assets	1,998.71	1,470.97	985.02
Sub-Total	**2,759.43**	**2,098.33**	**1,307.36**
Non Financial assets	4,104.94	3,370.81	1,269.11
Total assets	**6,864.37**	**5,469.14**	**2,576.47**
Financial Liabilities	5,686.62	4,686.89	1,859.04
Non Financial Liabilities	348.67	92.18	162.18
Total liabilities	**6,035.29**	**4,779.07**	**2,021.22**
Net assets	**829.08**	**690.07**	**555.25**

** Based on unaudited standalone financial position of the joint venture*

Summarised financial performance of EESL

Particulars	For the year ended March 31, 2019 *	For the year ended March 31, 2018
A. Income		
Revenue from operations	1,829.27	1,427.82
Other income	93.82	55.22
Total (A)	**1,923.09**	**1,483.04**
B. Expenses		
Finance costs	187.84	135.24
Depreciation, amortization and impairment	331.49	133.61
Purchasae of stock-in-trade	939.48	1,065.38
Change in inventories	25.41	(145.29)
Other expenses	296.03	230.15
Total (B)	**1,780.25**	**1,419.09**
C. Share of net profits/(losses) of joint ventures accounted for using equity method	**-**	**(1.68)**
D. Profit before tax (A-B+C)	**142.84**	**62.27**
E. Tax Expense	59.01	28.35
F. Profit for the period (C-D)	**83.83**	**33.92**
G. Other comprehensive income/ (Loss)	(0.22)	4.51
H.Total comprehensive income (F+G)	**83.61**	**38.43**
Dividends received from EESL	2.39	12.92

** Based on unaudited standalone financial performance of the joint venture*

Reconciliation to carrying amount of Energy Efficient Services Limited:

Particulars	For the year ended March 31, 2019 *	For the year ended March 31, 2018
Opening net assets	**690.07**	**555.25**
Share application money - adjusted	(99.00)	
Increase in Share capital	213.20	
Profit for the year	83.83	33.92
Other comprehensive income(net of taxes)*	(0.22)	4.51
Add: Share application pending allotment	0.00	99.00
Less: Transaction cost arising on issue of equity shares, net of tax		(0.25)
Less: Dividend distributed	(11.03)	(40.75)
Less: Dividend distribution tax	(2.27)	(8.29)
Add: Non-Controlling interest	0.00	46.68
Closing net assets	**874.58**	**690.07**

**Movement for the FY 2018-19 has been made considering the unaudited standalone financial statements.*

Change in carrying amount of investments in EESL

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Group share %	21.70%	31.71%	31.71%
Group's share in Networth	189.76	218.82	176.07
Less: Reductions on account of			
Share application money pending allotment (by the other JV partners)		(31.39)	-
Non-Controlling interest in the consolidated financial statements of EESL	(10.13)	(14.80)	
Carrying amount of investment in financial statements	179.63	172.63	176.07

Contingent liabilities of EESL

	Particulars	As at March 31, 2018	As at April 1, 2017
(A)	**Claims against the Company not acknowledged as debts**	59.49	71.83
(B)	**Taxation Demands**		
(C)	**Others**		
	- Letters of Credit	54.07	48.00
	- Bank Guarantees	166.35	0.19
	Total Contingent Liabilities	**279.91**	**120.02**
	Share of joint venture's contingent liabilities incurred jointly with other investors	**88.76**	**38.06**

Note: Details of Contingent Liability of EESL as on 31.03.2019 not available and hence not presented in the table above

65 Disclosures in respect of Entities Consolidated as required under Schedule III to the Companies Act, 2013

65.1 Share in Net Assets i.e. Total Assets minus Total Liabilities

(₹ in Crores)

Name of the Entity	As at 31.03.2019		As at 31.03.2018		As at 01.04.2017	
	As % of Consolidated Net Assets	Amount	As % of Consolidated Net Assets	Amount	As % of Consolidated Net Assets	Amount
Parent						
REC Limited	99.30%	34,302.94	99.13%	32,303.15	99.16%	30,551.76
Subsidiaries - Indian						
REC Power Distribution Company Limited	0.45%	155.73	0.48%	156.58	0.44%	136.21
REC Transmission Projects Company Limited	0.34%	118.45	0.54%	176.17	0.51%	157.86
Joint Venture - Indian						
Energy Efficiency Services Limited	0.52%	179.63	0.53%	172.63	0.57%	176.07
Associates - Indian						
WRSS-XXI (A) Transco Limited						
Ajmer Phagi Transco Limited	0.00%	0.05	-	-	-	-
Bhindguna Transmission Limited	0.00%	0.05	-	-	-	-
Jam Khambaliya Transco Limited	0.00%	0.05	-	-	-	-
Khetri Transco Limited	0.00%	0.05	-	-	-	-
Lakadia Banaskantha Transco Limited	0.00%	0.05	-	-	-	-
Udupi Kasargode Trans. Ltd.	0.00%	0.05	-	-	-	-
Chandil Transmission Ltd	0.00%	0.05	-	-	-	-
Dumka Transmission Ltd.	0.00%	0.05	-	-	-	-
Koderma Transmission Ltd	0.00%	0.05	-	-	-	-
Mandar Transmission Ltd.	0.00%	0.05	-	-	-	-
Dinchang Transmission Limited	-	-	0.00%	0.05	0.00%	0.05
Ghatampur Transmission Limited	-	-	0.00%	0.05	0.00%	0.05
ERSS XXI Transmission Limited	-	-	-	-	0.00%	0.05
WR-NR Power Transmission Limited	-	-	-	-	0.00%	0.05
Adjustments or eliminations effect	-0.61%	**(210.91)**	-0.68%	**(221.02)**	-0.69%	**(212.67)**
Total	100.00%	**34,546.34**	100.00%	**32,587.61**	100.00%	**30,809.43**

Share in profit and loss

(₹ in Crores)

Name of the Entity	Year ended 31.03.2019		Year ended 31.03.2018	
	As % of Consolidated Net Profit	Amount	As % of Consolidated Net Profit	Amount
Parent				
REC Limited	100.39%	5,763.72	99.31%	4,419.89
Subsidiaries - Indian				
REC Power Distribution Company Limited	0.46%	26.34	0.79%	34.94
REC Transmission Projects Company Limited	0.43%	24.60	0.78%	34.92
Joint Venture - Indian				
Energy Efficiency Services Limited	0.17%	9.95	0.24%	10.67
Adjustments or eliminations effect	-1.45%	(83.23)	-1.12%	(49.90)
Total	**100.00%**	**5,741.38**	**100.00%**	**4,450.52**

Share in Other Comprehensive Income

(₹ in Crores)

Name of the Entity	Year ended 31.03.2019		Year ended 31.03.2018	
	As % of Consolidated Other Comprehensive Income	Amount	As % of Consolidated Other Comprehensive Income	Amount
Parent				
REC Limited	99.92%	(60.54)	74.78%	4.24
Subsidiaries - Indian				
REC Power Distribution Company Limited	0.00%	-	0.00%	-
REC Transmission Projects Company Limited	0.00%	-	0.00%	-
Joint Venture - Indian				
Energy Efficiency Services Limited	0.08%	(0.05)	25.22%	1.43
Total	**100.00%**	**(60.59)**	**100.00%**	**5.67**

Share in Total Comprehensive Income

(₹ in Crores)

Name of the Entity	Year ended 31.03.2019		Year ended 31.03.2018	
	As % of Consolidated Total Comprehensive Income	Amount	As % of Consolidated Total Comprehensive Income	Amount
Parent				
REC Limited	100.39%	5,703.18	99.41%	4,424.13
Subsidiaries - Indian				
REC Power Distribution Company Limited	0.46%	26.34	0.79%	34.94
REC Transmission Projects Company Limited	0.43%	24.60	0.78%	34.92
Joint Venture - Indian				
Energy Efficiency Services Limited	0.17%	9.90	0.27%	12.10
Adjustments or eliminations effect	-1.47%	(83.23)	-1.12%	(49.90)
Total	**100.00%**	**5,680.79**	**100.00%**	**4,456.19**

66 Amounts expected to be recovered/ settled within 12 months and beyond for each line item under asset and liabilities

(₹ in Crores)

	Particulars	As at 31.03.2019		As at 31.03.2018		As at 01.04.2017	
		Within 12 months	More than 12 months	Within 12 months	More than 12 months	Within 12 months	More than 12 months
	ASSETS						
(1)	**Financial Assets**						
(a)	Cash and cash equivalents	381.99	-	248.43	-	4,468.51	-
(b)	Other Bank Balances	1,733.08	-	1,946.84	-	70.93	2.05
(c)	Trade receivables	137.72	-	133.76	-	131.33	-
(d)	Derivative financial instruments	325.46	1,477.12	128.89	561.49	13.10	614.97
(e)	Loans	27,977.30	2,42,473.62	27,123.95	2,01,754.30	20,704.62	1,73,229.90
(f)	Investments	102.19	2,180.94	475.41	2,299.74	445.56	2,383.52
(g)	Other financial assets	535.61	17,828.38	280.59	4,000.94	61.40	1.25
	Total - Financial Assets (1)	**31,193.35**	**2,63,960.06**	**30,337.87**	**2,08,616.47**	**25,895.45**	**1,76,231.69**
(2)	**Non-Financial Assets**						
(a)	Inventories	-	-	-	-	0.04	-
(b)	Current tax assets (net)	1.45	291.72	- 0.00	32.22	-	48.43
(c)	Deferred tax assets (net)	10.25	2,295.68	3.78	2,838.65	0.01	2,134.11
(d)	Investment Property	-	0.01	-	0.01	-	0.01
(e)	Property, Plant & Equipment	-	156.63	-	126.59	-	124.23
(f)	Capital Work-in-Progress	-	196.94	-	127.23	-	61.41
(g)	Intangible Assets Under Development	-	1.59	-	1.46	-	1.46
(h)	Other Intangible Assets	-	8.55	-	5.16	-	0.45
(i)	Other non-financial assets	112.64	35.77	53.90	46.11	31.20	41.36
(j)	Investments accounted for using equity method	-	179.63	-	172.63	-	176.07
	Total - Non-Financial Assets (2)	**124.34**	**3,166.52**	**57.68**	**3,350.06**	**31.25**	**2,587.53**
(3)	**Assets classified as held for sale**	**9.56**	**-**	**7.68**	**-**	**3.08**	
	Total ASSETS (1+2+3)	**31,327.25**	**2,67,126.58**	**30,403.23**	**2,11,966.53**	**25,929.78**	**1,78,819.22**
	LIABILITIES						
(1)	**Financial Liabilities**						
(a)	Derivative financial instruments	35.69	123.71	59.67	258.08	85.86	268.60
(b)	Trade Payables						
	(i) total outstanding dues of MSMEs	2.65	-	1.83	-	0.30	-
	(ii) total outstanding dues of creditors other than MSMEs	64.64	-	61.31	-	42.89	-
(c)	Debt Securities	41,345.10	1,51,422.41	33,345.78	1,45,722.07	21,877.13	1,26,773.83
(d)	Borrowings (other than debt securities)	7,202.91	39,459.63	10,289.52	12,341.90	1,901.38	19,798.79
(e)	Subordinated Liabilities	169.96	4,648.80	168.38	2,498.98	168.38	2,498.83
(f)	Other financial liabilities	1,399.83	17,827.24	703.05	4,000.00	260.08	-
	Total - Financial Liabilities (1)	**50,220.78**	**2,13,481.79**	**44,629.54**	**1,64,821.03**	**24,336.02**	**1,49,340.05**
(2)	**Non-Financial Liabilities**						
(a)	Current tax liabilities (net)	-	-	0.51	-	0.55	-
(b)	Provisions	60.15	40.09	78.25	142.49	58.94	155.33
(c)	Other non-financial liabilities	104.60	-	88.34	21.99	48.68	-
	Total - Non-Financial Liabilities (2)	**164.75**	**40.09**	**167.10**	**164.48**	**108.17**	**155.33**
(3)	**Liabilities directly associated with assets classified as held for sale**	**0.08**	**-**	**-**	**-**	**-**	**-**
	Total LIABILITIES (1+2+3)	**50,385.61**	**2,13,521.88**	**44,796.64**	**1,64,985.51**	**24,444.19**	**1,49,495.38**

Previous year figures have been reclassified/ regrouped to conform to the current classification.

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Statement of Accounting Ratios - Consolidated

Particulars	As at / For the year ended 31-03-2019	As at / For the year ended 31-03-2018
Basic and Diluted Earnings per share (₹) (Annualised)	**29.07**	**22.54**
[Net Profit after Tax/ Weighted average number of equity shares outstanding during the year]		
(a) Net Profit after Tax	5,741.38	4,450.52
b) Weighted average number of equity shares outstanding during the year	1,97,49,18,000	1,97,49,18,000
Return on Average Net Worth (%) (Annualised)	**17.10%**	**14.04%**
[Net Profit after Tax/ Average Net Worth X 100]		
(a) Net Profit after Tax	5,741.38	4,450.52
(b) Net Worth (Shareholders' Funds)	34,546.34	32,587.61
(b) Average Net Worth	33,566.98	31,698.52
Net Asset Value per share (₹)	**174.93**	**165.01**
[Net Worth/ Number of equity shares as at the end of the period]		
(a) Net Worth (Shareholders' Funds)	34,546.34	32,587.61
(b) Number of equity shares as at the end of the period	1,97,49,18,000	1,97,49,18,000
Debt To Equity Ratio (Times)	**6.92**	**6.10**
(Total Debt/ Net Worth)		
(a) Total debt (Outstanding Principal)	2,39,215.90	1,98,721.04
(b) Net Worth (Shareholders' Funds)	34,546.34	32,587.61
Long Term Debt to Eauity Ratio	**6.60**	**5.93**
(Long Term Debt/ Net Worth)		
(a) Long term debt (Outstanding Principal)	2,27,851.51	1,93,194.50
(b) Net Worth (Shareholders' Funds)	34,546.34	32,587.61

Statement of Dividend - Consolidated

Particulars	For the year ended 31-03-2019	For the year ended 31-03-2018
Equity Share Capital (As at Period End)	**1,974.92**	**1,974.92**
Amount of Dividend		
Interim Dividend	2,172.41	1,461.44
Final Dividend	-	345.61
Total	**2,172.41**	**1,807.05**
Rate of Dividend (Amount of Dividend/Equity Share Capital)	**110.00%**	**91.50%**
Corporate Dividend Tax	**445.49**	**376.79**

Capitalization statement - Consolidated

Particulars	As at 31-03-2019	As at 31-03-2018
Debt		
Short Term Debt (Outstanding Principal)*	11,364.39	5,526.54
Long Term Debt (Outstanding Principal)	2,27,851.51	1,93,194.50
Total Debt (A)	**2,39,215.90**	**1,98,721.04**
Shareholders' Funds		
Share Capital	1,974.92	1,974.92
Reserves & Surplus	32,571.42	30,612.69
Total Shareholders'Funds (B)	**34,546.34**	**32,587.61**
Long Term Debt to Equity Ratio	**6.60**	**5.93**
(Long Term Debt (Outstanding Principal) / Shareholders'Funds)		
Debt To Equity Ratio	**6.92**	**6.10**
(Total Debt (Outstanding Principal)/ Shareholders'Funds)		

* Short term debt includes Cash Credits, Commercial Paper and Other Short term Loan from Banks/FI.

S.K. Mittal & Co.
Chartered Accountants
E-29, South Extension Part-II
New Delhi - 110049

O.P. Bagla & Co. LLP
Chartered Accountants
8/12, Kalkaji Extension
New Delhi – 110019

EXAMINATION REPORT ON REFORMATTED STANDALONE FINANCIAL INFORMATION

Date: 16th October, 2019

To,
The Board of Directors
REC Limited
Core 4, SCOPE Complex,
7 Lodi Road,
New Delhi - 110 003
India

Dear Sir,

Sub: Proposed public issue of secured, rated, listed, redeemable, non-convertible debentures ("NCDs") of face value of ₹1,000 (Rupees One Thousand) each aggregating up to ₹10,000 crores (Rupees Ten Thousand Crores only) by REC Limited (Formerly known as Rural Electrification Corporation Limited) ("Company") in one of more tranches from time to time ("Issue")

1. The Board of Directors have approved the accompanying Reformatted Standalone Financial Information of the Company as at and for the years ended on March 31, 2018, 2017, 2016, and 2015 comprising of Reformatted Standalone Statement of Assets and Liabilities, Reformatted Standalone Statement of Profit and Loss, Reformatted Standalone Cash Flow Statement as on and for the years ended March 31, 2018, 2017, 2016 and 2015, the Summary Statement of Significant Accounting Policies and Notes to Accounts, (collectively referred to as "**Reformatted Standalone Financial Information** ") annexed to this report, In accordance with the requirements of:

   (a) Section 26 of Part I of Chapter Ill of the Companies Act, 2013 ("**the Act**");

   (b) the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008, as amended from time to time ("**SEBI Regulations**"), issued by the Securities and Exchange Board of India, in pursuance of the Securities and Exchange Board of India Act, 1992.

   (a) the Guidance Note issued by the Institute of Chartered Accountants of India (**"ICAI"**), as amended from time to time (the "**Guidance Note**").

   to be included in the Draft Shelf Prospectus and Shelf Prospectus (hereinafter collectively referred to as the "**Prospectuses**"), in connection with the proposed public issue of NCDs by the Company.

2. These Reformatted Standalone Financial Information have been compiled by the Management from the audited Standalone Financial Statements of the Company as at and for the years ended March 31, 2018, 2017, 2016, and 2015 prepared in accordance with Indian Accounting principles generally accepted in India (IGAAP) as prescribed under Section 133 of the Act, read with relevant rules thereunder which have been approved by the Board of Directors.

3. We have examined the Standalone Financial Information under IGAAP as stated in para 1 & 2 above.

4. Based on our examination and according to the information and explanation given to us, we report that, the Reformatted Standalone Financial Information and other Standalone Financial Information of the Group mentioned above, as at and for the years ended March 31, 2018, 2017, 2016, and 2015 have been prepared in accordance with Section 26 of the Act and the SEBI Regulations and the Guidance Notes. We further state that:

The information in the Reformatted Financial Information has been extracted from the Audited Financial Statements as follows-

- For the FY 2017-18, based on the Audited Financial Statements for FY 2017-18
- For the FYs 2016-17, 2015-16, and 2014-15, based on the Audited Financial Statements for the immediate succeeding years respectively

5. We have complied with the relevant applicable requirement of the Standard on Quality Control (SQC) l; Quality Control for the Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Service Engagements

6. This report should not, in any way, be construed as a re -Issuance or re-dating of any of the previous audit reports, nor should this be construed as a new opinion on any of the financial statements/ information referred to herein.

7. Since we have not Audited any of the Financial Statements of the Company for any of the period(s), prior to the date of issue of this letter, thus, we have relied upon the audit report and financial statements duly audited by the then statutory Auditors appointed by C&AG. The data in the "Standalone Financial Information" has been extracted from the Audited Financial Statements of the Company, duly audited by the then Statutory Auditors of the Company appointed by C&AG.

8. For the purpose of our examination we have relied on:

(a) Auditors' report issued by M/s. A.R. & Co., Chartered Accountants & M/s. G.S. Mathur & Co., Chartered Accountants, dated May 28th, 2018 on the Standalone Financial Statements of the Company as at and for the year ended March 31, 2018 as referred in paragraph 4 above;

(b) Auditors' report issued by M/s. Raj Har Gopal & Co. Chartered Accountants & M/s. A.R. & Co., Chartered Accountants, dated July 17th, 2017 and May 27th, 2016 on the

S. K. MITTAL & Co. New Delhi CHARTERED ACCOUNTANTS

O P BAGLA & CO LLP FRN: 000018N/N500091 New Delhi Chartered Accountants

Standalone Financial Statements of the Group as at and for the year ended March 31, 2017 and 2016 as referred in paragraph 4 above.

(c) Auditors' report issued by M/s. Raj Har Gopal & Co., Chartered Accountants & M/s. P. K Chopra & Co., Chartered Accountants, dated July 27th, 2015 on the Standalone Financial Statements of the Group as at and for the year ended March 31, 2015 as referred in paragraph 4 above.

9. There is no qualification in the Auditor's report on the financial statements for the year ended 31st March, 2018, 2017, 2016 and 2015. However, there are observations / Emphasis of Matter in the annexure to the Auditor's reports which have been included in Annexure – A. These observations do not have any quantifiable impact on the Standalone Reformatted Financial Information.

10. The Company's Board of Directors is responsible for preparation of the Reformatted Standalone Financial Information for the purpose of inclusion in the Prospectuses to be filed with Securities and Exchange Board of India, Stock Exchanges and Registrar of Companies, National Capital Territory of Delhi and Haryana in connection with the proposed public issue of NCDs. The Board of Directors' responsibility includes designing, implementing and maintaining adequate internal control relevant to the preparation and presentation of the Reformatted Standalone Financial Information. The Board of Directors is also responsible for identifying and ensuring that the Company complies with the Act, including any rules passed in pursuance thereof, Guidance Note and SEBI regulations.

11. We have examined such Reformatted Standalone Financial Information taking into consideration:

(a) The term of reference and terms of our engagement agreed upon with you in accordance with our engagement letter dated 03rd August 2019 in connection with the proposed Issue of NCDs of the Company;

(b) The Guidance Note. The Guidance Note also requires that *we* comply with the ethical requirements of the Code of Ethics issued by the ICAI;

(c) Concepts of tests checks and materiality to obtain reasonable assurance based on verification of evidence supporting the Reformatted Standalone Financial Statements under IGAAP; and

(d) The requirements of Section 26 of the Act and SEBI Regulations. Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the Act, the Regulations and the Guidance Note in connection with the proposed public issue of NCDs.

12. We have no responsibility to update our report for events and circumstances occurring after the date of this report.

S. K. MITTAL & Co. New Delhi CHARTERED ACCOUNTANTS

O P BAGLA & CO LLP FRN: 000018N/N500091 New Delhi Chartered Accountants

13. At the Company's request, we have also examined the following other Standalone financial information of the Company as at and for the years ended on March 31, 2018, 2017, 2016 and 2015 (Collectively referred to as "**Other Standalone Financial Information**") proposed to be included in the Prospectuses as approved by the Board of Directors or any other Committee thereto, annexed to this report:

I. Statements of Accounting Ratios(Standalone), as at and for the financial years ended March 31, 2018, 2017, 2016 and 2015

II. Statement of Dividends(Standalone), for the financial years ended March 31, 2018, 2017, 2016, and 2015

III. Capitalization Statement(Standalone), as at years ended March 31, 2018, 2017, 2016, and 2015

14. Restriction of use

Our report is intended solely for the use of Board of Directors for inclusion in the Prospectuses to be filed by the Company with the Stock Exchanges, the Securities and Exchange Board of India, and Registrar of Companies, National Capital Territory of Delhi and Haryana in connection with the Proposed Public Issue of NCDs and is not to be used, referred to or distributed for any other purpose without our prior written consent. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come without our prior consent in writing.

M/s S.K. Mittal & Co. Chartered Accountants, ICAI Firm Registration: 001135N	**M/s O.P. Bagla & Co. LLP.** Chartered Accountants, ICAI Firm Registration: 000018N/N500091
Signature S.K. MITTAL & Co. New Delhi CHARTERED ACCOUNTANTS	Signature O.P. BAGLA & CO LLP FRN: 000018N/N500091 New Delhi Chartered Accountants
Name: Gaurav Mittal Designation: Partner Membership Number: 099387 Date: 16 October 2019 UDIN: 19099387AAAADE4466	Name: Rakesh Kumar Designation: Partner Membership Number: 087537 Date: 16 October 2019 UDIN: 19087537AAAADU1832

Cc to-

1) Lead Managers to the issue

ANNEXURE A (STANDALONE)

Observation for the year ended on 31st March 2018:

In our opinion, the Company has, in all material aspects, an adequate internal financial controls system, except (i) improvement in ERP system relating to determination of non-performing assets, revalidation of the sanctions of loans and recording of non entertaining/rejection/disposal of applications of the loans, (ii) strengthening of procedures for monitoring of utilization of funds disbursed to the borrowers, (iii) procedure for processing of the claims of service providers, (iv) rotation of duties amongst staff as per HR Policy to be implemented in letter and spirit, over financial reporting and such internal financial controls over financial reporting were operating effectively as of 31st March 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

Observation for the year ended on 31st March 2017:

In our opinion, the Company has, in all material aspects, an adequate internal financial controls system, except (i) improvement in ERP system relating to classification of loans & advances as secured or unsecured, determination of non-performing assets in the ERP system, shift in the moratorium period due to structuring/restructuring, revalidation of the sanctions of loans and recording of non-entertaining/rejection/disposal of applications of the loans, (ii) strengthening of procedures for monitoring of utilization of funds disbursed to the borrowers, (iii) procedure for processing of the claims of travel agent, over financial reporting and such internal financial controls over financial reporting were operating effectively as of 31 March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

Observation for the year ended on 31st March 2016:

In our opinion, the Company has, in all material aspects, an adequate internal financial controls system except improvement in ERP system relating to classification of loans & advances as secured or unsecured, determination of non-performing assets in the ERP system, shift in the moratorium period due to structuring/restructuring, revalidation of the sanctions of loans and recording of non-entertaining/rejection/ disposal of applications of the loans and time frame for furnishing replies of Internal audit reports by concerned offices, over financial reporting and such internal financial controls over financial reporting were operating effectively as of March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

S. K. MITTAL & Co. New Delhi CHARTERED ACCOUNTANTS

O P BAGLA & CO LLP FRN: 000018N/N500091 New Delhi Chartered Accountants

Emphasis of Matter

We draw attention to the following matter in the notes to the financial statements:-
(a) Note No. 11.2.7 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.

"As at 31st March 2016, the dues of one of the borrowers amounting to Rs. 366.30 Crores 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 and the classification of the borrower has been retained as 'Standard Asset' pending final decision of the Court. Accordingly, 10% provision as applicable for sub-standard loans on the loan outstanding Rs.1,875.71 Crores has not been created and interest income of Rs. 366.30 Crores has also been recognized on accrual basis in accordance with the accounting policy of the Company for recognition of income on standard assets. However, since the account is currently into Restructured Standard Loan Assets category, a provision of 5% amounting to Rs. 93.79 Crores has been created in full in respect of the loan as against creating the same in phased manner in accordance with Significant Accounting Policy 2.3(iv)." Our opinion is not modified in respect of above matter.

Observation for the year ended on 31st March 2015:
In our opinion and according to information & explanations given to us, internal controls for purchase of fixed assets and for the financial services are generally commensurate with the size of the Company and the nature of its business. However, in certain areas internal control needs further strengthening like monitoring and supervision of loans given to various SEBs/ DISCOMS/ TRANSCOS/ GENCOS including obtaining search reports for charges created against the loans given and physical verification of assets charged to REC as security after Commercial Operations Date. During the course of audit, we have not come across any major failure in internal control system.

Annexure I

STANDALONE REFORMATTED STATEMENT OF ASSETS AND LIABILITIES

(₹ in Crores)

	Particulars	Note No	As at 31.03.2018	As at 31.03.2017	As at 31.03.2016	As at 31.03.2015
I.	**EQUITY AND LIABILITIES**					
(1)	**Shareholders' Funds**					
	(a) Share Capital	A	1,974.92	1,974.92	987.46	987.46
	(b) Reserves and Surplus	B	33,515.59	31,350.67	27,630.30	23,869.57
	Sub-total (1)		**35,490.51**	**33,325.59**	**28,617.76**	**24,857.03**
(2)	**Non-current Liabilities**					
	(a) Long-term Borrowings	C	1,60,949.43	1,49,489.33	1,38,789.43	1,31,168.32
	(b) Deferred Tax Liabilties (Net)	D	66.96	40.26	49.75	107.32
	(c) Other Long-term Liabilities	E	4,037.49	12.38	9.50	36.16
	(d) Long-term Provisions	F	1,326.02	1,848.42	1,295.03	1,007.09
	Sub-total (2)		**1,66,379.90**	**1,51,390.39**	**1,40,143.71**	**1,32,318.89**
(3)	**Current Liabilities**					
	(a) Short-term Borrowings	G	5,526.54	-	6,349.93	734.00
	(b) Other current liabilities	H	38,836.01	24,326.04	30,389.52	24,811.40
	(c) Short-term Provisions	F	251.50	194.22	852.05	453.71
	Sub-total (3)		**44,614.05**	**24,520.26**	**37,591.50**	**25,999.11**
	Total (1+2+3)		**2,46,484.46**	**2,09,236.24**	**2,06,352.97**	**1,83,175.03**
II.	**ASSETS**					
(1)	**Non-current Assets**					
	(a) Fixed assets	I				
	(i) Tangible Assets		123.08	120.68	117.83	72.50
	(ii) Intangible Assets		5.15	0.43	0.91	1.43
	(iii) Capital work-in-progress		118.19	58.69	30.37	7.39
	(iv) Intangible Assets under Development		1.46	1.46	1.21	-
			247.88	181.26	150.32	81.32
	(b) Non-current Investments	J	2,455.05	2,547.29	2,317.46	1,174.81
	(c) Long-term Loans & Advances	K	2,06,492.49	1,77,348.96	1,57,794.10	1,64,213.78
	(d) Other Non-current Assets	L	4,734.95	382.60	101.06	77.13
	Sub-total (1)		**2,13,930.37**	**1,80,460.11**	**1,60,362.94**	**1,65,547.04**
(2)	**Current Assets**					
	(a) Current Investments	J	119.75	149.16	149.16	438.66
	(b) Cash & Bank Balances	M	1,773.53	4,490.02	1,728.55	522.90
	(c) Short-term Loans & Advances	N	5,673.56	3,594.56	795.26	1,100.24
	(d) Other Current Assets	O	24,987.25	20,542.39	43,317.06	15,566.19
	Sub-total (2)		**32,554.09**	**28,776.13**	**45,990.03**	**17,627.99**
	Total (1+2)		**2,46,484.46**	**2,09,236.24**	**2,06,352.97**	**1,83,175.03**

Annexure II

STANDALONE REFORMATTED STATEMENT OF PROFIT AND LOSS

(₹ in Crores)

	Particulars		Year ended 31.03.2018	Year ended 31.03.2017	Year ended 31.03.2016	Year ended 31.03.2015
I.	Revenue from Operations	P	22,358.27	23,587.30	23,726.54	20,380.43
II.	Other Income	Q	82.04	183.28	29.74	7.62
III.	**Total Revenue (I+II)**		**22,440.31**	**23,770.58**	**23,756.28**	**20,388.05**
IV.	**Expenses**					
(i)	Finance Costs	R	13,829.52	13,450.35	14,283.12	11,844.61
(ii)	Employee Benefits Expense	S	176.87	178.07	137.44	133.94
(iii)	Depreciation & Amortization		5.61	5.04	5.45	6.76
(iv)	Corporate Social Responsibility Expenses	T	49.45	69.80	128.20	103.25
(v)	Other Expenses	T	111.69	98.80	67.01	69.49
(vi)	Provisions and Contingencies	U	1,415.55	1,109.47	1,089.85	802.96
	Total Expenses (IV)		**15,588.69**	**14,911.53**	**15,711.07**	**12,961.01**
V.	**Profit before Prior Period Items & Tax (III-IV)**		6,851.62	8,859.05	8,045.21	7,427.04
VI.	Prior Period Items		-0.47	-1.65	-	-
VII.	**Profit before Tax (V-VI)**		**6,852.09**	**8,860.70**	**8,045.21**	**7,427.04**
VIII.	Tax Expense :					
(i)	Current Year		2,168.20	2,606.29	2,477.89	2,231.86
(ii)	Earlier Years/ (Refunds)		10.19	-27.78	-2.77	1.30
(iii)	Deferred Tax		26.70	36.43	-57.57	-65.99
	Total Tax Expense (i+ii+iii)		**2,205.09**	**2,614.94**	**2,417.55**	**2,167.17**
IX.	**Profit for the year from Continuing Operations (VII-VIII)**		**4,647.00**	**6,245.76**	**5,627.66**	**5,259.87**
XII.	Profit from Discontinuing Operations		-	-	-	-
XIII.	Tax Expense of Discontinuing Operations		-	-	-	-
X.	**Profit from Discontinuing Operations (after tax)**		-	-	-	-
XI.	**Profit for the year (IX+X)**		**4,647.00**	**6,245.76**	**5,627.66**	**5,259.87**
XII.	**Earnings per Equity Share (in ₹ for an equity share of ₹ 10 each)**					
	(1) Basic		**23.53**	**31.63**	**28.50**	**26.63**
	(2) Diluted		**23.53**	**31.63**	**28.50**	**26.63**

Note: The Company has allotted 98,74,59,000 Equity Shares as fully paid up by way of bonus shares during FY 2016-17 in the ratio of 1:1.

Annexure III

STANDALONE REFORMATTED STATEMENT OF CASH FLOWS

(₹ in Crores)

PARTICULARS	YEAR ENDED 31.03.2018	YEAR ENDED 31.03.2017	YEAR ENDED 31.03.2016	YEAR ENDED 31.03.2015
A. Cash Flow from Operating Activities :				
Net Profit before Tax	**6,852.09**	**8,860.70**	**8,045.21**	**7,427.04**
Adjustments for:				
1. Profit (-) / Loss on Sale of Fixed Assets	0.56	0.52	0.38	0.09
2. Depreciation and amortization	5.61	4.40	5.45	6.76
3.Provisions and Contingencies	1,415.55	1,109.47	1,089.85	802.96
4. Interest on Commercial Paper	135.60	300.46	285.91	300.03
5. Excess Provision written back	-	-	-0.07	-
6. Profit on sale/redemption of investments	-	-79.75	-12.29	-
7. Loss/ Gain(-) on Exchange Rate fluctuation	45.75	55.09	666.13	259.99
8.Dividend from Subsidiary Co.	-25.91	-19.50	-10.01	-0.35
9. Dividend from Investments	-39.77	-66.54	-3.05	-3.63
10.Interest on Long-Term Investments/ Govt. Securities	-214.64	-226.11	-85.97	-149.18
11. Provision made for Interest on Advance Income Tax	5.53	2.82	-	1.38
12. Provision in respect of Amounts recoverable	6.19	-	-	-
13. Discount on Bonds written off	1.66	0.14	3.99	4.83
14. Interest Accrued on Zero Coupon Bonds	89.50	82.45	76.17	70.39
15. Gain on Changes in Fair Value of Interest Rate Swaps	-	-324.77	-	-
Operating profit before Changes in Operating Assets & Liabilities:	**8,277.72**	**9,699.38**	**10,061.70**	**8,720.31**
Increase / Decrease :				
1. Loan Assets	-37,474.64	-650.38	-21,733.35	-31,005.84
2. Other Operating Assets	-4,080.83	362.55	27.89	-366.08
3. Operating Liabilities	4,160.46	-91.32	936.54	944.51
Cash flow from Operations	**-29,117.29**	**9,320.23**	**-10,707.22**	**-21,707.10**
1. Income Tax Paid (including TDS)	-2,168.60	-2,548.11	-2,539.74	-2,284.67
2. Income Tax refund	2.57	22.07	42.00	-
Net Cash Flow from Operating Activities	**-31,283.32**	**6,794.19**	**-13,204.96**	**-23,991.77**
B. Cash Flow from Investing Activities				**-**
1. Sale of Fixed Assets	0.14	0.06	0.86	0.18
2. Purchase of Fixed Assets (incl. CWIP & Intangible Assets under development)	-78.66	-27.01	-104.63	-7.64
3. Investment in shares of EEESL (including share application money pending allotment)	-	-	-124.00	-
4. Investment in 11.15% Additional Tier-1 Perpetual Bonds of Indian Bank	-	-	-500.00	-
5. Investment in 11.25% Additional Tier-1 Perpetual Bonds of Vijaya Bank	-	-	-500.00	-
6. Investment in 11.25% Additional Tier-1 Perpetual Bonds of Syndicate Bank	-	-	-500.00	-
7. Investment in shares of NHPC Ltd. (net of sale)	-	-400.80	-	-
8. Investment in shares of HUDCO Ltd.	-2.08	-	-	-
9. Redemption of 8% Government of Madhya Pradesh Power Bonds-II	94.32	94.32	94.32	94.32
10. Sale of Long-term Investments	-	76.65	762.53	-
11. Profit on sale/redemption of investments	-	79.75	12.29	-
12. Interest on Long-Term Investments/ Govt. Securities	214.64	229.94	106.05	154.10
13. Dividend from Subsidiary Co.	25.91	19.50	10.01	0.35
14. Dividend from Investments	39.77	66.54	3.05	3.63
Net Cash Flow from Investing Activities	**294.04**	**138.95**	**-739.52**	**244.94**
C. Cash Flow from Financing Activities				
1. Issue of Bonds (Net of redemptions)	19,558.55	5,871.66	14,972.72	21,806.74
2. Raising of Term Loans/ STL from Banks/ FIs (Net of repayments)	-350.00	-1,099.93	-459.07	-955.40
3. Raising of Foreign Currency Loan (Net of redemptions and inclusive of related derivative payments)	8,360.41	-833.33	-2,607.56	6,344.25
4. Funds received from GOI for further disbursement as Subsidy/ Grant including interest (Net of refund)	10,635.24	8,027.15	4,436.52	3,421.17
5. Disbursement of grants	-10,563.91	-8,039.66	-4,691.45	-3,639.69
6. Repayment of Govt. Loan	-	-	-3.07	-4.86
7. Payment of Final Dividend	-1,461.44	-503.60	-266.61	-172.81
8. Payment of Interim Dividend	-523.35	-1,382.44	-1,184.95	-789.97
9. Payment of Corporate Dividend Tax	-397.88	-379.98	-293.47	-187.26
10.Premium on issue of Securities	-	-	0.28	-
11. Issue of Commercial Paper (Net of repayments)	3,014.84	-5,833.16	5,246.79	-2,745.74
Net Cash flow from Financing Activities	**28,272.46**	**-4,173.29**	**15,150.13**	**23,076.43**
				-
Net Increase/Decrease in Cash & Cash Equivalents	**-2,716.82**	**2,759.85**	**1,205.65**	**-670.40**
				-
Cash & Cash Equivalents as at the beginning of the year	**4,488.04**	**1,728.19**	**522.54**	**1,192.94**
Cash & Cash Equivalents as at the end of the year	**1,771.22**	**4,488.04**	**1,728.19**	**522.54**

Note : Previous period figures have been rearranged and regrouped wherever necessary.

Annexure IV - Notes

Note A - Share Capital

(₹ in Crores)

Particulars	As at 31.03.2018	As at 31.03.2017	As at 31.03.2016	As at 31.03.2015
Authorised :				
No of shares	5,00,00,00,000	5,00,00,00,000	1,20,00,00,000	1,20,00,00,000
Equity shares of ₹ 10 each	5,000.00	5,000.00	1,200.00	1,200.00
Issued, Subscribed and Paid up :				
No of shares	1,97,49,18,000	1,97,49,18,000	98,74,59,000	98,74,59,000
Fully paid up Equity shares of ₹ 10 each	1,974.92	1,974.92	987.46	987.46
Total	**1,974.92**	**1,974.92**	**987.46**	**987.46**
	-	-	-	-

Note B - Reserves and Surplus

(₹ in Crores)

Particulars	As at 31.03.2018	As at 31.03.2017	As at 31.03.2016	As at 31.03.2015
Capital Reserve	**105.00**	**105.00**	**105.00**	**105.00**
Securities Premium Account				
Balance as at the beginning of the year	2,236.54	3,224.00	3,223.72	3,223.72
Add: Additions during the year	-	-	0.28	-
Less: Deductions/ Adjustments during the year	-	987.46	-	-
Balance as at the end of the year	**2,236.54**	**2,236.54**	**3,224.00**	**3,223.72**
Debenture Redemption Reserve				
Balance as at the beginning of the year	924.95	728.36	531.77	345.98
Add: Amount transferred from Surplus Account	196.59	196.59	196.59	185.79
Balance as at the end of the year	**1,121.54**	**924.95**	**728.36**	**531.77**
Special Reserve created u/s 36(1) (viii) of the Income Tax Act, 1961				
Balance as at the beginning of the year	12,230.70	10,349.64	8,449.64	6,820.64
Add: Amount transferred from Surplus Account	1,582.49	1,881.06	1,900.00	1,629.00
Balance as at the end of the year	**13,813.19**	**12,230.70**	**10,349.64**	**8,449.64**
Reserve for Bad and doubtful debts u/s 36(1)(viia) of the Income Tax Act, 1961				
Balance as at the beginning of the year	2,425.30	2,011.97	1,621.97	1,268.97
Add: Amount transferred from Surplus Account	335.80	413.33	390.00	353.00
Balance as at the end of the year	**2,761.10**	**2,425.30**	**2,011.97**	**1,621.97**
Foreign Currency Monetary Item Translation Difference Account				
Balance as at the beginning of the year	36.31	-172.41	-335.46	-532.65
Add: Foreign Currency Translation Gain/ Loss (-) on long term monetary items during the year	-145.16	153.63	-503.08	-62.80
Amortisation during the year	45.75	55.09	666.13	259.99
Balance as at the end of the year	**-63.10**	**36.31**	**-172.41**	**-335.46**
General Reserve				
Balance as at the beginning of the year	4,677.40	4,677.40	4,107.40	3,581.40
Add: Amount transferred from Surplus Account	500.00		570.00	526.00
Balance as at the end of the year	**5,177.40**	**4,677.40**	**4,677.40**	**4,107.40**
Surplus Account				
Balance as at the beginning of the year	8,714.47	6,706.34	6,165.53	4,868.94
Less: Transfer to depreciation in accordance with provisions of Companies Act, 2013	-	-	-	0.74
Less: Adjustment of MTM in respect of Interest Rate Swaps as at 31 March 2016	-	86.75	-	-
Add: Profit during the year	4,647.00	6,245.76	5,627.66	5,259.87
Less : Appropriations				
- Transfer to Special Reserve u/s 36(1)(viii) of the Income Tax Act, 1961	1,582.49	1,881.06	1,900.00	1,629.00
- Transfer to Reserve u/s for Bad & Doubtful Debts u/s 36(1)(viia) of the IT Act, 1961	335.80	413.33	390.00	353.00
- Dividend				
- Interim Dividend	1,461.44	1,382.44	1,184.95	789.97
- Proposed Dividend (Final)	523.35	-	503.60	266.61
- Dividend Distribution Tax				
- Interim Dividend	296.77	277.46	239.19	157.89
- Proposed Dividend (Final)	101.11	-	102.52	54.28
- Transfer to Debenture Redemption Reserve	196.59	196.59	196.59	185.79
- Transfer to General Reserve	500.00	-	570.00	526.00
Balance as at the end of the year	**8,363.92**	**8,714.47**	**6,706.34**	**6,165.53**
Total Reserves and Surplus	**33,515.59**	**31,350.67**	**27,630.30**	**23,869.57**

*w.e.f. FY 2016-17 the appropriation for Final Dividend were made as per Revised AS 4 as amended vide the Companies (Accounting Standards) Amendment Rules, 2016 i.e. in the year of dividend proposed by BoD was approved in AGM.

Note C - Long-Term Borrowings (Non Current)

(₹ in Crores)

Particulars	As at 31.03.2018	As at 31.03.2017	As at 31.03.2016	As at 31.03.2015
(A) Secured Borrowings				
(a) Bonds				
- Institutional Bonds	11,019.40	22,138.60	27,591.90	35,446.70
- 54EC Capital Gain Tax Exemption Bonds	15,759.19	14,139.62	11,814.48	10,687.69
- Tax Free Bonds	12,648.41	12,648.41	12,648.41	11,648.41
- Bond Application Money	1,469.23	-	-	-
(b) Term Loans				
- from Financial Institutions	200.00	400.00	750.00	1,100.00
Total Secured Long-Term Borrowings (a+b)	**41,096.23**	**49,326.63**	**52,804.79**	**58,882.80**
(B) Unsecured Borrowings				
(a) Bonds				
- Institutional Bonds	98,894.70	79,424.70	66,184.40	57,714.20
- Infrastructure Bonds	16.46	34.89	34.90	162.98
- Zero Coupon Bonds	1,162.59	1,073.09	990.64	914.48
(b) Term Loans	-	-	-	-
(c) Other Loans & Advances				
- Foreign Currency Borrowings	19,779.45	19,630.02	18,774.70	13,493.86
Total Unsecured Long-Term Borrowings (a+b+c)	**1,19,853.20**	**1,00,162.70**	**85,984.64**	**72,285.52**
Total Long-Term Borrowings (A+B)	**1,60,949.43**	**1,49,489.33**	**1,38,789.43**	**1,31,168.32**

Note D - Deferred Tax Laibilities (Net)

(₹ in Crores)

Particulars	As at 31.03.2018	As at 31.03.2017	As at 31.03.2016	As at 31.03.2015
Deferred Tax Liabilities on account of:				
Depreciation	2.93	3.79	3.63	4.00
Foreign Currency Exchange Fluctuation Loss	21.84	-	59.67	116.10
MTM on Interest Rate Swap	52.49	66.48	-	-
Total	**77.26**	**70.27**	**63.30**	**120.10**
Deferred Tax Assets on account of:				
Provision for Earned Leave	3.46	10.77	8.06	7.95
Provision for Medical Leave	6.84	6.67	5.49	4.83
Foreign Currency Exchange Fluctuation Loss	-	12.57	-	-
Total	**10.30**	**30.01**	**13.55**	**12.78**
Deferred Tax Liabilities (Net)	**66.96**	**40.26**	**49.75**	**107.32**

Note E - Other Long-term Liabilities

(₹ in Crores)

Particulars	As at 31.03.2018	As at 31.03.2017	As at 31.03.2016	As at 31.03.2015
- Non-Current Portion of Interest accrued but not due on borrowings	**15.50**	**12.38**	**9.50**	**36.16**
- Payables towards Bonds Fully serviced by Govt. of India - Non Current	**4,000.00**	**-**	**-**	**-**
- Others	**21.99**	**-**	**-**	**-**
Total	**4,037.49**	**12.38**	**9.50**	**36.16**

Note F - Long-term & Short-term Provisions

(₹ in Crores)

Particulars	As at 31.03.2018	As at 31.03.2017	As at 31.03.2016	As at 31.03.2015
- Non-Current (Long-term) Provisions				
(A) Provisions for Employee Benefits	132.08	144.16	123.97	113.45
(B) Others	1,193.94	1,704.26	1,171.06	893.64
Total (A+B)	**1,326.02**	**1,848.42**	**1,295.03**	**1,007.09**
- Current (Short-term) Provisions				
(A) Provisions for Employee Benefits	10.04	10.94	8.94	9.12
(B) Others	241.46	183.28	843.11	444.59
Total (A+B)	**251.50**	**194.22**	**852.05**	**453.71**

Note G - Short-term Borrowings

(₹ in Crores)

Particulars	As at 31.03.2018	As at 31.03.2017	As at 31.03.2016	As at 31.03.2015
(A) Loan Repayable on Demand, unsecured				
- from Banks	-	-	749.93	734.00
(B) Commercial Paper, unsecured	3,250.00	-	5,600.00	-
(D) FCNR (B) Loans, unsecured	2,276.54	-	-	-
Total (A+B)	**5,526.54**	**-**	**6,349.93**	**734.00**

Note H - Other Current Liabilities

(₹ in Crores)

Particulars	As at 31.03.2018	As at 31.03.2017	As at 31.03.2016	As at 31.03.2015
(A) Current maturities of long-term debt				
Secured				
- Institutional Bonds	11,119.20	5,453.30	7,854.80	2,992.80
- 54EC Capital Gain Tax Exemption Bonds	6,476.70	5,337.78	5,349.91	4,903.25
-Term Loans from Banks & Others	200.00	350	350.00	350.00
Unsecued				
- Institutional Bonds	6,675.00	5,359.70	7,055.80	-
- Infrastructure Bonds	94.01	76.75	207.49	213.34
- Term Loans from Banks & GoI	-	-	-	128.07
- Foreign Currency Borrowings	7,750.63	1,450.53	3,149.02	10,534.34
Sub-total (A)	**32,315.54**	**18,028.06**	**23,967.02**	**19,121.80**
(B) Interest accrued but not due on borrowings	6,163.64	6,026.78	6,229.15	5,265.43
(C) Interest accrued and due on borrowings	-	-	-	1.10
(D) Income Received in Advance	-	0.08	0.08	0.08
(E) Unpaid Dividends	3.49	2.75	2.73	2.62
(F) Unpaid Interest & Principal on Bonds				
- Matured Debentures & Interest Accrued thereon	47.03	51.54	44.83	57.64
- Interest on Bonds	14.27	15.19	12.57	14.33
(G) Other payables				
- Subsidy/ Grant Received from Govt. of India	56,780.96	46,154.67	38,111.60	33,641.80
Add: Interest on Subsidy/ Grant	11.13	2.18	18.10	51.38
Less: Disbursed to Beneficiaries	-56,694.92	-46,131.01	-38,091.35	-33,399.90
Undisbursed Subsidy/Grant	**97.17**	**25.84**	**38.35**	**293.28**
- Payables towards interest on Bonds Fully serviced by Govt. of India	7.17	**-**	**-**	**-**
- Sundry Liabilities Account (Interest Capitalisation)	24.00	-	-	-
- Overdraft in Current Account	**-**	**-**	-	0.38
- Statutory Dues payable including PF and TDS	33.52	26.26	21.87	22.78
- Payable towards funded staff benefits	2.84	13.63	0.53	0.62
- Other Liabilities	127.34	135.91	72.39	31.34
Sub-total (G)	292.04	201.64	133.14	348.40
Total (A+B+C+D+E+F+G)	**38,836.01**	**24,326.04**	**30,389.52**	**24,811.40**

Note I - Fixed Assets (Net Block)

(₹ in Crores)

Particulars	As at 31.03.2018	As at 31.03.2017	As at 31.03.2016	As at 31.03.2015
Tangible Assets				
Freehold Land	82.92	82.92	80.62	34.75
Leasehold Land	1.18	1.20	1.21	1.23
Buildings	23.65	23.97	25.41	26.42
Furniture & Fixtures	3.32	2.00	2.11	2.47
Vehicles	0.13	0.15	0.19	0.24
EDP Equipments	4.11	3.69	3.89	5.33
Office Equipments	7.77	6.75	4.40	2.06
Total	123.08	120.68	117.83	72.50
Intangible Assets				
Computer Software	5.15	0.43	0.91	1.43
Total	5.15	0.43	0.91	1.43
Capital WIP	118.19	58.69	30.37	7.39
Intangible Assets under Development	1.46	1.46	1.21	-

Note J - Investments

(₹ in Crores)

	Particulars	As at 31.03.2018	As at 31.03.2017	As at 31.03.2016	As at 31.03.2015
	Valued at Cost				
	(1) Non-Current Investments				
(A)	**Trade Investments**				
(i)	Investment in Equity Instruments - Quoted				
	- NHPC Ltd.	400.80	400.80	-	-
	Equity shares of ₹10 each, fully paid up				
	- Housing and Urban Development Corporation Ltd.	2.08	-	-	-
	Equity shares of ₹10 each, fully paid up				
	- Indian Energy Exchange Limited	1.25	1.25	-	-
	Equity shares of ₹10 each, fully paid up				
(ii)	Investment in Equity Instruments - Unquoted				
	- Subsidiaries				
	- REC Power Distribution Company Limited	0.05	0.05	0.05	0.05
	Equity shares of ₹10 each, fully paid up				
	- REC Transmission Projects Company Limited	0.05	0.05	0.05	0.05
	Equity shares of ₹10 each, fully paid up				
	- Joint Ventures				
	- Energy Efficiency Services Limited	146.50	146.50	47.50	22.50
	Equity shares of ₹10 each, fully paid up				
	- Others				
	- Universal Commodity Exchange Limited	-	16.00	16.00	16.00
	Equity shares of ₹10 each, fully paid up				
	Less: Provision for Diminution in Investment	-	-16.00	-16.00	-
	- Indian Energy Exchange Limited	-	-	1.25	1.25
	Equity shares of ₹10 each, fully paid up				
(iii)	Investment in Government Securities - Unquoted				
	- 8% Government of Madhya Pradesh Power Bonds-II	94.32	188.64	282.96	377.28
	Bonds of ₹ 47,16,00,000 each				
(iv)	Investment in Venture Capital Funds - Unquoted				
	- 'Small is Beautiful' Fund	6.15	6.15	6.15	7.68
	Units of ₹ 10 each				
(v)	Investment in Debentures - Unquoted				
	- 9.68% Bonds of UP Power Corporation Ltd.	303.85	303.85	380.50	750.00
	Bonds of ₹ 1,00,000 each				
(iv)	Application money pending allotment				
	Energy Efficiency Services Ltd.	-	-	99.00	-
(B)	**Other Investments**				
(i)	Investment in Debentures - Quoted				
	- 11.15% Additional Tier-1 Perpetual Bonds of Indian Bank	500.00	500.00	500.00	-
	Bonds of ₹ 10,00,000 each				
	- 11.25% Additional Tier-1 Perpetual Bonds of Vijaya Bank (Now Bank of Baroda)	500.00	500.00	500.00	-
	Bonds of ₹ 10,00,000 each				
	- 11.25% Additional Tier-1 Perpetual Bonds of Syndicate Bank	500.00	500.00	500.00	-
	Bonds of ₹ 10,00,000 each				
		2,455.05	**2,547.29**	**2,317.46**	**1,174.81**
	(2) Current Investments				
(A)	**Trade Investments**				
(i)	Investment in Equity Instruments - Quoted				
(ii)	Investment in Equity Instruments - Unquoted				
	- Others				
	- Universal Commodity Exchange Limited	16.00	-	-	-
	Equity shares of ₹10 each, fully paid up				
	Less: Provision for Diminution in Investment	-16.00	-	-	-
		-	-	-	-
	- Lanco Teesta Hydro Power Limited	102.00	102.00	102.00	-
	Equity shares of ₹10 each, fully paid up				
	Less: Provision for Diminution in Investment	-29.41	-	-	-
		72.59	102.00	102.00	-
(iii)	Investment in Government Securities - Unquoted				
	- 8% Government of Madhya Pradesh Power Bonds-II	47.16	47.16	47.16	47.16
	Bonds of ₹ 47,16,00,000 each				
(v)	Investment in Debentures - Unquoted				
	- 8.57%-8.73% Government of Uttar Pradesh Special Bonds	-	-	-	391.50
(B)	**Other Investments**				
		119.75	**149.16**	**149.16**	**438.66**
	Total (1+2)	**2,574.80**	**2,696.45**	**2,466.62**	**1,613.47**

Note K - Long-term Loans & Advances (₹ in Crores)

Particulars	As at 31.03.2018	As at 31.03.2017	As at 31.03.2016	As at 31.03.2015
(A) Capital Advances (Unsecured, considered good)	45.96	40.23	49.14	20.20
(B) Security Deposits (Unsecured, considered good)	1.04	0.83	3.77	0.94
(C) Loans & Advances to Related Parties				
- To Key Managerial Personnel (KMP)	0.36	0.37	0.63	0.21
(D) Other Loans & Advances				
- Staff Loans & Advances (except to Directors)	25.66	32.29	36.72	40.40
- Loan Assets				
Secured Loans				
Loans to State Power Utilities/ State Electricity Boards/Corpn. (considered good)	1,46,256.29	1,25,811.34	1,09,569.70	95,970.62
Loans to Others				
Considered good	14,928.90	24,691.95	24,377.49	28,393.85
Considered doubtful	12,059.39	2,220.01	2,243.97	849.53
Less: Allowance for doubtful debts	-1,352.52	-383.89	-257.65	-208.67
I	1,71,892.06	1,52,339.41	1,35,933.51	1,25,005.33
Unsecured Loans				
Loans Guaranteed by respective State Governments (considered good)	23,694.24	19,109.20	18,092.54	35,334.41
Loans to State Governments (considered good)	3,009.99	2,647.90	2,467.29	2,878.29
Loans - Others				
Considered good	7,823.18	3,178.73	1,210.50	934.00
Considered doubtful	34.92	5.18	-	56.19
Less: Allowance for doubtful debts	-34.92	-5.18	-	-56.19
II	34,527.41	24,935.83	21,770.33	39,146.70
= I + II	2,06,419.47	1,77,275.24	1,57,703.84	1,64,152.03
Total (A+B+C+D)	**2,06,492.49**	**1,77,348.96**	**1,57,794.10**	**1,64,213.78**

Note L - Other Non-Current Assets (₹ in Crores)

Particulars	As at 31.03.2018	As at 31.03.2017	As at 31.03.2016	As at 31.03.2015
(i) Interest Accrued on Staff Advances	9.03	7.74	6.79	5.01
(ii) Recoverable from Govt. of India - GoI Fully Serviced Bonds	4,000.00	-	-	-
(iii) Advance Income-tax & TDS	2,199.97	2,653.30	6,515.25	5,321.81
Less : Provision for Income Tax	-2,178.95	-2,614.33	-6,420.98	-5,249.83
	21.02	38.97	94.27	71.98
(iv) Forward Contract Receivables	313.57	143.79	-	-
(v) Receivables in respect of Derivative Contracts	151.68	192.10	-	-
(vi) Prepaid Financial Charges on Commercial Paper	-	-	-	-
(vii) Unamortized Expenses				
- Discount on Foreign Currency Borrowings	47.42	-	-	-
- Arrangement Fee on Foreign Currency Borrowings	38.53	-	-	-
- Premium on Forward Contracts	153.70	-	-	-
- Discount on Issue of Bonds	-	-	-	0.14
Total (A+B)	**4,734.95**	**382.60**	**101.06**	**77.13**

Note M - Cash and Bank Balances (₹ in Crores)

Particulars	As at 31.03.2018	As at 31.03.2017	As at 31.03.2016	As at 31.03.2015
(A) Cash & Cash Equivalents				
- Balances with Banks	1,686.19	851.34	960.58	189.25
- Cash on Hand (including postage & imprest)	0.01	-	-	-
- Others				
- Short Term Deposits with Scheduled Banks	85.02	2,476.70	767.61	333.29
- Short term Investment in Debt Mutual Funds	-	1,160.00	-	-
	1,771.22	4,488.04	1,728.19	522.54
(B) Others				
- Term Deposits with Scheduled Banks	2.31	1.98	0.36	0.36
Total (A+B)	**1,773.53**	**4,490.02**	**1,728.55**	**522.90**

Note N - Short-term Loans & Advances (₹ in Crores)

Particulars	As at 31.03.2018	As at 31.03.2017	As at 31.03.2016	As at 31.03.2015
Loans & Advances to Related Parties				
- To Key Managerial Personnel (KMP)	-	-	0.95	2.04
- To Subsidiaries	1.49	1.35	-	-
Sub-total	**1.49**	**1.35**	**0.95**	**2.04**
Other Loans & Advances				
- Loan Assets				
Secured Loans				
Loans to State Power Utilities/ State Electricity Boards/Corpn. (considered good)	4,117.09	740.67	-	485.88
I	4,117.09	740.67	-	485.88
Unsecured Loans				
Loans Guaranteed by respective State Governments (considered good)		197.18	672.22	500.00
Loans - Others				
Considered good	1,530.83	2,651.00	100.00	111.11
II	1,530.83	2,848.18	772.22	611.11
= I + II	**5,647.92**	**3,588.85**	**772.22**	**1,096.99**
- Others				
Considered good	24.15	4.36	22.09	1.21
Considered doubtful	6.08	5.59	2.06	2.06
Less: Allowance for doubtful debts	-6.08	-5.59	-2.06	-2.06
	24.15	**4.36**	**22.09**	**1.21**
	5,673.56	**3,594.56**	**795.26**	**1,100.24**

Note O - Other Current Assets (₹ in Crores)

Particulars		As at 31.03.2018	As at 31.03.2017	As at 31.03.2016	As at 31.03.2015
(A) Current recoverable of Long-term Loan Assets					
Secured Loans					
Loans to State Power Utilities/ State Electricity Boards/Corpn. (considered good)		15,670.42	11,014.90	15,194.43	8,981.75
Loans to Others					
Considered good		1,148.33	3,553.12	1,841.42	1,201.89
Considered doubtful		4,273.73	2,169.10	1,569.50	429.66
Less: Allowance for doubtful debts		-1,368.44	-767.87	-325.52	-100.59
	I	19,724.04	15,969.25	18,279.83	10,512.71
Unsecured Loans					
Loans Guaranteed by respective State Governments (considered good)		3,221.16	2,850.00	22,522.84	2,651.53
Loans to State Governments (considered good)		330.99	351.22	886.78	377.24
Loans - Others					
Considered good		589.47	258.78	99.51	490.99
Considered doubtful		760.38	478.40	430.10	-
Less: Allowance for doubtful debts		-760.38	-478.40	-430.10	-
	II	4,141.62	3,460.00	23,509.13	3,519.76
	= I + II	**23,865.66**	**19,429.25**	**41,788.96**	**14,032.47**
(B) Current recoverable of Staff Advances		**10.68**	**11.23**	**11.17**	**10.72**
(C) Interest Accrued & Not Due on:					
- Govt. Securities		-	-	-	7.89
- Long term investments		14.23	14.23	18.06	30.25
- Term Deposits		8.54	4.37	1.32	0.25
Sub-total		**22.77**	**18.60**	**19.38**	**38.39**
(D) Interest Accrued & Due on Loan Assets		**462.37**	**781.26**	**1,112.89**	**1,019.94**
(E) Interest Accrued & Not Due on Loan Assets		**303.23**	**288.31**	**301.73**	**444.30**
(F) Current Portion of Interest Accrued on Staff Advances		**0.30**	**0.33**	**0.30**	**0.28**
(G) Recoverable from GOI					
- Agency Charges on Govt. Schemes		161.01	-	-	-
- Reimbursement of Expenses on Govt. Schemes		14.19	9.44	10.08	8.78
- Towards Interest - GoI Fully Serviced Bonds		7.17	-	-	-
- Towards Issue Expenses - GoI Fully Serviced Bonds		4.07	-	-	-
Sub-total		186.44	9.44	10.08	8.78
Less: Provision for bad & doubtful debts		-6.19	-	-	-
		180.25	**9.44**	**10.08**	**8.78**
(H) Recoverable from SEBs/ Govt. Deptt/Others		**12.27**	**3.97**	**5.11**	**7.32**
(I) Prepaid Financial Charges on Commercial Paper		**99.56**	**-**	**67.30**	**-**
(J) Unamotized Expenses					
- Discount on Issue of Bonds		-	-	0.14	3.99
- Discount on Foreign Currency Borrowings		1.64	-	-	-
- Arrangement Fee on Foreign Currency Borrowings		6.56	-	-	-
- Premium on Forward Contracts		21.96	-	-	-
Total (A+B+C+D+E+F+G+H+I+J)		**24,987.25**	**20,542.39**	**43,317.06**	**15,566.19**

Note P - Revenue from Operations (₹ in Crores)

	31.03.2018	31.03.2017	31.03.2016	31.03.2015
(A) Interest on Loan Assets				
(i) Long term financing	21,338.77	22,479.98	23,375.20	19,904.21
Less: Rebate for timely payments/ completion etc.	16.43	0.26	1.49	2.70
	21,322.34	22,479.72	23,373.71	19,901.51
(ii) Short term financing	426.61	455.89	96.95	170.57
Sub-Total (A)	**21,748.95**	**22,935.61**	**23,470.66**	**20,072.08**
(B) Revenue from Other Financial Services				
(i) Processing, Upfront, Lead fees, LC Commission etc	15.11	48.49	24.71	51.93
(ii) Prepayment Premium	106.41	147.44	30.50	11.23
(iii) Fee for Implementation of Govt. Schemes	187.79	23.86	32.78	15.29
Sub-Total (B)	**309.31**	**219.79**	**87.99**	**78.45**
(C) Income from Short-Term investments of funds				
-Interest from deposits	68.66	98.39	68.21	69.46
- Gain on Sale of Mutual Funds	13.39	67.13	11.49	9.54
- Interest from CP/ ICD	0.98	29.87	-	-
Sub-Total (C)	**83.03**	**195.39**	**79.70**	**79.00**
(D) Other Interest Income				
- Interest from Govt. Securities	16.98	24.52	43.23	47.51
- Interest from Long Term Investments	197.66	201.59	42.74	101.67
- Interest from Income Tax Refund	0.62	8.88	-	-
- Interest from Staff Advances	1.69	1.52	2.22	1.72
- Interest from Subsidiary Companies	0.03	-	-	-
Sub-Total (D)	**216.98**	**236.51**	**88.19**	**150.90**
Total (A+B+C+D)	**22,358.27**	**23,587.30**	**23,726.54**	**20,380.43**

Note Q - Other Income (₹ in Crores)

Particulars	As at 31.03.2018	As at 31.03.2017	Year ended 31.03.2016	Year ended 31.03.2015
(A) Dividend Income				
- Dividend from Subsidiary Companies	25.91	19.50	10.01	0.35
- Dividend from Long-Term Investments	39.77	66.54	3.05	3.63
Sub-Total (A)	**65.68**	**86.04**	**13.06**	**3.98**

(B) Net Gain on Sale of Investments				
- Gain on Sale of Long Term Investments	-	79.75	12.29	-
Sub-Total (B)	**-**	**79.75**	**12.29**	**-**
(C) Other Non-Operating Income				
- Profit on sale of assets	-	-	-	0.02
- Provision Written Back	-	-	0.98	0.57
- Miscellaneous Income	16.36	17.49	3.41	3.05
Sub-Total (C)	**16.36**	**17.49**	**4.39**	**3.64**
Total (A+B+C)	**82.04**	**183.28**	**29.74**	**7.62**

Note R - Finance Costs **(₹ in Crores)**

Particulars	As at 31.03.2018	As at 31.03.2017	Year ended 31.03.2016	Year ended 31.03.2015
(A) Interest Expense				
- On Govt. Loans	-	-	0.15	0.43
- On Bonds	12,157.53	11,577.81	11,374.73	9,508.65
- On Loans from Banks/ Financial Institutions	87.33	96.13	132.62	207.25
- On External Commercial Borrowings	1,330.45	1,264.97	1,616.14	1,358.86
- On Commercial Paper	135.60	300.46	285.91	300.03
- On AREP Subsidy	-	-	0.04	0.08
- On Advance Income Tax	5.53	2.82	-	1.38
Sub-Total (A)	**13,716.44**	**13,242.19**	**13,409.59**	**11,376.68**
(B) Other Borrowing Costs				
- Guarantee Fee	13.81	17.04	17.69	18.31
- Public Issue Expenses	-	-	0.70	-
- Bonds Handling Charges	0.54	0.80	1.04	1.05
- Bonds Brokerage	18.31	15.68	19.33	20.48
- Stamp Duty on Bonds	5.48	5.42	3.88	4.03
- Debt Issue and Other Finance Charges	33.56	80.66	157.74	168.73
Sub-Total (B)	**71.70**	**119.60**	**200.38**	**212.60**
(C) Net Translation/Transaction Exchange Loss	**41.38**	**88.56**	**673.15**	**255.33**
Total (A+B+C)	**13,829.52**	**13,450.35**	**14,283.12**	**11,844.61**

Note S - Employee Benefits Expense **(₹ in Crores)**

Particulars	As at 31.03.2018	As at 31.03.2017	Year ended 31.03.2016	Year ended 31.03.2015
(A) Salaries and Allowances	130.70	117.56	96.85	92.46
(B) Contribution to Provident Fund and Other Funds	13.96	12.88	12.07	11.38
(C) Gratuity	1.24	15.19	0.53	0.60
(D) Expenses towards Post Retirement Medical Facility	15.70	17.21	15.33	16.39
(E) Staff Welfare Expenses	15.27	15.23	12.66	13.11
Total (A+B+C+D+E)	**176.87**	**178.07**	**137.44**	**133.94**

Note T - Other Expenses **(₹ in Crores)**

Particulars	As at 31.03.2018	As at 31.03.2017	Year ended 31.03.2016	Year ended 31.03.2015
- Travelling and Conveyance	12.59	10.12	11.23	9.97
- Publicity & Promotion Expenses	8.56	5.33	5.20	5.97
- Repairs and Maintenance				
- Building	3.28	2.06	2.65	2.69
- Machinery - ERP & Data Centre	4.50	4.83	4.64	3.75
- Others	1.18	0.92	0.62	0.63
- Rent & Hiring Charges	8.32	3.68	3.29	3.66
- Rates and Taxes	0.40	0.46	0.44	0.88
- Power & Fuel	1.92	2.01	2.11	1.32
- Insurance Charges	0.16	0.09	0.03	0.04
- Postage, Telegram and Telephone	2.44	2.69	1.95	2.24
- Auditors' Remuneration	1.24	1.15	1.03	0.62
- Consultancy & Legal Charges	8.15	5.10	3.39	2.74
- Loss on Sale of Assets	0.56	0.52	0.38	0.11
- Miscellaneous Expenses	58.39	59.84	30.05	34.87
Total	**111.69**	**98.80**	**67.01**	**69.49**

Note U - Provisions and Contingencies **(₹ in Crores)**

Particulars	As at 31.03.2018	As at 31.03.2017	Year ended 31.03.2016	Year ended 31.03.2015
Provision for bad & doubtful debts	1,881.43	625.59	647.81	230.65
Contingent Provision against Standard Loan Assets	281.94	64.03	52.51	120.54
Provision against Restructured Standard Loans	-777.23	419.85	369.57	451.77
Provision for Interest due & Converted into Equity	-	-	3.96	-
Provision for depreciation on Investments	29.41	-	16.00	-
Total	**1,415.55**	**1,109.47**	**1,089.85**	**802.96**

ANNEXURE V - SIGNIFICANT ACCOUNTING POLICIES AND OTHER NOTES TO ACCOUNTS

SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED 31.03.2018

1. BASIS OF PREPARATION OF FINANCIAL STATEMENTS.

(a) **Accounting Convention: -** The financial statements are prepared under the historical cost convention on accrual basis and in accordance with generally accepted accounting principles and accounting standards as applicable under Section 133 of the Companies Act, 2013 read with MCA General Circular No. 15/2013 dated 13 September 2013. The financial statements adhere to the relevant presentational requirements of the Companies Act, 2013.

(b) **Use of Estimates: -** The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumption that affect the reported amounts of assets and liabilities and disclosure thereof at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates. Difference between the actual results and estimates are recognized in the period in which results materialize.

2. INCOME RECOGNITION, ASSET CLASSIFICATION AND PROVISIONING.

The Company is following regulatory norms/ guidelines as prescribed by Reserve Bank of India (RBI) from time to time. The salient features in respect of Income Recognition, Asset classification and Provisioning are as under:

2.1. Income Recognition

a. Income on Non Performing Assets is recognized as and when received and appropriated. Any such income recognized before the asset becomes non-performing and remaining unrealized is reversed.

Unless otherwise agreed, the recoveries from the borrowers are appropriated in the order of (i) costs and expenses of REC (ii) penal interest including interest tax, if any (iii) overdue interest including interest tax, if any and (iv) repayment of principal, the oldest being adjusted first.

In respect of standard loans including those whose terms are renegotiated/rescheduled/ restructured and retained as Standard Loans, income is recognized on accrual basis.

b. Income of agency fee on Government schemes is recognized on accrual basis on the basis of the services rendered.

c. Income under the head processing fee, upfront fee, lead fee, fees/ charges received under the mutatis-mutandis clause and pre-payment premium is accounted for in the year in which it is received by the company.

d. Income from investments

(1) Income from dividend on shares of corporate bodies and units of mutual funds shall be taken into account on accrual basis when REC's right to receive payment is established.

Provided that in case of final dividend, right to receive payment shall be considered as established only upon approval of the dividend by the shareholders in Annual General Meeting.

(2) Income from bonds and debentures of corporate bodies and from Government securities/bonds shall be taken into account on accrual basis.

Provided that the interest rate on these instruments is pre-determined and interest is serviced regularly and is not in arrears.

(3) Income on securities of corporate bodies or public sector undertakings, the payment of interest and repayment of principal of which have been guaranteed by Central Government or a State Government shall be taken into account on accrual basis.

2.2 Assets Classification

Loans and advances are classified as standard assets and non- performing assets, based on the guidelines issued by the RBI.

(1) **Standard Assets:** 'Standard asset' means an asset which is not an NPA and in respect of which no default in repayment of principal or payment of interest is perceived and which does not disclose any problem or carry more than normal risk attached to the business.

(2) **Non performing Assets (NPA):** A Loan asset shall become NPA:-

(a) if interest and/ or instalment of principal remains overdue for a period of 3 months or more.

(b) In case of under implementation Generation Projects other than Hydro projects in Himalayan region or affected by natural disasters, the loan Asset shall also be classified as NPA if it fails to commence commercial operations within 2 years or upto 3/4 years (subject to certain conditions) from the original DCCO as the case may be depending upon the reasons of such delay.

(c) For the purpose of classification of assets into standard, sub-standard, doubtful and loss categories, facilities shall be classified borrower wise with the following exception:
Government Sector loans, where cash flows from each project are separately identifiable and applied to the same project, REC shall classify such loans on project wise basis.

NPAs are classified into Sub-Standard, Doubtful and Loss Assets, based on the following criteria.

(i) Sub-Standard Assets: 'Sub-standard asset' means an asset which has been classified as non-performing asset for a period not exceeding 12 months for the financial year ending 31 March 2018 and thereafter.

An asset which has been renegotiated or rescheduled or restructured shall be a sub-standard asset or continue to remain in the same category in which it was prior to its renegotiation or re-schedulement or restructuring, as a doubtful asset or a loss asset as the case may be. Such asset may be upgraded only when all the outstanding loan/ facilities in the account perform satisfactorily during the period up to one year from the commencement of the first payment of interest or principal whichever is later on the credit facility with longest period of moratorium under the terms of restructuring package. Necessary provision is required to be made as applicable to such asset till it is upgraded.

(ii) Doubtful Assets: Doubtful asset means an asset which remains a substandard asset for a period exceeding 12 months for the financial year ending 31 March 2018 and thereafter.

(iii) Loss Assets: Loss asset means –

a) An asset which has been identified as loss asset by REC or its internal or external auditor or by RBI, to the extent it is not written off by REC, and

b) An asset which is adversely affected by a potential threat of non-recoverability due to either erosion in the value of security or non availability of security or due to any fraudulent act or omission on the part of the borrower.

2.3 Provisioning against Loans

The provisioning requirement in respect of loans, advances and other credit facilities including bills purchased and discounted shall be as under:

(i) **Loss assets** – The entire asset shall be written off. If the assets are permitted to remain in the books for any reason, 100% of the outstanding shall be provided for:

(ii) **Doubtful assets –**

(a) 100% provision to the extent to which the advance is not covered by the realizable value of the security to which REC has a valid recourse shall be made. The realizable value is to be estimated on a realistic basis; Loans covered by Central/State Govt. guarantee or loans to any State Govt. shall be treated as secured;

(b) In addition to item(a) above, depending upon the period for which the asset has remained doubtful, provision to the extent of 20% to 50% of the secured portion (i.e. estimated realizable value of the outstanding) shall be made on the following basis :-

Period for which the asset has been considered as doubtful	**% of provision**
Up to one year	20%
1 to 3 years	30%
More than 3 years	50%

(iii) **Sub-standard assets -** A provision of 10% shall be made.

(iv) **Standard assets -** Provision in respect of Standard Assets is made as below:

Particulars	**Provisioning Requirement**
For Restructured Loans if the original DCCO prescribed at the time of financial closure is extended beyond 2 years and upto: a. 4 years in case the reason for extension of DCCO is arbitration proceedings or a court case. b. 3 years in case the reason for extension of DCCO is beyond the control of promoters (other than court cases).	The provisioning requirement would be 5.00% from the date of such restructuring till the revised DCCO or 2 years from the date of restructuring whichever is later.
For Standard Assets other than specified above	The provisioning requirement would be 0.40% of the amount outstanding as Standard Assets.

2.4 Treatment of Provisions held

The provisions in respect of Non Performing Assets (NPAs) is reversed only after the complete recovery of the outstanding/ regularization of the account.

2.5 For restructured/ rescheduled assets, provisions are made in accordance the guidelines (subject to specific relaxations) issued by RBI, which requires that the difference between the fair value of the loan assets before and after restructuring is provided for, in addition to provision for the respective loan assets.

3. FIXED ASSETS.

Fixed Assets are shown at historical cost less accumulated depreciation. The cost includes any cost attributable of bringing the assets to its working condition for its intended use.

4. DEPRECIATION.

4.1. Depreciation on assets is provided on straight-line method in accordance with the useful lives prescribed under Schedule II to the Companies Act, 2013.

4.2. Depreciation on assets purchased / sold during the year is charged for the full month if the asset is in use for more than 15 days, instead of charging the same on pro-rata basis from the date of purchase/sale.

4.3. Depreciation on assets purchased during the year up to Rs. 5,000/- is provided @ 100%.

4.4. Leasehold land is amortized over the lease period.

5. INTANGIBLE ASSETS.

An Intangible Asset is recognized where it is probable that the future economic benefits attributable to the assets will flow to the company. The depreciable amount of an intangible asset is allocated on straight line basis over the best estimate of its useful life. Management estimates useful life of intangible assets to be 5 years.

6. INVESTMENTS.

Long term investments are carried at cost. However, provision for diminution is made to recognise a decline, other than temporary, in the value of the investments, such reduction being determined and made for each investment individually. Quoted current investments are carried individually at the cost or market value whichever is lower. Unquoted current investments are carried individually at the cost or fair value whichever is lower.

7. CURRENT TAX AND DEFERRED TAX.

Income Tax expense comprises current Income Tax (Amount of tax for the period determined in accordance with the income tax law) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the period) is determined in accordance with Accounting Standard- 22. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates that have been enacted or substantially established by the Balance Sheet date. Deferred Tax Assets are recognized and carry forward to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such Deferred Tax Assets can be realized.

8. IMPAIRMENT OF ASSETS.

At each balance sheet date, the Company reviews the carrying amounts of its fixed assets to determine whether there is any indication that those assets suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss. Recoverable amount is the higher of assets net selling prices and value in use.

9. PROVISIONS

A provision is recognized when the company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation and reliable estimate of amount of the obligation can be made. Provisions are determined based on management estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current management estimates.

10. BOND / DEBT ISSUE.

10.1. Expenditure on raising of funds by way of bonds is charged to revenue in the year of issue of such bonds.

10.2. The Corporation discharges its obligation towards payment of principal and interest relating to bonds by depositing the amount in the designated Bank Accounts. Accordingly, the payments are treated as final payments and these amounts are not exhibited in the books till the validity of the instruments but reconciliation thereof is carried out.

10.3. Expenditure incurred on raising of funds is charged to the Statement of Profit & Loss in the year in which it is incurred except the arrangement fee paid on the raising of External Commercial Borrowings, discount/ interest on the Commercial Papers/ Reg-S-Bonds (External Commercial Borrowings), which is amortized proportionately over the period of its tenure.

11. CASH FLOW STATEMENT

11.1. Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular operating, financing and investing activities of the Company are segregated.

11.2. Cash comprises cash on hand, demand deposits with banks, imprest with postal authorities and cheques / drafts / pay orders in hand. The Company considers cash equivalents as all short term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

12. PRIOR PERIOD/ PREPAID ADJUSTMENTS

12.1. Considering the nature of business, interest income/expenditure for the earlier years ascertained and determined during the year is accounted for in the year in which it is so ascertained/determined.

12.2. Other items not exceeding Rs. 5,00,000/- in each case are accounted for under natural heads of account.

13. EMPLOYEES BENEFITS

13.1 The liability for employees benefit in respect of Gratuity ascertained on actuarial valuation is provided and funded to a separate trust.

13.2 Post employment and other long term employee benefits are recognized as an expense in the Statement of Profit & Loss for the year in which the employee has rendered services. The expense is recognized at the present value of the amounts payable determined using actuarial valuation techniques. Actuarial gains and losses in respect of post employment and other long term benefits are charged to the Statement of Profit & Loss.

14. TRANSACTION IN FOREIGN CURRENCY

Foreign Currency transactions are initially recorded at the exchange rate prevailing on the date of transaction.

In respect of accounting periods commencing on or after the 1st April, 2011, the exchange differences arising on reporting of long-term foreign currency monetary items (having a term of twelve months or more at the date of origination) at RBI reference rates prevailing at the end of each reporting period or where the RBI reference rate is not available for any currency, the closing rate for the same date quoted on Bloomberg, different from those at which they were initially recorded during the period, or reported in previous financial statements, are accumulated in a “Foreign Currency Monetary Item Translation Difference Account” and amortized over the balance period of such long term monetary item, by recognition as income or expense in each of such periods.

Short-term foreign currency monetary items (having a term of less than twelve months at the date of origination) are translated at RBI reference rates prevailing at the end of each reporting period or where the RBI reference rate is not available for any currency, the closing rate for the same date quoted on Bloomberg. The resultant exchange fluctuation is recognized as income or expense in each of such periods.

15. GRANTS/FUNDS FROM GOVERNMENT

Un-disbursed funds of grant received for further disbursements are classified as current liabilities. Interest wherever earned on such funds is credited to respective grant account.

16. DERIVATIVE TRANSACTIONS

16.1 Derivative transactions include forwards, interest rate swaps, cross currency swaps and currency and cross currency options to hedge assets and liabilities.

16.2 These derivative transactions are done for hedging purpose and not for trading or speculative purpose.

Derivative contracts in the nature of foreign exchange forward contracts are accounted for as per Accounting Standard 11 “The Effects of Changes in Foreign Exchange Rates”. These foreign exchange contract are carried net of receivables and payables in asset or liability.

Other derivative contracts such as interest rate swaps etc. are accounted for as per Guidance Note on Accounting for Derivative Contracts issued by the Institute of Chartered Accountants of India. These are carried at fair value and changes in the fair value being recognized in the statement of Profit & Loss.

16.3 Any one-time hedging premium paid on derivative transactions shall be amortized over the tenor of such derivative contract.

RURAL ELECTRIFICATION CORPORATION LIMITED

SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED 31.03.2017

1. BASIS OF PREPARATION OF FINANCIAL STATEMENTS.

(a) **Accounting Convention: -** The financial statements are prepared under the historical cost convention on accrual basis and in accordance with generally accepted accounting principles and accounting standards as applicable under Section 133 of the Companies Act, 2013 read with MCA General Circular No. 15/2013 dated 13 September 2013. The financial statements adhere to the relevant presentational requirements of the Companies Act, 2013.

(b) **Use of Estimates: -** The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumption that affect the reported amounts of assets and liabilities and disclosure thereof at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates. Difference between the actual results and estimates are recognized in the period in which results materialize.

2. INCOME RECOGNITION, ASSET CLASSIFICATION AND PROVISIONING.

The Company is following regulatory norms/ guidelines as prescribed by Reserve Bank of India (RBI) from time to time. However, RBI has allowed certain specific relaxations in respect of non-applicability of reduced period for NPA recognition in case of loans sanctioned on or before 31 March 2015 and exemption for certain projects from applicability of Restructuring norms of RBI and allowed the Company to continue to be regulated by the existing REC's prudential norms. The salient features in respect of Income Recognition, Asset classification and Provisioning are as under:

2.1. Income Recognition

a. Income on Non Performing Assets is recognized as and when received and appropriated. Any such income recognized before the asset becomes non-performing and remaining unrealized is reversed.

Unless otherwise agreed, the recoveries from the borrowers are appropriated in the order of (i) costs and expenses of REC (ii) penal interest including interest tax, if any (iii) overdue interest including interest tax, if any and (iv) repayment of principal, the oldest being adjusted first.

In respect of standard loans including those whose terms are renegotiated/rescheduled/ restructured and retained as Standard Loans, income is recognized on accrual basis.

b. Income of fee of DDUGJY Schemes is recognized on the basis of the services rendered and amount of fee sanctioned by the Ministry of Power.

c. Income of service charges of NEF (Interest Subsidy) Scheme is recognized on the basis of the services rendered and amount of service charges sanctioned by the Ministry of Power.

d. Income under the head processing fee, upfront fee, lead fee, fees/ charges received under the mutatis-mutandis clause and pre-payment premium is accounted for in the year in which it is received by the company.

e. Income from investments

(1) Income from dividend on shares of corporate bodies and units of mutual funds shall be taken into account on accrual basis when REC's right to receive payment is established.

Provided that in case of final dividend, right to receive payment shall be considered as established only upon approval of the dividend by the shareholders in Annual General Meeting.

(2) Income from bonds and debentures of corporate bodies and from Government securities/bonds shall be taken into account on accrual basis.

Provided that the interest rate on these instruments is pre-determined and interest is serviced regularly and is not in arrears.

(3) Income on securities of corporate bodies or public sector undertakings, the payment of interest and repayment of principal of which have been guaranteed by Central Government or a State Government shall be taken into account on accrual basis.

2.2 Assets Classification

Loans and advances are classified as standard assets and non- performing assets, based on the guidelines issued by the RBI.

(1) **Standard Assets: '**Standard asset' means an asset which is not an NPA and in respect of which no default in repayment of principal or payment of interest is perceived and which does not disclose any problem or carry more than normal risk attached to the business.

In view of relaxation given by RBI vide letter dated June 11th, 2015, for Transmission & Distribution, Renovation & Modernization and Life Extension projects and also the Hydro projects in Himalayan region or affected by natural disasters, the rescheduling or restructuring or renegotiation of a standard infrastructure loan asset shall not cause it to be reclassified if the revised project is found to be viable by the competent authority.

(2) **Non performing Assets (NPA):** A Loan asset shall become NPA:-

(a) if interest and/ or instalment of principal remains overdue for a period of two quarters or more.
The above period of two quarters shall be 5 months for the financial year ending 31 March 2016, 4 months for the financial year ending 31 March 2017 and 3 months for the financial year ending 31 March 2018 and thereafter. However, RBI vide letter dated 5 October 2015 has permitted that the existing loans of the company i.e. loans sanctioned on or before 31 March 2015 are permitted to be regulated under the REC's existing asset classification norms (180 days) till 31 March 2017.

(b) In case of under implementation Generation Projects other than Hydro projects in Himalayan region or affected by natural disasters, the loan Asset shall also be classified as NPA if it fails to commence commercial operations within 2 years or upto 3/4 years (subject to certain conditions) from the original DCCO as the case may be depending upon the reasons of such delay.

(c) For the purpose of classification of assets into standard, sub-standard, doubtful and loss categories, facilities shall be classified borrower wise with the following exception:
Government Sector loans, where cash flows from each project are separately identifiable and applied to the same project, REC shall classify such loans on project wise basis.

NPAs are classified into Sub-Standard, Doubtful and Loss Assets, based on the following criteria.

(i) Sub-Standard Assets: 'Sub-standard asset' means an asset which has been classified as non-performing asset for a period not exceeding *16 months' for the financial year ending 31 March 2016; 'not exceeding 14 months' for the financial year ending 31 March 2017; and 'not exceeding 12 months' for the financial year ending 31 March 2018 and thereafter.*

An asset which has been renegotiated or rescheduled or restructured shall be a sub-standard asset or continue to remain in the same category in which it was prior to its renegotiation or re-schedulement or restructuring, as a doubtful asset or a loss asset as the case may be. Such asset may be upgraded only when all the outstanding loan/ facilities in the account perform satisfactorily during the period up to one year from the commencement of the first payment of interest or principal whichever is later on the credit facility with longest period of moratorium under the terms of restructuring package. Necessary provision is required to be made as applicable to such asset till it is upgraded.

(ii) Doubtful Assets: Doubtful asset means an asset which remains a substandard asset for a period 'exceeding 16 months' for the financial year ended 31 March 2016; 'exceeding 14 months' for the financial year ending 31 March 2017 and 'exceeding 12 months' for the financial year ending 31 March 2018 and thereafter.

(iii) Loss Assets: Loss asset means –

a) An asset which has been identified as loss asset by REC or its internal or external auditor or by RBI, to the extent it is not written off by REC, and

b) An asset which is adversely affected by a potential threat of non-recoverability due to either erosion in the value of security or non availability of security or due to any fraudulent act or omission on the part of the borrower.

2.3 Provisioning against Loans

The provisioning requirement in respect of loans, advances and other credit facilities including bills purchased and discounted shall be as under:

(i) **Loss assets** – The entire asset shall be written off. If the assets are permitted to remain in the books for any reason, 100% of the outstanding shall be provided for:

(ii) **Doubtful assets** –

(a) 100% provision to the extent to which the advance is not covered by the realizable value of the security to which REC has a valid recourse shall be made. The realizable value is to be estimated on a realistic basis; Loans covered by Central/State Govt. guarantee or loans to any State Govt. shall be treated as secured;

(b) In addition to item(a) above, depending upon the period for which the asset has remained doubtful, provision to the extent of 20% to 50% of the secured portion (i.e. estimated realizable value of the outstanding) shall be made on the following basis :-

Period for which the asset has been considered as doubtful	**% of provision**
Up to one year	20%
1 to 3 years	30%
More than 3 years	50%

(iii) **Sub-standard assets -** A provision of 10% shall be made.

(iv) **Standard assets -** Provision in respect of Standard Assets is made as below:

Particulars	**Provisioning Requirement**
For Restructured Loans other than under Transmission & Distribution, Renovation & Modernisation and Life Extension projects as also the hydro projects in Himalayan region or affected by natural disasters, if the original DCCO prescribed at the time of financial closure is extended beyond 2 years and upto: a. 4 years in case the reason for extension of DCCO is arbitration proceedings or a court case.	In respect of the stock of outstanding loans as on 31 March 2015, provisioning requirement shall be as below: • 2.75% with effect from 31 March 2015 • 3.50% with effect from 31 March 2016 (spread over 4 quarters of 2015-16) • 4.25% with effect from 31 March 2017 (spread over 4 quarters of 2016-17) • 5.00% with effect from 31 March 2018 (spread over 4 quarters of 2017-18)

Particulars	Provisioning Requirement
b. 3 years in case the reason for extension of DCCO is beyond the control of promoters (other than court cases).	The above provision is required from the date of restructuring till the revised DCCO or 2 years from the date of restructuring whichever is later. In respect of new projects loans restructured with effect from 1st April, 2015, the provisioning requirement would be 5.00% from the date of such restructuring till the revised DCCO or 2 years from the date of restructuring whichever is later.
For Standard Assets other than specified above	In respect of the stock of outstanding loans as on 31 March 2015, provisioning requirement is as below: • 0.25% by 31 March 2015 • 0.30% by 31 March 2016 • 0.35% by 31 March 2017 • 0.40% by 31 March 2018. For incremental loans during the financial year 2015-16, 2016-17 and 2017-18, the provisioning shall be made @ 0.30%, 0.35% and 0.40% respectively and shall be further increased in a phased manner so as to make it equal to 0.40% by 31st March, 2018.

2.4 Treatment of Provisions held

The provisions in respect of Non Performing Assets (NPAs) is reversed only after the complete recovery of the outstanding/ regularization of the account.

2.5 For restructured/ rescheduled assets, provisions are made in accordance the guidelines (subject to specific relaxations) issued by RBI, which requires that the difference between the fair value of the loan assets before and after restructuring is provided for, in addition to provision for the respective loan assets.

3. FIXED ASSETS.

Fixed Assets are shown at historical cost less accumulated depreciation. The cost includes any cost attributable of bringing the assets to its working condition for its intended use.

4. DEPRECIATION.

4.1. Depreciation on assets is provided on straight-line method in accordance with the useful lives prescribed under Schedule II to the Companies Act, 2013.

4.2. Depreciation on assets purchased / sold during the year is charged for the full month if the asset is in use for more than 15 days, instead of charging the same on pro-rata basis from the date of purchase/sale.

4.3. Depreciation on assets purchased during the year up to Rs. 5,000/- is provided @ 100%.

4.4. Leasehold land is amortized over the lease period.

5. INTANGIBLE ASSETS.

An Intangible Asset is recognized where it is probable that the future economic benefits attributable to the assets will flow to the company. The depreciable amount of an intangible asset is allocated on straight line basis over the best estimate of its useful life. Management estimates useful life of intangible assets to be 5 years.

6. INVESTMENTS.

Long term investments are carried at cost. However, provision for diminution is made to recognise a decline, other than temporary, in the value of the investments, such reduction being determined and made for each investment individually. Quoted current investments are carried individually at the cost or market value whichever is lower. Unquoted current investments are carried individually at the cost or fair value whichever is lower.

7. CURRENT TAX AND DEFERRED TAX.

Income Tax expense comprises current Income Tax (Amount of tax for the period determined in accordance with the income tax law) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the period) is determined in accordance with Accounting Standard- 22. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates that have been enacted or substantially established by the Balance Sheet date. Deferred Tax Assets are recognized and carry forward to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such Deferred Tax Assets can be realized.

8. IMPAIRMENT OF ASSETS.

At each balance sheet date, the Company reviews the carrying amounts of its fixed assets to determine whether there is any indication that those assets suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss. Recoverable amount is the higher of assets net selling prices and value in use.

9. PROVISIONS

A provision is recognized when the company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation and reliable estimate of amount of the obligation can be made. Provisions are determined based on management estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current management estimates.

10. BOND / DEBT ISSUE.

10.1. Expenditure on raising of funds by way of bonds is charged to revenue in the year of issue of such bonds.

10.2. The Corporation discharges its obligation towards payment of principal and interest relating to bonds by depositing the amount in the designated Bank Accounts. Accordingly, the payments are treated as final payments and these amounts are not exhibited in the books till the validity of the instruments but reconciliation thereof is carried out.

10.3. Expenditure incurred on raising of funds is charged to the Statement of Profit & Loss in the year in which it is incurred except the discount/interest on the Commercial Papers/ Reg-S-Bonds (External Commercial Borrowings), which is amortized proportionately over the period of its tenure.

11. CASH FLOW STATEMENT

11.1. Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular operating, financing and investing activities of the Company are segregated.

11.2. Cash comprises cash on hand, demand deposits with banks, imprest with postal authorities and cheques / drafts / pay orders in hand. The Company considers cash equivalents as all short term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

12. PRIOR PERIOD/ PREPAID ADJUSTMENTS

12.1. Considering the nature of business, interest income/expenditure for the earlier years ascertained and determined during the year is accounted for in the year in which it is so ascertained/determined.

12.2. Other items not exceeding Rs. 5,00,000/- in each case are accounted for under natural heads of account.

13. EMPLOYEES BENEFITS

13.1 The liability for employees benefit in respect of Gratuity ascertained on actuarial valuation is provided and funded to a separate trust.

13.2 Post employment and other long term employee benefits are recognized as an expense in the Statement of Profit & Loss for the year in which the employee has rendered services. The expense is recognized at the present value of the amounts payable determined using actuarial valuation techniques. Actuarial gains and losses in respect of post employment and other long term benefits are charged to the Statement of Profit & Loss.

14. TRANSACTION IN FOREIGN CURRENCY

Foreign Currency transactions are initially recorded at the exchange rate prevailing on the date of transaction.

In respect of accounting periods commencing on or after the 1st April, 2011, the exchange differences arising on reporting of long-term foreign currency monetary items (having a term of twelve months or more at the date of origination) at RBI reference rates prevailing at the end of each reporting period or where the RBI reference rate is not available for any currency, the closing rate for the same date quoted on Bloomberg, different from those at which they were initially recorded during the period, or reported in previous financial statements, are accumulated in a "Foreign Currency Monetary Item Translation Difference Account" and amortized over the balance period of such long term monetary item, by recognition as income or expense in each of such periods.

Short-term foreign currency monetary items (having a term of less than twelve months at the date of origination) are translated at RBI reference rates prevailing at the end of each reporting period or where the RBI reference rate is not available for any currency, the closing rate for the same date quoted on Bloomberg. The resultant exchange fluctuation is recognized as income or expense in each of such periods.

15. GRANTS/FUNDS FROM GOVERNMENT

Un-disbursed funds of grant received for further disbursements are classified as current liabilities. Interest wherever earned on such funds is credited to respective grant account.

16. DERIVATIVE TRANSACTIONS

16.1 Derivative transactions include forwards, interest rate swaps, cross currency swaps and currency and cross currency options to hedge assets and liabilities.

16.2 These derivative transactions are done for hedging purpose and not for trading or speculative purpose.

Derivative contracts in the nature of foreign exchange forward contracts are accounted for as per Accounting Standard 11 "The Effects of Changes in Foreign Exchange Rates". These foreign exchange contract are carried net of receivables and payables in asset or liability.

Other derivative contracts such as interest rate swaps etc. are accounted for as per Guidance Note on Accounting for Derivative Contracts issued by the Institute of Chartered Accountants of India. These are carried at fair value and changes in the fair value being recognized in the statement of Profit & Loss.

RURAL ELECTRIFICATION CORPORATION LIMITED

SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED 31.03.2016

1. BASIS OF PREPARATION OF FINANCIAL STATEMENTS.

(a) **Accounting Convention: -** The financial statements are prepared under the historical cost convention on accrual basis and in accordance with generally accepted accounting principles and accounting standards as applicable under Section 133 of the Companies Act, 2013 read with MCA General Circular No. 15/2013 dated 13th September 2013. The financial statements adhere to the relevant presentational requirement of the Companies Act, 2013.

(b) **Use of Estimates: -** The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumption that affect the reported amounts of assets and liabilities and disclosure thereof at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates. Difference between the actual results and estimates are recognized in the period in which results materialize.

2. INCOME RECOGNITION, ASSET CLASSIFICATION AND PROVISIONING.

The Company is following regulatory norms/ guidelines as prescribed by Reserve Bank of India (RBI) from time to time. However, RBI has allowed certain specific relaxations in respect of non-applicability of reduced period for NPA recognition in case of loans sanctioned on or before March 31, 2015 and exemption for certain projects from applicability of Restructuring norms of RBI and allowed the Company to continue to be regulated by the existing REC's prudential norms. The salient features in respect of Income Recognition, Asset classification and Provisioning are as under:

2.1. Income Recognition

a. Income on Non Performing Assets is recognized as and when received and appropriated. Any such income recognized before the asset becomes non-performing and remaining unrealized is reversed.

Unless otherwise agreed, the recoveries from the borrowers are appropriated in the order of (i) costs and expenses of REC (ii) penal interest including interest tax, if any (iii) overdue interest including interest tax, if any and (iv) repayment of principal, the oldest being adjusted first.

In respect of standard loans including those whose terms are renegotiated/rescheduled/ restructured and retained as Standard Loans, income is recognized on accrual basis.

b. Income of fee of DDUGJY Schemes is recognized on the basis of the services rendered and amount of fee sanctioned by the Ministry of Power.

c. Income of service charges of NEF (Interest Subsidy) Scheme is recognized on the basis of the services rendered and amount of service charges sanctioned by the Ministry of Power.

d. Income under the head processing fee, upfront fee, lead fee, fees/ charges received under the mutatis-mutandis clause and pre-payment premium is accounted for in the year in which it is received by the company.

e. Income from investments

(1) Income from dividend on shares of corporate bodies and units of mutual funds shall be taken into account on accrual basis when REC's right to receive payment is established.

Provided that in case of final dividend, right to receive payment shall be considered as established only upon approval of the dividend by the shareholders in Annual General Meeting.

(2) Income from bonds and debentures of corporate bodies and from Government securities/bonds shall be taken into account on accrual basis.

Provided that the interest rate on these instruments is pre-determined and interest is serviced regularly and is not in arrears.

(3) Income on securities of corporate bodies or public sector undertakings, the payment of interest and repayment of principal of which have been guaranteed by Central Government or a State Government shall be taken into account on accrual basis.

2.2 Assets Classification

Loans and advances are classified as standard assets and non- performing assets, based on the guidelines issued by the RBI.

(1) **Standard Assets:** 'Standard asset' means an asset which is not an NPA and in respect of which no default in repayment of principal or payment of interest is perceived and which does not disclose any problem or carry more than normal risk attached to the business.

In view of relaxation given by RBI vide letter dated June 11th, 2015, for Transmission & Distribution, Renovation & Modernization and Life Extension projects and also the Hydro projects in Himalayan region or affected by natural disasters, the rescheduling or restructuring or renegotiation of a standard infrastructure loan asset shall not cause it to be reclassified if the revised project is found to be viable by the competent authority.

(2) **Non performing Assets (NPA):** A Loan asset shall become NPA:-

(a) if interest and/ or instalment of principal remains overdue for a period of two quarters or more.
The above period of two quarters shall be 5 months for the financial year ending March 31, 2016, 4 months for the financial year ending March 31, 2017 and 3 months for the financial year ending March 31, 2018 and thereafter. However, RBI vide letter dated October 5th, 2015 has permitted that the existing loans of the company i.e. loans sanctioned on or before March 31, 2015 are permitted to be regulated under the REC's existing asset classification norms (180 days) till March 31, 2017.

(b) In case of under implementation Generation Projects other than Hydro projects in Himalayan region or affected by natural disasters, the loan Asset shall also be classified as NPA if it fails to commence commercial operations within 2 years or upto 3/4 years (subject to certain conditions) from the original DCCO as the case may be depending upon the reasons of such delay.

NPAs are classified into Sub-Standard, Doubtful and Loss Assets, based on the following criteria.

(i) Sub-Standard Assets: 'Sub-standard asset' means an asset which has been classified as non-performing asset for a period not exceeding *16 months' for the financial year ending March 31, 2016; 'not exceeding 14 months' for the financial year ending March 31, 2017; and 'not exceeding 12 months' for the financial year ending March 31, 2018 and thereafter.*

An asset which has been renegotiated or rescheduled or restructured shall be a sub-standard asset or continue to remain in the same category in which it was prior to its renegotiation or re-schedulement or restructuring, as a doubtful asset or a loss asset as the case may be. Such asset may be upgraded only when all the outstanding loan/ facilities in the account perform satisfactorily during the period up to one year from the commencement of the first payment of interest or principal whichever is later on the credit facility with longest period of moratorium under the terms of restructuring package. Necessary provision is required to be made as applicable to such asset till it is upgraded.

(ii) Doubtful Assets: Doubtful asset means an asset which remains a substandard asset for a period 'exceeding 16 months' for the financial year ended March 31, 2016; 'exceeding 14 months' for the financial year ending March 31, 2017 and 'exceeding 12 months' for the financial year ending March 31, 2018 and thereafter.

(iii) Loss Assets: Loss asset means –

a) An asset which has been identified as loss asset by REC or its internal or external auditor or by RBI, to the extent it is not written off by REC, and

b) An asset which is adversely affected by a potential threat of non-recoverability due to either erosion in the value of security or non availability of security or due to any fraudulent act or omission on the part of the borrower.

For the purpose of classification of assets into standard, sub-standard, doubtful and loss categories, facilities shall be classified borrower wise with the following exception:
Government Sector loans, where cash flows from each project are separately identifiable and applied to the same project, REC shall classify such loans on project wise basis.

2.3 Provisioning against Loans

The provisioning requirement in respect of loans, advances and other credit facilities including bills purchased and discounted shall be as under:

(i) **Loss assets** – The entire asset shall be written off. If the assets are permitted to remain in the books for any reason, 100% of the outstanding shall be provided for:

(ii) **Doubtful assets** –

(a) 100% provision to the extent to which the advance is not covered by the realizable value of the security to which REC has a valid recourse shall be made. The realizable value is to be estimated on a realistic basis; Loans covered by Central/State Govt. guarantee or loans to any State Govt. shall be treated as secured;

(b) In addition to item(a) above, depending upon the period for which the asset has remained doubtful, provision to the extent of 20% to 50% of the secured portion (i.e. estimated realizable value of the outstanding) shall be made on the following basis :-

Period for which the asset has been considered as doubtful	**% of provision**
Up to one year	20%
1 to 3 years	30%
More than 3 years	50%

(iii) **Sub-standard assets -** A provision of 10% shall be made.

(iv) **Standard assets -** Provision in respect of Standard Assets is made as below:

Particulars	**Provisioning Requirement**
For Restructured Loans other than under Transmission & Distribution, Renovation & Modernisation and Life Extension projects as also the hydro projects in Himalayan region or affected by natural disasters, if the original DCCO prescribed at the time of financial closure is extended beyond 2 years and upto: a. 4 years in case the reason for extension of DCCO is arbitration proceedings or a court case. b. 3 years in case the reason for extension of DCCO is beyond the control of promoters (other than court cases).	In respect of the stock of outstanding loans as on 31st March, 2015, provisioning requirement shall be as below: • 2.75% with effect from 31st March, 2015 • 3.50% with effect from 31st March, 2016 (spread over 4 quarters of 2015-16) • 4.25% with effect from 31st March, 2017 (spread over 4 quarters of 2016-17) • 5.00% with effect from 31st March, 2018 (spread over 4 quarters of 2017-18) The above provision is required from the date of restructuring till the revised DCCO or 2 years from the date of restructuring whichever is later. In respect of new projects loans restructured with effect from 1st April, 2015, the provisioning requirement would be 5.00% from the date of such restructuring till the revised DCCO or 2 years from the date of restructuring whichever is later.
For Standard Assets other than specified above	In respect of the stock of outstanding loans as on 31st March, 2015, provisioning requirement is as below: • 0.25% by 31st March, 2015 • 0.30% by 31st March, 2016 • 0.35% by 31st March, 2017 • 0.40% by 31st March, 2018. For incremental loans during the financial year 2015-16, 2016-17 and 2017-18, the provisioning shall be made @ 0.30%, 0.35% and 0.40% respectively and shall be further increased in a phased manner so as to make it equal to 0.40% by 31st March, 2018.

2.4 Treatment of Provisions held

The provisions in respect of Non Performing Assets (NPAs) is reversed only after the complete recovery of the outstanding/ regularization of the account.

2.5 For restructured/ rescheduled assets, provisions are made in accordance the guidelines (subject to specific relaxations) issued by RBI, which requires that the difference between the fair value of the loan assets before and after restructuring is provided for, in addition to provision for the respective loan assets.

3. FIXED ASSETS.

Fixed Assets are shown at historical cost less accumulated depreciation. The cost includes any cost attributable of bringing the assets to its working condition for its intended use.

4. DEPRECIATION.

4.1. Depreciation on assets is provided on straight-line method in accordance with the useful lives prescribed under Schedule II to the Companies Act, 2013.

4.2. Depreciation on assets purchased / sold during the year is charged for the full month if the asset is in use for more than 15 days, instead of charging the same on pro-rata basis from the date of purchase/sale.

4.3. Depreciation on assets purchased during the year up to Rs. 5,000/- is provided @ 100%.

4.4. Leasehold land is amortized over the lease period.

5. INTANGIBLE ASSETS.

An Intangible Asset is recognized where it is probable that the future economic benefits attributable to the assets will flow to the company. The depreciable amount of an intangible asset is allocated on straight line basis over the best estimate of its useful life. Management estimates useful life of intangible assets to be 5 years.

6. INVESTMENTS.

Long term investments are carried at cost. However, provision for diminution is made to recognise a decline, other than temporary, in the value of the investments, such reduction being determined and made for each investment individually. Quoted current investments are carried individually at the cost or market value whichever is lower. Unquoted current investments are carried individually at the cost or fair value whichever is lower.

7. CURRENT TAX AND DEFERRED TAX.

Income Tax expense comprises current Income Tax (Amount of tax for the period determined in accordance with the income tax law) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the period) is determined in accordance with Accounting Standard- 22. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates that have been enacted or substantially established by the Balance Sheet date. Deferred Tax Assets are recognized and carry forward to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such Deferred Tax Assets can be realized.

8. IMPAIRMENT OF ASSETS.

At each balance sheet date, the Company reviews the carrying amounts of its fixed assets to determine whether there is any indication that those assets suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss. Recoverable amount is the higher of assets net selling prices and value in use.

9. PROVISIONS

A provision is recognized when the company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation and reliable estimate of amount of the obligation can be made. Provisions are determined based on management estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current management estimates.

10. BOND / DEBT ISSUE.

10.1. Expenditure on raising of funds by way of bonds is charged to revenue in the year of issue of such bonds.

10.2. The Corporation discharges its obligation towards payment of principal and interest relating to bonds by depositing the amount in the designated Bank Accounts. Accordingly, the payments are treated as final payments and these amounts are not exhibited in the books till the validity of the instruments but reconciliation thereof is carried out.

10.3. Expenditure incurred on raising of funds is charged to the Statement of Profit & Loss in the year in which it is incurred except the discount/interest on the Commercial Papers/ Reg-S-Bonds (External Commercial Borrowings), which is amortized proportionately over the period of its tenure.

11. CASH FLOW STATEMENT

11.1. Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular operating, financing and investing activities of the Company are segregated.

11.2. Cash comprises cash on hand, demand deposits with banks, imprest with postal authorities and cheques / drafts / pay orders in hand. The Company considers cash equivalents as all short term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

12. PRIOR PERIOD/ PREPAID ADJUSTMENTS

12.1. Considering the nature of business, interest income/expenditure for the earlier years ascertained and determined during the year is accounted for in the year in which it is so ascertained/determined.

12.2. Other items not exceeding Rs. 5,00,000/- in each case are accounted for under natural heads of account.

13. EMPLOYEES BENEFITS

13.1 The liability for employees benefit in respect of Gratuity ascertained on actuarial valuation is provided and funded to a separate trust.

13.2 Post employment and other long term employee benefits are recognized as an expense in the Statement of Profit & Loss for the year in which the employee has rendered services. The expense is recognized at the present value of the amounts payable determined using actuarial valuation techniques. Actuarial gains and losses in respect of post employment and other long term benefits are charged to the Statement of Profit & Loss.

14. TRANSACTION IN FOREIGN CURRENCY

14.1 Foreign Currency transactions are initially recorded at the exchange rate prevailing on the date of transaction.

In respect of accounting periods commencing on or after the 1st April, 2011, the exchange differences arising on reporting of long-term foreign currency monetary items (having a term of twelve months or more at the date of origination) at RBI reference rates prevailing at the end of each reporting period or where the RBI reference rate is not available for any currency, the closing rate for the same date quoted on Bloomberg, different from those at which they were initially recorded during the period, or reported in previous financial statements, are accumulated in a “Foreign Currency Monetary Item Translation Difference Account” and amortized over the balance period of such long term monetary item, by recognition as income or expense in each of such periods.

Short-term foreign currency monetary items (having a term of less than twelve months at the date of origination) are translated at RBI reference rates prevailing at the end of each reporting period or where the RBI reference rate is not available for any currency, the closing rate for the same date quoted on Bloomberg. The resultant exchange fluctuation is recognized as income or expense in each of such periods.

14.2 The portion of Foreign Currency loans swapped into Indian rupees is stated at the rate fixed in the swap transaction, and not translated at the year end rate.

15. GRANTS/FUNDS FROM GOVERNMENT

Un-disbursed funds of grant received for further disbursements are classified as current liabilities. Interest wherever earned on such funds is credited to respective grant account.

16. DERIVATIVE TRANSACTIONS

16.1 Derivative transactions include forwards, interest rate swaps, cross currency swaps and currency and cross currency options to hedge assets and liabilities.

16.2 These derivative transactions are done for hedging purpose and not for trading or speculative purpose. These are accounted for on accrual basis and are not marked to market.

SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED 31.03.2015

1. BASIS OF PREPARATION OF FINANCIAL STATEMENTS.

(a) **Accounting Convention: -** The financial statements are prepared under the historical cost convention on accrual basis and in accordance with generally accepted accounting principles and accounting standards as applicable under Section 133 of the Companies Act, 2013 read with General Circular No. 15/2013 dated 13th September 2013. The financial statements adhere to the relevant presentational requirement of the Companies Act, 2013.

(b) **Use of Estimates: -** The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumption that affect the reported amounts of assets and liabilities and disclosure thereof at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates. Difference between the actual results and estimates are recognized in the period in which results materialize.

2. INCOME RECOGNITION, ASSET CLASSIFICATION AND PROVISIONING.

The Corporation has formulated its own detailed Prudential Norms. Accounting is done in accordance with these Prudential Norms of REC and the salient features of the same for Income Recognition, Asset classification and Provisioning are as under in the Paras 2.1a, 2.1f, 2.2, 2.3 and 2.4:

2.1. Income Recognition

a. Income on Non Performing Assets where interest/ principal has become overdue for two quarters or more is recognized as and when received and appropriated. Any such income recognized before the asset becomes non-performing and remaining unrealized is reversed.

Unless otherwise agreed, the recoveries from the borrowers are appropriated in the order of (i) costs and expenses of REC (ii) penal interest including interest tax, if any (iii) overdue interest including interest tax, if any and (iv) repayment of principal, the oldest being adjusted first.

In respect of standard loans including those whose terms are renegotiated/rescheduled/ restructured and retained as Standard Loans, income is recognized on accrual basis.

In respect of loans (Non Performing Assets), income is recognized on accrual basis when it is reasonably expected that there is no uncertainty of receipt of dues from the borrowers and there has been satisfactory performance under the renegotiated or rescheduled or restructured terms until the expiry of one year of satisfactory performance under the renegotiated or rescheduled or restructured terms.

b. Income of agency charges of RGGVY Schemes is recognized on the basis of the services rendered and amount sanctioned by the Ministry of Power.

c. Income of agency charges of DDUGJY Schemes is recognized on the basis of the services rendered and amount sanctioned by the Ministry of Power.

d. Income of service charges of NEF (Interest Subsidy) Scheme is recognized on the basis of the services rendered and amount of service charges sanctioned by the Ministry of Power.

e. Income under the head processing fee, upfront fee, lead fee, fees/ charges received under the mutatis-mutandis clause and pre-payment premium is accounted for in the year in which it is received by the company.

f. Income from investments

(1) Income from dividend on shares of corporate bodies and units of mutual funds shall be taken into account on accrual basis when REC's right to receive payment is established.

(2) Income from bonds and debentures of corporate bodies and from Government securities/bonds shall be taken into account on accrual basis.

Provided that the interest rate on these instruments is pre-determined and interest is serviced regularly and is not in arrears.

(3) Income on securities of corporate bodies or public sector undertakings, the payment of interest and repayment of principal of which have been guaranteed by Central Government or a State Government shall be taken into account on accrual basis.

2.2 Assets Classification

Loans and advances and any other form of credit are classified into the following classes, namely:

(i) **Standard Assets: '**Standard asset' means an asset which is not an NPA and in respect of which no default in repayment of principal or payment of interest is perceived and which does not disclose any problem or carry more than normal risk attached to the business.

The rescheduling or restructuring or renegotiation of a standard infrastructure loan asset shall not cause it to be reclassified if the revised project is found to be viable by the competent authority.

(ii) **Sub-Standard Assets: '**Sub-standard asset' means:

(a) an asset which has been classified as non-performing asset for a period not exceeding 18 months;

(b) an asset where the terms of the agreement regarding interest and / or principal have been renegotiated or rescheduled or restructured, until the expiry of one year of satisfactory performance under the renegotiated or rescheduled or restructured terms.

(iii) **Doubtful Assets:** Doubtful asset means an asset which remains a substandard asset for a period exceeding 18 months.

(iv) **Loss Assets:** Loss asset means –

a) An asset which has been identified as loss asset by REC to the extent it is not written off by REC or the asset remains doubtful for a period exceeding 5 years, whichever is earlier.

b) An asset which is adversely affected by a potential threat of non-recoverability due to either erosion in the value of security or non availability of security or due to any fraudulent act or omission on the part of the borrower.

For the purpose of classification of assets into standard, sub-standard, doubtful and loss categories, facilities shall be classified borrower wise with the following exception:
Government Sector loans, where cash flows from each project are separately identifiable and applied to the same project, REC shall classify such loans on project wise basis.

2.3 Provisioning against Loans

The provisioning requirement in respect of loans, advances and other credit facilities including bills purchased and discounted shall be as under:

(i) **Loss assets** – The entire asset shall be written off. If the assets are permitted to remain in the books for any reason, 100% of the outstanding shall be provided for:

(ii) **Doubtful assets –**

(a) 100% provision to the extent to which the advance is not covered by the realizable value of the security to which REC has a valid recourse shall be made. The realizable value is to be estimated on a realistic basis; Loans covered by Central/State Govt. guarantee or loans to any State Govt. shall be treated as secured;

(b) In addition to item(a) above, depending upon the period for which the asset has remained doubtful, provision to the extent of 20% to 50% of the secured portion (i.e. estimated realizable value of the outstanding) shall be made on the following basis :-

Period for which the asset has been considered as doubtful	**% of provision**
Up to one year	20%
1 to 3 years	30%
More than 3 years	50%

(iii) **Sub-standard assets -** A provision of 10% shall be made.

An asset which has been renegotiated or rescheduled or restructured shall be a sub-standard asset or continue to remain in the same category in which it was prior to its renegotiation or re-schedulement or restructuring, as a doubtful asset or a loss asset as the case may be. Necessary provision is required to be made as applicable to such asset till it is upgraded.

(iv) **Standard assets -** Provision in respect of Standard Assets is made as below:

Particulars	**Provisioning Requirement**
For Restructured Loans other than under Transmission & Distribution, Renovation & Modernisation and Life Extension projects as also the hydro projects in Himalayan region or affected by natural disasters, if the original DCCO prescribed at the time of financial closure is extended beyond : a. 4 years in case the reason for extension of DCCO is arbitration proceedings or a court case. b. 3 years in case the reason for extension of DCCO is beyond the control of promoters (other than court cases). c. 2 years in cases other than specified above	In respect of the stock of outstanding loans as on 31st March, 2015, provisioning requirement shall be as below: • 2.75% with effect from 31st March, 2015 • 3.50% with effect from 31st March, 2016 • 4.25% with effect from 31st March, 2017 • 5.00% with effect from 31st March, 2018. In respect of new projects loans restructured with effect from 1st April, 2015, the provisioning requirement would be 5.00% from the date of such restructuring till the revised DCCO or 2 years from the date of restructuring whichever is later.
For Standard Assets other than specified above	0.25% of the outstanding loan amount

2.4 Treatment of Provisions held

The provisions in respect of Non Performing Assets (NPAs) is reversed only after the complete recovery of the outstanding/ regularization of the account.

3. FIXED ASSETS.

Fixed Assets are shown at historical cost less accumulated depreciation. The cost includes any cost attributable of bringing the assets to its working condition for its intended use.

4. DEPRECIATION.

4.1. Depreciation on assets is provided on straight-line method in accordance with the useful lives prescribed under Schedule II to the Companies Act, 2013.

4.2. Depreciation on assets purchased / sold during the year is charged for the full month if the asset is in use for more than 15 days, instead of charging the same on pro-rata basis from the date of purchase/sale.

4.3. Depreciation on assets purchased during the year up to Rs. 5,000/- is provided @ 100%.

4.4. Leasehold land is amortized over the lease period.

5. INTANGIBLE ASSETS.

An Intangible Asset is recognized where it is probable that the future economic benefits attributable to the assets will flow to the company. The depreciable amount of an intangible asset is allocated on a systematic basis over the best estimate of its useful life.

6. INVESTMENTS.

Long term investments are carried at cost. However, provision for diminution is made to recognise a decline, other than temporary, in the value of the investments, such reduction being determined and made for each investment individually. Quoted current investments are carried individually at the cost or market value whichever is lower. Unquoted current investments are carried individually at the cost or fair value whichever is lower.

7. CURRENT TAX AND DEFERRED TAX.

Income Tax expense comprises current Income Tax (Amount of tax for the period determined in accordance with the income tax law) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the period) is determined in accordance with Accounting Standard- 22. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates that have been enacted or substantially established by the Balance Sheet date. Deferred Tax Assets are recognized and carry forward to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such Deferred Tax Assets can be realized.

8. IMPAIRMENT OF ASSETS.

At each balance sheet date, the Company reviews the carrying amounts of its fixed assets to determine whether there is any indication that those assets suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss. Recoverable amount is the higher of assets net selling prices and value in use.

9. PROVISIONS

A provision is recognized when the company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation and reliable estimate of amount of the obligation can be made. Provisions are determined based on management estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current management estimates.

10. BOND / DEBT ISSUE.

10.1. Expenditure on raising of funds by way of bonds is charged to revenue in the year of issue of such bonds.

10.2. The Corporation discharges its obligation towards payment of principal and interest relating to bonds by depositing the amount in the designated Bank Accounts. Accordingly, the payments are treated as final payments and these amounts are not exhibited in the books till the validity of the instruments but reconciliation thereof is carried out.

10.3. Expenditure incurred on raising of funds is charged to the Statement of Profit & Loss in the year in which it is incurred except the discount/interest on the Commercial Papers/ Reg-S-Bonds (External Commercial Borrowings), which is amortized proportionately over the period of its tenure.

11. CASH FLOW STATEMENT

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular operating, financing and investing activities of the Company are segregated.

12. PRIOR PERIOD/ PREPAID ADJUSTMENTS

12.1. Considering the nature of business, interest income/expenditure for the earlier years ascertained and determined during the year is accounted for in the year in which it is so ascertained/determined.

12.2. Other items not exceeding Rs. 5,00,000/- in each case are accounted for under natural heads of account.

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13.1 The liability for employees benefit in respect of Gratuity ascertained on actuarial valuation is provided and funded to a separate trust.

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Short-term foreign currency monetary items (having a term of less than twelve months at the date of origination) are translated at RBI reference rates prevailing at the end of each reporting period or where the RBI reference rate is not available for any currency, the closing rate for the same date quoted on Bloomberg. The resultant exchange fluctuation is recognized as income or expense in each of such periods.

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16.1 Derivative transactions include forwards, interest rate swaps, cross currency swaps and currency and cross currency options to hedge assets and liabilities.

16.2 These derivative transactions are done for hedging purpose and not for trading or speculative purpose. These are accounted for on accrual basis and are not marked to market.

NOTES TO ACCOUNTS FOR THE YEAR ENDED 31.03.2018

1. Share Capital

(₹ in Crores)

Particulars	As at 31.03.2018		As at 31.03.2017	
	No. of Shares	Amount	No. of Shares	Amount
Authorised : Equity shares of ₹ 10 each	5,00,00,00,000	5,000.00	5,00,00,00,000	5,000.00
Issued, Subscribed and Paid up : Fully paid up Equity shares of ₹ 10 each	1,97,49,18,000	1,974.92	1,97,49,18,000	1,974.92
Total	**1,97,49,18,000**	**1,974.92**	**1,97,49,18,000**	**1,974.92**

1.1 Reconciliation of the number of shares outstanding at the beginning and at the end of the year

(₹ in Crores)

Particulars	As at 31.03.2018		As at 31.03.2017	
	No. of Shares	Amount	No. of Shares	Amount
Number of shares at the beginning of the year	1,97,49,18,000	1,974.92	98,74,59,000	987.46
Add: Bonus shares issued & allotted during the year	-	-	98,74,59,000	987.46
Number of shares at the end of the year	**1,97,49,18,000**	**1,974.92**	**1,97,49,18,000**	**1,974.92**

1.2 Allotment of Bonus Shares during the year and during preceding five years

During the FY 2017-18, no bonus shares were issued by the Company. However, the Company had allotted 98,74,59,000 Equity Shares as fully paid up by way of bonus shares during FY 2016-17.

1.3 The holders of the equity shares of the Company are entitled to receive dividends as and when declared by the Company and enjoy proportionate voting rights in case any resolution is put to vote. Further, the shareholders have all such rights, as may be available to a shareholder of a listed public company, under the Companies Act, 2013 and rules made thereunder, Companies Act, 1956 (to the extent applicable), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Memorandum of Association and Articles of Association of the Company.

1.4 Shareholders holding more than 5% of fully paid-up equity shares :

Name of the Shareholder	As at 31.03.2018		As at 31.03.2017	
	No. of Shares	Percentage	No. of Shares	Percentage
The President of India	1,15,16,78,783	58.32%	1,16,25,04,472	58.86%
Life Insurance Corporation of India	5,51,51,984	2.79%	12,63,22,504	6.40%

The President of India acting through Ministry of Power, Government of India has divested/sold 1,08,25,689 equity shares i.e. 0.54% of total paid up capital of the Company through BHARAT 22 ETF Scheme on 23rd November, 2017.

2. Reserves and Surplus

(₹ in Crores)

Particulars	As at 31.03.2018		As at 31.03.2017	
Capital Reserve		**105.00**		**105.00**
Securities Premium Account				
Balance as at the beginning of the year		2,236.54		3,224.00
Less: Deductions/ adjustments during the year (Refer Note 2.1)		-		987.46
Balance as at the end of the year		**2,236.54**		**2,236.54**
Debenture Redemption Reserve (Refer Note 2.2)				
Balance as at the beginning of the year		924.95		728.36
Add: Amount transferred from Surplus Account		196.59		196.59
Balance as at the end of the year		**1,121.54**		**924.95**
Special Reserve created u/s 36(1) (viii) of the Income Tax Act, 1961				
Balance as at the beginning of the year		12,230.70		10,349.64
Add: Amount transferred from Surplus Account		1,582.49		1,881.06
Balance as at the end of the year		**13,813.19**		**12,230.70**
Reserve for Bad and doubtful debts u/s 36(1)(viia) of the Income Tax Act, 1961				
Balance as at the beginning of the year		2,425.30		2,011.97
Add: Amount transferred from Surplus Account		335.80		413.33
Balance as at the end of the year		**2,761.10**		**2,425.30**
Foreign Currency Monetary Item Translation Difference Account (Refer Note 2.3)				
Balance as at the beginning of the year		36.31		-172.41
Add: Foreign Currency Translation Gain/ Loss (-) on long term monetary items during the year		-145.16		153.63
Amortisation during the year		45.75		55.09
Balance as at the end of the year		**-63.10**		**36.31**
General Reserve				
Balance as at the beginning of the year		4,677.40		4,677.40
Add: Amount transferred from Surplus Account		500.00		-
Balance as at the end of the year		**5,177.40**		**4,677.40**
Surplus Account				
Balance as at the beginning of the year		8,714.47		6,706.34
Less: Adjustment of MTM in respect of Interest Rate Swaps as at 31st March 2016 (Refer Note 2.1)		-		86.75
Add: Profit during the year		4,647.00		6,245.76
Less : Appropriations				
- Transfer to Special Reserve u/s 36(1)(viii) of the Income Tax Act, 1961	1,582.49		1,881.06	
- Transfer to Reserve for Bad & Doubtful Debts u/s 36(1)(viia) of the Income Tax Act, 1961	335.80		413.33	
- Dividend				
- Final Dividend for the previous year (Refer Note 2.4)	523.35		-	
- Interim Dividend for the current year	1,461.44		1,382.44	
- Dividend Distribution Tax				
- Final Dividend for the previous year	101.11		-	
- Interim Dividend for the current year	296.77		277.46	
- Transfer to Debenture Redemption Reserve	196.59		196.59	
- Transfer to General Reserve	500.00	4,997.55	-	4,150.88
Balance as at the end of the year		**8,363.92**		**8,714.47**
Total Reserves and Surplus		**33,515.59**		**31,350.67**

2.1 Draw down from Reserves

No amount has been drawn from the reserves during the year ended 31st March 2018. However, during the financial year 2016-17, an amount of ₹ 86.75 crores after netting of taxes of ₹ 45.92 crores had been adjusted in the retained earnings In accordance with the transitional provisions mentioned in the Guidance Note on Accounting for Derivative Contracts. Further, bonus shares had also been issued to the shareholders by capitalising Securities Premium Account by a sum of ₹ 987.46 Crores during the previous year.

2.2 Debenture Redemption Reserve (DRR)

In accordance with provisions of Section 71(4) of the Companies Act, 2013 as further clarified by the Companies (Share Capital and Debentures) Rules, 2014 issued by Ministry of Corporate Affairs, Govt. of India, the company creates Debenture Redemption Reserve (DRR) upto 25% of the value of debentures issued through public issue as per present SEBI (Issue and Listing of Debt Securities) Regulations, 2008 during the maturity period of such debentures, and no DRR is required in the case of privately placed debentures.
Accordingly, during the year, the company has created DRR amounting to ₹ 196.59 Crores (Previous year ₹ 196.59 Crores).

2.3 Foreign Currency Monetary Item Translation Difference Account

The company has opted towards an irrevocable option 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 Para 46A of Accounting Standard 11 'The Effects of Changes in Foreign Exchange Rates'. The balance in 'Foreign Currency Monetary Item Translation Difference Account' remaining to be amortised is ₹ 63.10 Crores as at 31st March 2018 (₹ 36.31 Crores (gain) as at 31st March 2017).

2.4 Proposed Dividend

The dividend proposed for the year is as follows :

Particulars	Year ended 31.03.2018	Year ended 31.03.2017
On Equity Shares of ₹ 10 each		
- Amount of Dividend proposed (₹ in Crores)	345.61	523.35
- Rate of Dividend (%)	17.50%	26.50%
- Dividend per equity share (₹)	1.75	2.65

As per the requirements of Revised AS-4 as amended vide the Companies (Accounting Standards) Amendment Rules, 2016, the Company was not required to provide for dividend proposed by the Board of Directors for the financial year 2016-17 in the books of accounts for the same year, as the declaration of dividend was done after the year end. The appropriation towards final dividend for the last year was accordingly made during the current year.

3. Details of Borrowings

3.1 Long-term Debt

Non-current portion of the long term debt has been classified as 'Long-term borrowings' and the current portion of the long term debt has been classified as "Current Maturities of Long-term debt' in Note-5 'Other Long-term and Short-term Liabilities'.

(₹ in Crores)

	Particulars	As at 31.03.2018			As at 31.03.2017		
		Non-Current	Current	Total	Non-Current	Current	Total
(A)	**Secured Long-Term Debt**						
(a)	**Bonds**						
(i)	Institutional Bonds	11,019.40	11,119.20	**22,138.60**	22,138.60	5,453.30	**27,591.90**
(ii)	54EC Capital Gain Tax Exemption Bonds	15,759.19	6,476.70	**22,235.89**	14,139.62	5,337.78	**19,477.40**
(iii)	Tax Free Bonds	12,648.41	-	**12,648.41**	12,648.41	-	**12,648.41**
(b)	**Term Loans**						
(i)	from Financial Institutions	200.00	200.00	**400.00**	400.00	350.00	**750.00**
(c)	**Other Loans & Advances**						
(i)	Bond Application Money	1,469.23	-	**1,469.23**	-	-	**-**
	Total Secured Long-Term Debt (a+b+c)	**41,096.23**	**17,795.90**	**58,892.13**	**49,326.63**	**11,141.08**	**60,467.71**
(B)	**Unsecured Long-Term Debt**						
(a)	**Bonds**						
(i)	Institutional Bonds	98,894.70	6,675.00	**1,05,569.70**	79,424.70	5,359.70	**84,784.40**
(ii)	Infrastructure Bonds	16.46	94.01	**110.47**	34.89	76.75	**111.64**
(iii)	Zero Coupon Bonds	1,162.59	-	**1,162.59**	1,073.09	-	**1,073.09**
(b)	**Other Loans & Advances**						
(i)	Foreign Currency Borrowings	19,779.45	7,750.63	**27,530.08**	19,630.02	1,450.53	**21,080.55**
	Total Unsecured Long-Term Debt (a+b)	**1,19,853.20**	**14,519.64**	**1,34,372.84**	**1,00,162.70**	**6,886.98**	**1,07,049.68**
	Total Long-Term Debt (A+B)	**1,60,949.43**	**32,315.54**	**1,93,264.97**	**1,49,489.33**	**18,028.06**	**1,67,517.39**

3.2 Short term Debt

(₹ in Crores)

	Particulars	As at 31.03.2018	As at 31.03.2017
(A)	Commercial Paper, unsecured	3,250.00	-
(B)	FCNR (B) Loans, unsecured	2,276.54	-
	Total Short-Term Debt (A+B)	**5,526.54**	**-**

3.3 Details of secured long-term debt - Refer Note 3.5 for details of the security

(a) Bonds

(i) Institutional Bonds

(₹ in Crores)

Particulars	As at 31.03.2018			As at 31.03.2017		
	Non-Current	Current	Total	Non-Current	Current	Total
123-IIIB Series - 9.34% Redeemable at par on 23.08.2024	1,955.00	-	1,955.00	1,955.00	-	1,955.00
123-I Series - 9.40% Redeemable at par on 17.07.2021	1,515.00	-	1,515.00	1,515.00	-	1,515.00
92-II Series - 8.65% Redeemable at par on 22.01.2020	945.30	-	945.30	945.30	-	945.30
91-II Series - 8.80% Redeemable at par on 18.11.2019	995.90	-	995.90	995.90	-	995.90
90-C-II Series - 8.80% Redeemable at par on 07.10.2019	1,040.00	-	1,040.00	1,040.00	-	1,040.00
90-B-II Series - 8.72% Redeemable at par on 04.09.2019	868.20	-	868.20	868.20	-	868.20
90th Series - 8.80% Redeemable at par on 03.08.2019	2,000.00	-	2,000.00	2,000.00	-	2,000.00
122nd Series - 9.02% Redeemable at par on 18.06.2019	1,700.00	-	1,700.00	1,700.00	-	1,700.00
119th Series - 9.63% Redeemable at par on 05.02.2019	-	2,090.00	2,090.00	2,090.00	-	2,090.00
88th Series - 8.65% Redeemable at par on 15.01.2019	-	1,495.00	1,495.00	1,495.00	-	1,495.00
118th Series - 9.61% Redeemable at par on 03.01.2019	-	1,655.00	1,655.00	1,655.00	-	1,655.00
117th Series - 9.38% Redeemable at par on 06.11.2018	-	2,878.00	2,878.00	2,878.00	-	2,878.00
87-A-III Series - 11.15% Redeemable at par on 24.10.2018	-	61.80	61.80	61.80	-	61.80
116-II Series - 9.24% Redeemable at par on 17.10.2018	-	850.00	850.00	850.00	-	850.00
87-II Series - 10.85% Redeemable at par on 01.10.2018	-	657.40	657.40	657.40	-	657.40
86-B-III Series - 10.85% Redeemable at par on 14.08.2018	-	432.00	432.00	432.00	-	432.00
86-A Series - 10.70% Redeemable at par on 30.07.2018	-	500.00	500.00	500.00	-	500.00
85th Series - 9.68% Redeemable at par on 13.06.2018	-	500.00	500.00	500.00	-	500.00
83rd Series - 9.07% Redeemed at par on 28.02.2018	-	-	-	-	685.20	685.20
82nd Series - 9.85% Redeemed at par on 28.09.2017	-	-	-	-	883.10	883.10
124-I Series - 9.06% Redeemed at par on 22.09.2017	-	-	-	-	2,610.00	2,610.00
123-IIIA Series - 9.25% Redeemed at par on 25.08.2017	-	-	-	-	1,275.00	1,275.00
Total - Institutional Bonds	**11,019.40**	**11,119.20**	**22,138.60**	**22,138.60**	**5,453.30**	**27,591.90**

(ii) 54EC Capital Gain Tax Exemption Bonds

(₹ in Crores)

Particulars	As at 31.03.2018			As at 31.03.2017		
	Non-Current	Current	Total	Non-Current	Current	Total
Series XI (2017-18) - 5.25% Redeemable at par during financial year 2020-21	8,096.27	-	8,096.27	-	-	-
Series X (2016-17) - 5.25%- 6.00% Redeemable at par during financial year 2019-20	7,662.92	-	7,662.92	7,662.92	-	7,662.92
Series X (2015-16) - 6.00% Redeemable at par during financial year 2018-19	-	6,476.70	6,476.70	6,476.70	-	6,476.70
Series IX (2014-15) - 6.00% Redeemed at par during financial year 2017-18	-	-	-	-	5,337.78	5,337.78
Total - 54EC Capital Gain Tax Exemption Bonds	**15,759.19**	**6,476.70**	**22,235.89**	**14,139.62**	**5,337.78**	**19,477.40**

(iii) Tax Free Bonds

(₹ in Crores)

Particulars	As at 31.03.2018			As at 31.03.2017		
	Non-Current	Current	Total	Non-Current	Current	Total
Series 2015-16 Tranche 1 Redeemable at par. Bonds amounting to ₹ 105.93 Crores are redeemable on 05.11.2025, ₹ 172.90 Crores are redeemable on 05.11.2030 and ₹ 421.17 Crores are redeemable on 05.11.2035 with interest rates varying from 6.89% to 7.43% payable annually	700.00	-	700.00	700.00	-	700.00
Series 2015-16 Series 5A 7.17% Redeemable at par on 23.07.2025	300.00	-	300.00	300.00	-	300.00
Series 2013-14 Tranche 2 Redeemable at par. Bonds amounting to ₹ 419.32 Crores are redeemable on 22.03.2024, ₹ 530.42 Crores are redeemable on 23.03.2029 and ₹ 109.66 Crores are redeemable on 24.03.2034 with interest rates varying from 8.19% to 8.88% payable annually	1,059.40	-	1,059.40	1,059.40	-	1,059.40
Series 2013-14 Series 4A & 4B Redeemable at par. Bonds amounting to ₹ 105.00 Crores are redeemable on 11.10.2023 and ₹ 45.00 Crores are redeemable on 11.10.2028 with interest rates varying from 8.18% to 8.54% payable annually	150.00	-	150.00	150.00	-	150.00
Series 2013-14 Tranche 1 Redeemable at par. Bonds amounting to ₹ 575.06 Crores are redeemable on 25.09.2023, ₹ 2,810.26 Crores are redeemable on 25.09.2028 and ₹ 55.28 Crores are redeemable on 26.09.2033 with interest rates varying from 8.01% to 8.71% payable annually	3,440.60	-	3,440.60	3,440.60	-	3,440.60
Series 2013-14 Series 3A & 3B Redeemable at par. Bonds amounting to ₹ 209.00 Crores are redeemable on 29.08.2023 and ₹ 1,141.00 Crores are redeemable on 29.08.2028 with interest rates varying from 8.01% to 8.46% payable annually	1,350.00	-	1,350.00	1,350.00	-	1,350.00
Series 2012-13 Tranche 2 Redeemable at par. Bonds amounting to ₹ 81.35 Crores are redeemable on 27.03.2023 and bonds amounting to ₹ 49.71 Crores are redeemable on 27.03.2028 with interest rates varying from 6.88% to 7.54% payable annually	131.06	-	131.06	131.06	-	131.06
Series 2012-13 Tranche 1 Redeemable at par. Bonds amounting to ₹ 1,165.31 Crores are redeemable on 19.12.2022 and bonds amounting to ₹ 852.04 Crores are redeemable on 20.12.2027 with interest rates varying from 7.22% to 7.88% payable annually	2,017.35	-	2,017.35	2,017.35	-	2,017.35
Series 2012-13 Series 2A & 2B Redeemable at par. Bonds amounting to ₹ 255.00 Crores are redeemable on 21.11.2022 and bonds amounting to ₹ 245.00 Crores are redeemable on 22.11.2027 with interest rates of 7.21% and 7.38% respectively payable annually	500.00	-	500.00	500.00	-	500.00
Series 2011-12 Redeemable at par. Bonds amounting to ₹ 839.67 Crores are redeemable on 28.03.2022 and bonds amounting to ₹ 2,160.33 Crores are redeemable on 29.03.2027 with interest rates varying from 7.93% to 8.32% payable annually	3,000.00	-	3,000.00	3,000.00	-	3,000.00
Total - Tax Free Bonds	**12,648.41**	**-**	**12,648.41**	**12,648.41**	**-**	**12,648.41**

(b) Term Loans

(₹ in Crores)

Particulars	As at 31.03.2018			As at 31.03.2017		
	Non-Current	Current	Total	Non-Current	Current	Total
Term Loan from Financial Institutions						
- Life Insurance Corporation of India (LIC) 7.35% Loan repayable in equal annual installments of ₹ 200 crores, next instalment due on 01.10.2018	200.00	200.00	400.00	400.00	350.00	750.00
Total - Term Loans	**200.00**	**200.00**	**400.00**	**400.00**	**350.00**	**750.00**

3.4 Details of Unsecured long-term debt :

(a) Bonds

(₹ in Crores)

	Particulars	As at 31.03.2018			As at 31.03.2017		
		Non-Current	**Current**	**Total**	**Non-Current**	**Current**	**Total**
(i)	**Institutional Bonds**						
	156th Series - 7.70% Redeemable at par on 10.12.2027	3,533.00	-	3,533.00	-	-	-
	147th Series - 7.95% Redeemable at par on 12.03.2027	2,745.00	-	2,745.00	2,745.00	-	2,745.00
	142nd Series - 7.54% Redeemable at par on 30.12.2026	3,000.00	-	3,000.00	3,000.00	-	3,000.00
	140th Series - 7.52% Redeemable at par on 07.11.2026	2,100.00	-	2,100.00	2,100.00	-	2,100.00
	136th Series - 8.11% Redeemable at par on 07.10.2025	2,585.00	-	2,585.00	2,585.00	-	2,585.00
	95-II Series - 8.75% Redeemable at par on 14.07.2025	1,800.00	-	1,800.00	1,800.00	-	1,800.00
	94th Series - 8.75% Redeemable at par on 09.06.2025	1,250.00	-	1,250.00	1,250.00	-	1,250.00
	133rd Series - 8.30% Redeemable at par on 10.04.2025	2,396.00	-	2,396.00	2,396.00	-	2,396.00
	131st Series - 8.35% Redeemable at par on 21.02.2025	2,285.00	-	2,285.00	2,285.00	-	2,285.00
	130th Series - 8.27% Redeemable at par on 06.02.2025	2,325.00	-	2,325.00	2,325.00	-	2,325.00
	129th Series - 8.23% Redeemable at par on 23.01.2025	1,925.00	-	1,925.00	1,925.00	-	1,925.00
	128th Series - 8.57% Redeemable at par on 21.12.2024	2,250.00	-	2,250.00	2,250.00	-	2,250.00
	115th Series - Subordinate Tier-II Bonds -	2,500.00	-	2,500.00	2,500.00	-	2,500.00
	8.06% Redeemable at par on 31.05.2023						-
	114th Series - 8.82% Redeemable at par on 12.04.2023	4,300.00	-	4,300.00	4,300.00	-	4,300.00
	159th Series - 7.99% Redeemable at par on 23.02.2023	950.00	-	950.00	-	-	-
	155th Series - 7.45% Redeemable at par on 30.11.2022	1,912.00	-	1,912.00	-	-	-
	111-II Series - 9.02% Redeemable at par on 19.11.2022	2,211.20	-	2,211.20	2,211.20	-	2,211.20
	152nd Series - 7.09% Redeemable at par on 17.10.2022	1,225.00	-	1,225.00	-	-	-
	150th Series - 7.03% Redeemable at par on 07.09.2022	2,670.00	-	2,670.00	-	-	-
	107th Series - 9.35% Redeemable at par on 15.06.2022	2,378.20	-	2,378.20	2,378.20	-	2,378.20
	132nd Series - 8.27% Redeemable at par on 09.03.2022	700.00	-	700.00	700.00	-	700.00
	145th Series - 7.46% Redeemable at par on 28.02.2022	625.00	-	625.00	625.00	-	625.00
	141st Series - 7.14% Redeemable at par on 09.12.2021	1,020.00	-	1,020.00	1,020.00	-	1,020.00
	127th Series - 8.44% Redeemable at par on 04.12.2021	1,550.00	-	1,550.00	1,550.00	-	1,550.00
	105th Series - 9.75% Redeemable at par on 11.11.2021	3,922.20	-	3,922.20	3,922.20		3,922.20
	139th Series - 7.24% Redeemable at par on 21.10.2021	2,500.00	-	2,500.00	2,500.00	-	2,500.00
	101-III Series - 9.48% Redeemable at par on 10.08.2021	3,171.80	-	3,171.80	3,171.80	-	3,171.80
	100th Series - 9.63% Redeemable at par on 15.07.2021	1,500.00	-	1,500.00	1,500.00	-	1,500.00
	161B Series - 7.73% Redeemable at par on 15.06.2021	800.00	-	800.00	-	-	-
	154th Series - 7.18% Redeemable at par on 21.05.2021	600.00	-	600.00	-	-	-
	157th Series - 7.60% Redeemable at par on 17.04.2021	1,055.00	-	1,055.00	-	-	-
	98th Series - 9.18% Redeemable at par on 15.03.2021	3,000.00	-	3,000.00	3,000.00	-	3,000.00
	158th Series - 7.70% Redeemable at par on 15.03.2021	2,465.00	-	2,465.00	-	-	-
	153rd Series - 6.99% Redeemable at par on 31.12.2020	2,850.00	-	2,850.00	-	-	-
	97th Series - 8.80% Redeemable at par on 30.11.2020	2,120.50	-	2,120.50	2,120.50	-	2,120.50
	96th Series - 8.80% Redeemable at par on 26.10.2020	1,150.00	-	1,150.00	1,150.00	-	1,150.00
	149th Series - 6.87% Redeemable at par on 24.09.2020	2,485.00	-	2,485.00	-	-	-
	135th Series - 8.36% Redeemable at par on 22.09.2020	2,750.00	-	2,750.00	2,750.00	-	2,750.00
	144th Series - 7.13% Redeemable at par on 21.09.2020	835.00	-	835.00	835.00	-	835.00
	134th Series - 8.37% Redeemable at par on 14.08.2020	2,675.00	-	2,675.00	2,675.00	-	2,675.00
	143rd Series - 6.83% Redeemable at par on 29.06.2020	1,275.00	-	1,275.00	1,275.00	-	1,275.00
	148th Series - 7.42% Redeemable at par on 17.06.2020	1,200.00	-	1,200.00	1,200.00	-	1,200.00
	161A Series - 7.59% Redeemable at par on 13.03.2020	3,000.00	-	3,000.00	-	-	-
	113th Series - 8.87% Redeemable at par on 09.03.2020	1,542.00	-	1,542.00	1,542.00	-	1,542.00
	111-I Series - 9.02% Redeemable at par on 19.11.2019	452.80	-	452.80	452.80	-	452.80
	126th Series - 8.56% Redeemable at par on 13.11.2019	1,700.00	-	1,700.00	1,700.00	-	1,700.00
	125th Series - 9.04% Redeemable at par on 11.10.2019	3,000.00	-	3,000.00	3,000.00	-	3,000.00
	160th Series - 7.77% Redeemable at par on 16.09.2019	1,450.00	-	1,450.00	-	-	-
	108-II Series - 9.39% Redeemable at par on 20.07.2019	960.00	-	960.00	960.00	-	960.00
	95-I Series - 8.70% Redeemable at par on 12.07.2019	200.00	-	200.00	200.00	-	200.00
	151st Series - 6.75% Redeemable at par on 26.03.2019	-	1,150.00	1,150.00	-	-	-
	137th Series - 8.05% Redeemable at par on 07.12.2018	-	2,225.00	2,225.00	2,225.00	-	2,225.00
	146th Series - 6.88% Redeemable at par on 03.09.2018	-	3,300.00	3,300.00	3,300.00	-	3,300.00
	112th Series - 8.70% Redeemed at par on 01.02.2018	-	-	-	-	1,500.00	1,500.00
	109th Series - 9.25% Redeemed at par on 28.08.2017	-	-	-	-	1,734.70	1,734.70
	108-I Series - 9.40% Redeemed at par on 20.07.2017	-	-	-	-	2,125.00	2,125.00
	Total - Institutional Bonds	**98,894.70**	**6,675.00**	**1,05,569.70**	**79,424.70**	**5,359.70**	**84,784.40**
(ii)	**Infrastructure Bonds**						
	Series-II (2011-12) - Redeemable at par. Refer Note 3.6	11.06	18.44	29.50	29.50	-	29.50
	Series-I (2010-11) - Redeemable at par. Refer Note 3.6	5.40	75.57	80.97	5.39	76.75	82.14
	Total - Infrastructure Bonds	**16.46**	**94.01**	**110.47**	**34.89**	**76.75**	**111.64**
(iii)	**Zero Coupon Bonds**						
	ZCB - Series II	211.59	-	211.59	194.57	-	194.57
	(Net of unamortised discount, 89,510 bonds with face value of ₹ 30,000 each redeemable at par on 03.02.2021)						
	ZCB - Series I	951.00	-	951.00	878.52	-	878.52
	(Net of unamortised discount, 3,92,700 bonds with face value of ₹ 30,000 each redeemable at par on 15.12.2020)						
	Total - Zero Coupon Bonds	**1,162.59**	**-**	**1,162.59**	**1,073.09**	**-**	**1,073.09**

(b) Other Loans & Advances

(i) Foreign Currency Borrowings

(₹ in Crores)

	Particulars	As at 31.03.2018			As at 31.03.2017		
		Non-Current	Current	Total	Non-Current	Current	Total
(1)	**Foreign Currency Bonds**						
	4.625% US $300 Mn Bonds - Redeemable at par on 22.03.2028	1,951.32	-	1,951.32	-	-	-
	3.875% US $450 Mn Green Bonds - Redeemable at par on 07.07.2027	2,926.98	-	2,926.98	-	-	-
	3.068% US $400 Mn Bonds - Redeemable at par on 18.12.2020	2,601.76	-	2,601.76	-	-	-
	Sub-Total - Foreign Currency Bonds	**7,480.06**	**-**	**7,480.06**	**-**	**-**	**-**
(2)	**ODA Loans - Guaranteed by Govt. of India**						
	JICA Loan - 0.75% JICA-I loan repayable in half-yearly instalments till 20.03.2021, next instalment falling due on 20.09.2018 and 0.65% JICA-II loan repayable in half-yearly instalments till 20.03.2023, next instalment falling due on 20.09.2018	129.35	122.98	252.33	237.65	169.84	407.49
	3.73% KfW Loan - Repayable in equal half-yearly instalments of €3.68 Mn, next instalment due on 30.06.2018	-	59.41	59.41	51.03	51.02	102.05
	2.89% KfW-II Loan - Repayable in equal half-yearly instalments of €3.88 Mn, next instalment falling due on 30.06.2018	125.42	62.71	188.13	161.58	53.86	215.44
	1.86% KfW-III Loan - Repayable in equal half-yearly instalments of €5.26 Mn, next instalment falling due on 30.06.2018	466.78	84.86	551.64	473.81	72.89	546.70
	Sub-Total - ODA Loans - Guaranteed by Govt. of India	**721.55**	**329.96**	**1,051.51**	**924.07**	**347.61**	**1,271.68**
(3)	**Syndicated Loans**						
	19.029 Bn - Repaid on 10.04.2017	-	-	-	-	1,102.92	1,102.92
	US $285 Mn - Repayable on 02.12.2018	-	1,853.76	1,853.76	1,847.90	-	1,847.90
	US $250 Mn - Repayable on 29.05.2019	1,252.10	-	1,252.10	1,620.97	-	1,620.97
	US $400 Mn - Prepaid on 27.12.2017	-	-	-	2,593.54	-	2,593.54
	US $400 Mn - Prepaid on 26.03.2018	-	-	-	2,593.54	-	2,593.54
	US $300 Mn - Repayable on 29.07.2020	1,951.32	-	1,951.32	1,945.16	-	1,945.16
	**US $250 Mn -** Loan of US$ 150 Mn and US$ 100 Mn repayable on 18.09.2018 and 19.11.2018 respectively	-	1,626.10	1,626.10	1,620.97	-	1,620.97
	US $300 Mn - Repayable on 01.12.2020	1,951.32	-	1,951.32	1,945.16	-	1,945.16
	US $250 Mn - Repayable on 05.02.2019	-	1,626.10	1,626.10	1,620.97	-	1,620.97
	US $120 Mn - Repayable on 21.03.2019	-	780.53	780.53	778.06	-	778.06
	US $100 Mn - Repayable on 05.10.2021	650.44	-	650.44	648.39	-	648.39
	US $230 Mn - Repayable on 19.01.2022	1,496.01	-	1,496.01	1,491.29	-	1,491.29
	US $200 Mn - Repayable on 28.07.2022	1,300.88	-	1,300.88	-	-	-
	US $57.50 Mn - Repayable on 29.05.2019	374.00	-	374.00	-	-	-
	US $240 Mn - Repayable on 26.03.2021	1,561.06	-	1,561.06	-	-	-
	US $160 Mn - Repayable on 26.03.2021	1,040.71	-	1,040.71	-	-	-
	Sub-Total - Syndicated Loans	**11,577.84**	**5,886.49**	**17,464.33**	**18,705.95**	**1,102.92**	**19,808.87**
(4)	**FCNR (B) Loans**						
	US $235.87 Mn - Repayable on 12.02.2019	-	1,534.18	1,534.18	-	-	-
	Sub-Total - FNCR (B) Loans	**-**	**1,534.18**	**1,534.18**	**-**	**-**	**-**
	Total - Foreign Currency Borrowings	**19,779.45**	**7,750.63**	**27,530.08**	**19,630.02**	**1,450.53**	**21,080.55**

3.5 Security Details of the Secured Borrowings

The Bond Series 85, 86A, 86 B-III, 87-II, 87 A-III, 88, 90, 90 B-II, 90 C-II, 91-II and 92-II of Institutional Bonds are secured by a charge on (a) mortgage of Flat no. 640, Asiad Games Village, New Delhi and (b) pari passu charge on the receivables of our Company, both present and future, save and except receivables hypothecated to Vistra ITCL (India) Ltd. (formerly known as IL&FS Trust Company Ltd.) on the basis of joint hypothecation agreement dated 24th September, 2010 in favour of IDBI Trusteeship Services Ltd.

The Bond Series 116-II, 117, 118, 119 and 122 of Institutional Bonds are secured by a charge on first pari passu charge on the book debts of the issuer both present & future which are charged to other lenders / trustees and as may be agreed between the issuer and the trustee, pursuant to the terms of the Debenture /Bond Trust cum Hypothecation Deed with a minimum security cover of one time of the aggregate face value amount of the bonds outstanding at all times in favor of IDBI Trusteeship Services Ltd.

The Bond Series 123-I and 123-IIIB of Institutional Bonds are secured by way of first pari passu charge on the specified immovable property and the book debts of the Issuer which are charged to other lender / trustee and as may be agreed between the Issuer and the Trustee, pursuant to the terms of the Bond Trust Deed with a minimum security cover of one time of the aggregate face value of amount of bonds outstanding at all times and amount of interest due thereon in favor of IDBI Trusteeship Services Ltd.

The Bond Series IX of 54EC Capital Gain Tax Exemption Bonds is secured by first pari passu charge on (a) mortgage of premises at Sub Plot No. 8, TPS No 2, FP No. 584P, situated at Village Subhanpura, Distt Vadodara and (b) hypothecation of receivables (other than those that are exclusively charged/earmarked to lenders / other Trustees) in favour of IDBI Trusteeship Services Ltd.

Tax Free Bonds issued during FY 2011-12 are secured by first pari passu charge on premises at Shop No. 12, Ground Floor, Block No. 35, Church Road, Mylapore, Chennai and hypothecation of receivables of ₹ 4,998.66 Crores of MSEDCL in favour of Vistra ITCL (India) Ltd. (formerly known as IL&FS Trust Company Ltd.).

Tax Free Bonds issued during FY 2013-14 are secured by first pari passu charge on the book debts (other than those that are exclusively charged/earmarked to lenders / other Trustees) of the Company in favour of SBICap Trustee Company Ltd.

The Bond Series X & Series XI of 54EC Capital Gain Tax Exemption Bonds and Tax Free Bonds issued during FY 2012-13 & 2015-16 are secured by first pari passu charge on (a) mortgage of premises at Sub Plot No. 8, TPS No 2, FP No. 584P, situated at Village Subhanpura, Distt Vadodara and (b) hypothecation of receivables (other than those that are exclusively charged/ earmarked to lenders / other Trustees) in favour of SBICap Trustee Company Ltd.

The term loan from Life Insurance Corporation of India is secured by a charge on the receivables of our Company, both present and future, save and except certain specific receivables hypothecated to Vistra ITCL (India) Ltd. (formerly known as IL&FS Trust Company Ltd.) on the basis of joint hypothecation agreement dated 24th September, 2010 in favour of IDBI Trusteeship Services Ltd.

3.6 Details of Infrastructure Bonds Issued are as under :

Series I (2010-11) allotted on 31.03.2011

Rate of Interest	**Amount (₹ in Crores)**	**Redemption Details**
8.00%	17.07	Redeemable on the date falling 10 years from the date of allotment with buyback option by bondholders after 5/6/7/8/9 years
8.20%	58.50	
8.10%	1.61	Redeemable on the date falling 10 years from the date of allotment
8.20%	3.79	
Total	**80.97**	

Series II (2011-12) allotted on 15.02.2012

Rate of Interest	**Amount (₹ in Crores)**	**Redemption Details**
9.15% Cumulative	13.44	Redeemable on the date falling 15 years from the date of allotment with buyback option by bondholders after 7 years
9.15% Annual	5.00	
8.95% Cumulative	5.72	Redeemable on the date falling 10 years from the date of allotment
8.95% Annual	1.38	
9.15% Cumulative	2.83	Redeemable on the date falling 15 years from the date of allotment
9.15% Annual	1.13	
Total	**29.50**	

3.7 Foreign Currency Borrowings in Note No. 3.4(b)(i)(3) and (4) have been raised at interest rates ranging from a spread of 65 bps to 150 bps over 6 Months' USD/JPY LIBOR (London Inter Bank Offered Rate)

3.8 In respect of foreign currency borrowings, the company has also executed cross currency swaps (principal and/or interest) to hedge the Foreign Currency Exposure. The outstanding position of Foreign Currency Exposure as at 31st March 2018 is as under:

(Foreign Currency amounts in Millions)

Currency	**Total Exposure**		**Hedged Exposure**		**Unhedged Exposure**	
	As at 31.03.18	**As at 31.03.17**	**As at 31.03.18**	**As at 31.03.17**	**As at 31.03.18**	**As at 31.03.17**
USD $	4,420.87	2,885.00	2,680.00	2,530.00	1,740.87	355.00
JPY	4,100.17	26,059.52	2,214.38	23,985.15	1,885.79	2,074.37
EURO	99.13	124.80	73.68	99.35	25.45	25.45

3.9 In terms of Accounting Policy No. 14, the foreign currency monetary items as at the reporting date have been translated at the following rates:

Exchange Rates	**USD/INR**	**JPY/INR**	**Euro/INR**
As at 31st March 2018	65.0441	0.6154	80.6222
As at 31st March 2017	64.8386	0.5796	69.2476

3.10 REC launched its maiden USD Green Bonds in June 2017 to become the first Indian PSU to launch Green Bonds denominated in US Dollars and raised US$ 450 million for a tenure of ten years from the offshore market. The Green Bonds, listed on the London Stock Exchange and Singapore Stock Exchange, have been certified by the Climate Bond Initiative, London while the 'Green Bond framework' formulated by REC has been verified by KPMG. The issue proceeds have been utilized for financing existing projects including re-financing and new eligible green projects in accordance with the Green Bond framework.

3.11 Ratings assigned by credit rating agencies and migration of ratings during the year

Domestic and International Credit Rating

The domestic debt instruments of REC continue to enjoy "AAA" rating – the highest rating assigned by CRISIL, CARE, India Ratings & Research & ICRA-Credit Rating Agencies.

REC enjoys international credit rating of "Baa3" and "BBB-" from International Credit Rating Agencies Moody's and FITCH respectively.

There has been no migration of ratings during the year.

3.12 The Company had come across an instance of fraudulent encashment through forged documents of money invested by one of the investors in 54EC Capital Gains tax Exemption Bonds by some impersonator during the year 2016-17. Based on the complaint filed by the Company, the police filed an FIR against the unknown person and the officials of then Registrar and Transfer Agent (R&TA). Further, an amount of ₹ 0.59 Crore had been shown recoverable from the RTA in the books of accounts and the matter duly reported to the Reserve Bank of India (RBI). A criminal case has also been filed by the police against the suspected culprits. REC has filed a civil suit on 1st March, 2018 against the erstwhile R&TA (M/s RCMC Share Registry Pvt. Ltd.) for recovery of the dues.

4. Deferred Tax Liabilities (Net)

(₹ in Crores)

Particulars	As at 31.03.2018	As at 31.03.2017
Deferred Tax Liabilities on account of:		
Depreciation	2.93	3.79
Foreign Currency Exchange Fluctuation Loss	21.84	-
MTM on Interest Rate Swap	52.49	66.48
Total	**77.26**	**70.27**
Deferred Tax Assets on account of:		
Provision for Earned Leave	3.46	10.77
Provision for Medical Leave	6.84	6.67
Foreign Currency Exchange Fluctuation Loss	-	12.57
Total	**10.30**	**30.01**
Deferred Tax Liabilities (Net)	**66.96**	**40.26**

4.1 The Company has no intention to make withdrawal from the special reserve created and maintained under section 36(1)(viii) of the Income Tax Act, 1961. Hence, the special reserve created and maintained is not capable of being reversed and thus, it becomes a permanent difference as per Accounting Standard 22. Accordingly, the Company is not creating any deferred tax liability on the said reserve.

5. Other Long-term and Short-term Liabilities

(₹ in Crores)

	Particulars	As at 31.03.2018			As at 31.03.2017		
		Non-Current	Current	Total	Non-Current	Current	Total
(A)	**Current maturities of long-term debt** (Refer Note 3)	-	32,315.54	**32,315.54**	-	18,028.06	**18,028.06**
(B)	**Interest accrued but not due on borrowings**	15.50	6,163.64	**6,179.14**	12.38	6,026.78	**6,039.16**
	Interest accrued and due on borrowings	-	-	**-**	-	-	**-**
(C)	**Income Received in Advance**	-	-	**-**	-	0.08	**0.08**
(D)	**Unpaid Dividends**	-	3.49	**3.49**	-	2.75	**2.75**
(E)	**Unpaid Principal & Interest on Bonds**						
	- Matured Bonds & Interest Accrued thereon	-	47.03	**47.03**	-	51.54	**51.54**
	- Interest on Bonds	-	14.27	**14.27**	-	15.19	**15.19**
(F)	**Other payables**						
	- Funds Received from Govt. of India for Disbursement as Subsidy/ Grant	-	56,780.96	**56,780.96**	-	46,154.67	**46,154.67**
	Add: Interest on Subsidy/ Grant (Refer Note 5.3)	-	11.13	**11.13**	-	2.18	**2.18**
	Less: Disbursed to Beneficiaries	-	(56,694.92)	**(56,694.92)**	-	(46,131.01)	**(46,131.01)**
	Undisbursed Funds to be disbursed as Subsidy/Grant	-	97.17	**97.17**	-	25.84	**25.84**
	- <u>Payables towards Bonds Fully serviced by Govt. of India</u>						
	Towards Principal (Refer Note 5.4)	4,000.00	-	**4,000.00**	-	-	**-**
	Towards Interest	-	7.17	**7.17**	-	-	**-**
	- Sundry Liabilities Account (Interest Capitalisation)	21.99	24.00	**45.99**	-	-	**-**
	- Statutory Dues payable including PF and TDS	-	33.52	**33.52**	-	26.26	**26.26**
	- Payable towards funded staff benefits	-	2.84	**2.84**	-	13.63	**13.63**
	- Other Liabilities	-	127.34	**127.34**	-	135.91	**135.91**
	Sub-total (F)	**4,021.99**	**292.04**	**4,314.03**	**-**	**201.64**	**201.64**
	Total (A to F)	**4,037.49**	**38,836.01**	**42873.50**	**12.38**	**24,326.04**	**24,338.42**

5.1 Subsidy Under Accelerated Generation & Supply Programme (AG&SP):

The Company is maintaining an Interest Subsidy Fund Account and was given AG&SP subsidy (for disbursement to the eligible borrowers) by Govt. of India at net present value calculated at indicative rates and year in accordance with GOI's letter vide D.O.No. 32024/17/97-PFC dated 23.09.1997 and O.M.No.32024/23/2001-PFC dated 07.03.2003 irrespective of the actual repayment schedule, moratorium year and duration of repayment of the eligible schemes. The impact of difference between the indicative rate and year considered at the time of drawl and the actual can be ascertained only after the end of the respective schemes.

Net amount of ₹ 0.53 Crores as at 31st March 2018 (₹ 0.86 Crores as at 31st March 2017) represents the balance amount of interest subsidy fund, which is to be passed on to the borrowers against their interest liability arising in future, under Accelerated Generation & Supply Programme (AG&SP), which comprises of the following :-

(₹ in Crores)

Particulars	For the year ended 31.03.2018	For the year ended 31.03.2017
Opening Balance of Interest Subsidy Fund	0.86	1.26
Add: Interest earned during the year	0.02	0.07
Less: Interest subsidy passed on to the borrower	0.35	0.47
Closing Balance of Interest Subsidy Fund	**0.53**	**0.86**

5.2 Government of India has appointed Rural Electrification Corporation Ltd. as a nodal agency for implementation of Deen Dayal Upadhyaya Gram Jyoti Yojna (DDUGJY). The funds received for disbursement to various agencies under the scheme are kept in a separate bank account. The undisbursed funds for the scheme (including the funds received under erstwhile RGGVY Scheme) including interest earned thereto are classified under "Undisbursed Subsidy/ grant" under the head "Other Current Liabilities".

During the period, interest earned of ₹ 18.15 Crores (Previous year ₹ 24.84 Crores) has been taken to DDUGJY Subsidy account. Further, during the year, an amount of ₹ 10.33 crores (Previous year ₹ 40.78 crores) has been refunded back to MoP out of the total interest on subsidy.

5.3 The movement in Interest on Subsidy/ Grant is explained as under:

(₹ in Crores)

Particulars	For the year ended 31.03.2018	For the year ended 31.03.2017
Opening Balance	2.18	18.10
Add: Interest earned during the year	20.49	25.94
Less: Amount refunded to Govt. during the year	11.32	41.59
Less: Disbursement out of Interest earned on account of AG&SP Grant	0.22	0.27
Closing Balance	**11.13**	**2.18**

5.4 For meeting GOI's funding requirement of DDUGJY Scheme, during the year, the Company has raised an aggregate amount of ₹ 4,000 crore through unsecured, redeemable, non-convertible, taxable bonds in the nature of debentures of face value of ₹ 10 lacs at par on private placement basis. As per Ministry of Power (MoP) letter dated 19th March 2018, the repayment of principal and interest of the above bonds shall be made by GoI by making suitable budget provisions in the demand of Ministry of Power. Accordingly, the amount of such bonds along-with interest is also appearing as recoverable by the Company from GoI.

Details of the GoI Fully Serviced Bonds raised are as follows-

(₹ in Crores)

Particulars	As at 31.03.2018			As at 31.03.2017		
	Non-Current	Current	Total	Non-Current	Current	Total
GoI-I Series 8.09% semi-annual redeemable at par on 21.03.2028	1,837.00	-	**1,837.00**	-	-	-
GoI-II Series 8.01% semi-annual redeemable at par on 24.03.2028	1,410.00	-	**1,410.00**	-	-	-
GoI-III Series 8.06% semi-annual redeemable at par on 27.03.2028	753.00	-	**753.00**	-	-	-
Total	**4,000.00**	**-**	**4,000.00**	**-**	**-**	**-**

6. Long-term and Short-term Provisions

(₹ in Crores)

	Particulars	As at 31.03.2018			As at 31.03.2017		
		Non-Current	Current	Total	Non-Current	Current	Total
	Provisions for						
(A)	**Employee Benefits**						
	Earned Leave Liability	8.43	1.58	**10.01**	27.86	3.27	**31.13**
	Post Retirement Medical Benefits	99.80	5.39	**105.19**	92.49	4.66	**97.15**
	Medical Leave Liability	16.96	2.81	**19.77**	16.63	2.64	**19.27**
	Settlement Allowance	1.03	0.21	**1.24**	1.10	0.17	**1.27**
	Economic Rehabilitation Scheme	3.31	0.03	**3.34**	3.44	0.01	**3.45**
	Long Service Award	2.55	0.02	**2.57**	2.64	0.19	**2.83**
	Sub-total (A)	**132.08**	**10.04**	**142.12**	**144.16**	**10.94**	**155.10**
(B)	**Others**						
	Standard Loan Assets	784.53	104.87	**889.40**	536.59	70.87	**607.46**
	Restructured Standard Loans	409.41	54.54	**463.95**	1,167.67	73.52	**1,241.19**
	Interest on Loans Due & Converted into Equity	-	3.96	**3.96**	-	3.96	**3.96**
	Incentive	-	19.19	**19.19**	-	20.34	**20.34**
	Pay Revision	-	58.90	**58.90**	-	14.59	**14.59**
	Sub-total (B)	**1,193.94**	**241.46**	**1,435.40**	**1,704.26**	**183.28**	**1,887.54**
	Total (A+B)	**1,326.02**	**251.50**	**1,577.52**	**1,848.42**	**194.22**	**2,042.64**

6.1 Details of Provisions as required under AS-29 are as under :

(₹ in Crores)

Particulars	For the year ended 31.03.2018				For the year ended 31.03.2017			
	Opening Balance	Additions during the year	Paid/ Adjusted during the year	Closing Balance	Opening Balance	Additions during the year	Paid/ Adjusted during the year	Closing Balance
Standard Loan Assets	607.46	281.94	-	**889.40**	543.43	64.03	-	**607.46**
Restructured Standard Loans	1241.19	68.16	845.40	**463.95**	821.34	419.85	-	**1241.19**
Interest on Loans Due & Converted into Equity	3.96		-	**3.96**	3.96	-	-	**3.96**
Incentive	20.34	13.43	14.58	**19.19**	18.13	15.52	13.31	**20.34**
Pay Revision	14.59	50.33	6.02	**58.90**	-	14.59	-	**14.59**

7. Fixed Assets as at 31st March 2018

(₹ In Crores)

FIXED ASSETS	GROSS BLOCK				DEPRECIATION/ AMORTISATION				NET BLOCK	
	As at 01.04.2017	Additions during the year	Sales/ adjustment during the year	Closing as on 31.03.2018	Upto 31.03.2017	During the year	Adjustment during the year	As at 31.03.2018	As at 31.03.2018	As at 31.03.2017
Tangible Assets										
Freehold Land	82.92	-	-	82.92	-	-	-	-	82.92	82.92
Leasehold Land	1.45	-	-	1.45	0.25	0.02	-	0.27	1.18	1.20
Buildings	31.59	0.16	-	31.75	7.62	0.48	-	8.10	23.65	23.97
Furniture & Fixtures	7.31	1.95	0.15	9.11	5.31	0.55	0.07	5.79	3.32	2.00
Vehicles	0.43	-	0.03	0.40	0.28	0.02	0.03	0.27	0.13	0.15
EDP Equipments	15.26	2.64	2.10	15.80	11.57	2.04	1.92	11.69	4.11	3.69
Office Equipments	13.64	3.33	0.75	16.22	6.89	1.87	0.31	8.45	7.77	6.75
Total	**152.60**	**8.08**	**3.03**	**157.65**	**31.92**	**4.98**	**2.33**	**34.57**	**123.08**	**120.68**
Previous year	149.63	9.59	6.62	152.60	31.80	4.50	4.38	31.92	120.68	
Intangible Assets										
Computer Software	7.03	5.35	-	12.38	6.60	0.63	-	7.23	5.15	0.43
Total	**7.03**	**5.35**	**-**	**12.38**	**6.60**	**0.63**	**-**	**7.23**	**5.15**	**0.43**
Previous year	6.97	0.06	-	7.03	6.06	0.54	-	6.60	0.43	
Capital Work-in-progress	**58.69**	**59.50**	**-**	**118.19**	**-**	**-**	**-**	**-**	**118.19**	**58.69**
Previous year	30.37	28.32	-	58.69	-	-	-	-	58.69	
Intangible Assets under Development	**1.46**	**-**	**-**	**1.46**	**-**	**-**	**-**	**-**	**1.46**	**1.46**
Previous year	1.21	0.25	-	1.46	-	-	-	-	1.46	

7.1 The formalities regarding registration of conveyance deed in respect of certain immovable properties acquired by the Company amounting to ₹ 50.51 Crores (Previous year ₹ 50.51 Crores) are yet to be executed.

7.2 In the opinion of management, there is no impairment of the assets of the Company in terms of AS-28. Accordingly, no provision for impairment loss as required under Accounting Standard-28 'Impairment of Assets' has been made.

7.3 Disclosure in respect of Intangible Assets as required under AS-26 "*Intangible Assets*"

Amortisation Rate 20%, 100% in case the total cost of the asset is ₹5,000 or less

8. Investments

(₹ in Crores)

	Particulars	As at 31.03.2018			As at 31.03.2017		
		Non-current	Current	Total	Non-current	Current	Total
	Valued at Cost						
(A)	**Trade Investments**						
(i)	**Investment in Equity Instruments - Quoted**						
	- NHPC Ltd. 18,40,11,865 Equity shares of ₹10 each, fully paid up	400.80	-	**400.80**	400.80	-	**400.80**
	- Housing and Urban Development Corporation Ltd. 3,47,429 Equity shares of ₹10 each, fully paid up	2.08	-	**2.08**	-	-	**-**
	- Indian Energy Exchange Limited 12,50,000 Equity shares of ₹10 each, fully paid up	1.25	-	**1.25**	1.25	-	**1.25**
(ii)	**Investment in Equity Instruments - Unquoted**						
	- Subsidiaries						
	- REC Power Distribution Company Limited 5,00,000 Equity shares of ₹10 each, fully paid up	0.05	-	**0.05**	0.05	-	**0.05**
	- REC Transmission Projects Company Limited 5,00,000 Equity shares of ₹10 each, fully paid up	0.05	-	**0.05**	0.05	-	**0.05**
	- Joint Ventures						
	- Energy Efficiency Services Limited 14,65,00,000 Equity shares of ₹10 each, fully paid up	146.50	-	**146.50**	146.50	-	**146.50**
	- Others						
	- Universal Commodity Exchange Limited 1,60,00,000 Equity shares of ₹10 each, fully paid up	-	16.00	**16.00**	16.00	-	**16.00**
	Less: Provision for Diminution in Investment	-	(16.00)	**(16.00)**	(16.00)	-	**(16.00)**
		-	-	**-**	-	-	**-**
	- Lanco Teesta Hydro Power Limited 10,20,00,000 Equity shares of ₹10 each, fully paid up	-	102.00	**102.00**	-	102.00	**102.00**
	Less: Provision for Diminution in Investment	-	(29.41)	**(29.41)**	-	-	**-**
		-	72.59	**72.59**		102.00	**102.00**
(iii)	**Investment in Government Securities - Unquoted**						
	- 8% Government of Madhya Pradesh Power Bonds-II 3 Bonds of ₹ 47,16,00,000 each	94.32	47.16	**141.48**	188.64	47.16	**235.80**
(iv)	**Investment in Venture Capital Funds - Unquoted**						
	- 'Small is Beautiful' Fund 61,52,200 units of ₹ 10 each	6.15	-	**6.15**	6.15	-	**6.15**
(v)	**Investment in Debentures - Unquoted**						
	- 9.68% Bonds of UP Power Corporation Ltd. 30,385 Bonds of ₹ 1,00,000 each	303.85	-	**303.85**	303.85	-	**303.85**
(B)	**Other Investments**						
(i)	**Investment in Debentures - Quoted**						
	- 11.15% Additional Tier-1 Perpetual Bonds of Indian Bank 5,000 Bonds of ₹ 10,00,000 each	500.00	-	**500.00**	500.00	-	**500.00**
	- 11.25% Additional Tier-1 Perpetual Bonds of Vijaya Bank 5,000 Bonds of ₹ 10,00,000 each	500.00	-	**500.00**	500.00	-	**500.00**
	- 11.25% Additional Tier-1 Perpetual Bonds of Syndicate Bank 5,000 Bonds of ₹ 10,00,000 each	500.00	-	**500.00**	500.00	-	**500.00**
	Total (1+2)	**2,455.05**	**119.75**	**2,574.80**	**2,547.29**	**149.16**	**2,696.45**

8.1 Investments include ₹ 6.15 Crores (Previous year ₹ 6.15 Crores) representing company's contribution in the units of 'Small is Beautiful (SIB) Venture Capital fund' promoted by KSK Energy Ventures Limited.

Name of the Company	Contribution towards Fund	Country of Residence	Percentage of Share
SIB Fund of KSK Energy Ventures Ltd	₹ 6.15 Crores	India	9.74%

The face value of the fund is ₹ 10 per unit. The NAV as on 31.03.2018 is ₹ 10.17 per unit (Previous year ₹ 10.24 per unit).

Further, investments also include ₹ 1.25 Crores (Previous year ₹ 1.25 Crores) representing company's investment in equity shares of Indian Energy Exchange Ltd. (IEX)

Name of the Company	No. of Shares	Invested Amount	Country of Incorporation	Shareholding %
Indian Energy Exchange Limited	12,50,000	₹1.25 Crores	India	4.12%

The equity shares of IEX have been listed on stock exchanges on 23rd October 2017.

8.2 Information in relation to the interest of the Company in Joint Ventures (JVs):

1. Energy Efficiency Services Ltd.

Proportion of Interest in Equity	31.71%
Country of Incorporation	India
Area of Operation	India
JV Partners (% share)	1. NTPC Limited (31.71%) 2. Power Grid Corporation of India Limited (4.87%) 3. Power Finance Corporation Limited (31.71%)

The Company's share of assets, liabilities, contingent liabilities and capital commitments as at 31.03.2018 and income and expenses for the year in respect of joint venture are given below :

(₹ in Crores)

	Particulars	As at / For the year ended 31.03.2018 (Unaudited)	As at / For the year ended 31.03.2017 (Unaudited)	As at / For the year ended 31.03.2017 (Audited) *
(i)	Total Assets	1,543.62	838.77	817.03
(ii)	Total Liabilities	1,340.45	662.90	640.93
(iii)	Total Reserves & Surplus	25.27	29.37	29.60
(iv)	Contingent Liabilities	68.65	11.74	38.06
(v)	Capital Commitments	83.64	103.95	253.57
(vi)	Total Income	461.78	408.83	389.14
(vii)	Total Expenses	438.60	384.81	363.25

* The consolidated financial statements of the Company for the FY 2016-17 had been prepared considering the unaudited financial statements of the joint venture, Energy Efficiency Services Limited (EESL). However, the financial statements of EESL were subsequently audited on 30th May 2017. Further, the audited financial statements for the year ended 31st March 2017 have been prepared under Indian Accounting Standards (Ind-AS). The unaudited financial statements for the year ended 31st March 2018 have been prepared as per Indian GAAP and certified by the Management.

8.3 Additional disclosures required in respect of the investments :

(₹ in Crores)

	Particulars	As at 31.03.2018	As at 31.03.2017
(1)	**Value of Investments**		
(i)	Gross Value of Investments		
(a)	In India	**2,620.21**	**2,712.45**
(b)	Outside India,	**-**	**-**
(ii)	**Provisions for Depreciation**		
(a)	In India	**45.41**	**16.00**
(b)	Outside India,	**-**	**-**
(iii)	**Net Value of Investments**		
(a)	In India	**2,574.80**	**2,696.45**
(b)	Outside India.	**-**	**-**
(2)	**Movement of provisions held towards depreciation on investments.**		
(i)	Opening balance	**16.00**	**-**
(ii)	Add : Provisions made during the year	**29.41**	**16.00**
(iii)	Less : Write-off / write-back of excess provisions during the year	**-**	**-**
(iv)	**Closing balance**	**45.41**	**16.00**
(3)	**Aggregate amount of Quoted Investments**	**1,904.13**	**1,900.80**
	Market Value of Quoted Investments	**2,212.38**	**2,089.76**
(4)	**Aggregate amount of Unquoted Investments**	**716.08**	**811.65**
(5)	**Aggregate provision for diminution in value of investments**	**45.41**	**16.00**

9. Loans & Advances

Non-current portion of the staff loans & advances has been classified under 'Long-term Loans & Advances' and the current portion of the staff loans & advances has been classified under Note-10 'Other Non-Current and Current Assets'.

(₹ in Crores)

	Particulars	As at 31.03.2018				As at 31.03.2017			
		Long-term		Short-Term	Total	Long-Term		Short-Term	Total
		Non-Current	Current			Non-Current	Current		
(A)	**Capital Advances (Unsecured, considered good)**	45.96	-	-	**45.96**	40.23	-	-	**40.23**
(B)	**Security Deposits (Unsecured, considered good)**	1.04	-	-	**1.04**	0.83	-	-	**0.83**
(C)	**Loans & Advances to Related Parties**								
	- To Key Managerial Personnel (KMP)	0.36	0.17	-	**0.53**	0.37	0.13	-	**0.50**
	- To Subsidiaries	-	-	1.49	1.49	-	-	1.35	**1.35**
		0.36	**0.17**	**1.49**	**2.02**	**0.37**	**0.13**	**1.35**	**1.85**
(D)	**Other Loans & Advances**								
	- Staff Loans & Advances (except to KMP)	25.66	10.51	-	**36.17**	32.29	11.10	-	**43.39**
	- Loan Assets	2,06,419.47	23,865.66	5,647.92	**2,35,933.05**	1,77,275.24	19,429.25	3,588.85	**2,00,293.34**
	- Others	-	-	24.15	**24.15**	-	-	4.36	**4.36**
		2,06,445.13	**23,876.17**	**5,672.07**	**2,35,993.37**	**1,77,307.53**	**19,440.35**	**3,593.21**	**2,00,341.09**
	Total (A to D)	**2,06,492.49**	**23,876.34**	**5,673.56**	**2,36,042.39**	**1,77,348.96**	**19,440.48**	**3,594.56**	**2,00,384.00**

Details of Loans & Advances :

9.1 Staff Loans & Advances

(₹ in Crores)

	Particulars	As at 31.03.2018				As at 31.03.2017			
		Long-term		Short-Term	Total	Long-term		Short-Term	Total
		Non-Current	Current			Non-Current	Current		
(A)	**Secured Staff Loans & Advances**								
(A1)	**To Key Managerial Personnel**								
	(a) Considered Good	-	-	-	-	0.01	-	-	0.01
(A2)	**To Others**								
	(a) Considered Good	2.89	0.63	-	3.52	3.43	0.68	-	4.11
	Sub-total (A1+ A2)	**2.89**	**0.63**	**-**	**3.52**	**3.44**	**0.68**	**-**	**4.12**
(B)	**Unsecured Staff Loans & Advances**								
(B1)	**To Key Managerial Personnel**								
	(a) Considered Good	0.36	0.17	-	0.53	0.36	0.13	-	0.49
(B2)	**To Others**								
	(a) Considered Good	22.77	9.88	-	32.65	28.86	10.42	-	39.28
	Sub-total (B1+ B2)	**23.13**	**10.05**	**-**	**33.18**	**29.22**	**10.55**	**-**	**39.77**
	Grand Total (A+B)	**26.02**	**10.68**	**-**	**36.70**	**32.66**	**11.23**	**-**	**43.89**

9.2 Loan Assets

(₹ in Crores)

	Particulars	As at 31.03.2018				As at 31.03.2017			
		Long-term		Short-Term	Total	Long-term		Short-Term	Total
		Non-Current	Current			Non-Current	Current		
(A)	**Secured Loans**								
(A1)	**Loans to State Power Utilities/ State Electricity Boards/Corpn. (Secured by hypothecation and/or mortgage of materials/ tangible assets)**								
	(a) Considered good	1,46,256.29	15,670.42	4,117.09	**1,66,043.80**	1,25,811.34	11,014.90	740.67	**1,37,566.91**
(A2)	**Loans to Others (Secured by hypothecation and/or mortgage of tangible assets)**								
	(a) Considered good	14,928.90	1,148.33	-	**16,077.23**	24,691.95	3,553.12	-	**28,245.07**
	(b) Considered doubtful	12,059.39	4,273.73	-	**16,333.12**	2,220.01	2,169.10	-	**4,389.11**
	Less: Provision for bad & doubtful debts	1,352.52	1,368.44	-	**2,720.96**	383.89	767.87	-	**1,151.76**
		10,706.87	2,905.29	-	**13,612.16**	1,836.12	1,401.23	-	**3,237.35**
	Sub-total (A1+ A2)	**1,71,892.06**	**19,724.04**	**4,117.09**	**1,95,733.19**	**1,52,339.41**	**15,969.25**	**740.67**	**1,69,049.33**
(B)	**Unsecured Loans**								
(B1)	**Loans Guaranteed by respective State Governments**								
	(a) Considered good	23,694.24	3,221.16	-	**26,915.40**	19,109.20	2,850.00	197.18	**22,156.38**
(B2)	**Loans to State Governments**								
	(a) Considered good	3,009.99	330.99	-	**3,340.98**	2,647.90	351.22	-	**2,999.12**
(B3)	**Loans - Others**								
	(a) Considered good	7,823.18	589.47	1,530.83	**9,943.48**	3,178.73	258.78	2,651.00	**6,088.51**
	(b) Considered doubtful	34.92	760.38	-	**795.30**	5.18	478.40	-	**483.58**
	Less: Provision for bad & doubtful debts	34.92	760.38	-	**795.30**	5.18	478.40	-	**483.58**
		-	-	-	**-**	-	-	-	**-**
	Sub-total (B1+ B2+B3)	**34,527.41**	**4,141.62**	**1,530.83**	**40,199.86**	**24,935.83**	**3,460.00**	**2,848.18**	**31,244.01**
	Grand Total (A+B)	**2,06,419.47**	**23,865.66**	**5,647.92**	**2,35,933.05**	**1,77,275.24**	**19,429.25**	**3,588.85**	**2,00,293.34**

9.3 Other Loans & Advances

(₹ in Crores)

	Particulars	As at 31.03.2018				As at 31.03.2017			
		Long-term		Short-Term	Total	Long-term		Short-Term	Total
		Non-Current	Current			Non-Current	Current		
(A)	**Advances recoverable in cash or in kind or value to be received (Unsecured)**								
	(a) Considered good	-	-	24.15	24.15	-	-	4.36	4.36
	(b) Considered doubtful	-	-	6.08	6.08	-	-	5.59	5.59
	Less: Provision for bad & doubtful debts	-	-	6.08	6.08	-	-	5.59	5.59
		-	-	-	-	-	-	-	-
	Grand Total	**-**	**-**	**24.15**	**24.15**	**-**	**-**	**4.36**	**4.36**

9.3.1 Loan balance confirmations for 87% of total loan assets as at 31st March 2018 have been received from the borrowers. Out of the remaining 13% loan assets amounting to ₹ 30,013 crore for which balance confirmations have not been received, 81% loans are secured by way of hypothecation of assets, 15% by way of Government Guarantee/ Loans to Government and 4% are unsecured loans.

9.3.2 Loan Assets also include amount financed by the Company as per the Scheme for Financial Restructuring of State Distribution Companies (Discoms).

9.3.3 REC, as a lead lender had sanctioned ₹ 650 Crore as initial sanction to Corporate Power Limited for 540 MW Phase-I TPP at Chandwa, Jharkhand. The debt is secured by way of combination of securities representing charge on all the Company's present and future immovable properties, movables, all bank accounts, project documents, clearances, letter of credits, guarantees, insurance contracts and insurance proceeds etc., pledge of shares representing 51% of the total paid up equity share capital of the Company and Corporate Guarantee of Corporate Ispat and Alloys Limited (CIAL). Subsequently, REC, had sanctioned ₹ 196 Crore as additional loan towards funding of cost overrun. As at 31st March 2018, the loan outstanding is ₹ 811.74 crores

The account had become NPA on 30th June 2014. As at 31st March 2018, the account of the borrower is classified as Doubtful asset. In line with Independent valuer's report, 100% provision to the extent of loan not covered by the realizable value of the security amounting to ₹ 587.47 Crores and for the balance loan amount of ₹ 224.27 Crores, 30% provision amounting to ₹ 67.29 Crores has been created in the books as per Significant Accounting Policy no 2.3(ii). As such, total provision created as on 31st March 2018 is ₹ 654.75 Crores.

Recall notice has been served to the borrower and Corporate guarantee of promoter Company, CIAL, has been invoked. REC and ARCIL have joined the winding up petition filed by one the employee of CIAL before the Calcutta High Court against CIAL. Meanwhile CIAL moved to Board of Industrial and Financial Reconstruction (BIFR), pursuant thereto, Hon'ble High Court abated the winding up petition. Lenders are exploring various options for the revival of the project including change in the management. With the consent of lenders, ARCIL has initiated the proceedings under SARFAESI Act. ARCIL has taken the possession of the Project site and deployed security for protection of the project. Lenders have also filed joint Original Application (OA) before Debt Recovery Tribunal (DRT), Calcutta for recovery of dues.

9.3.4 REC has sanctioned ₹ 1,150 Crore to Jas Infrastructure & Power Limited (JIPL) wherein total disbursement is ₹ 33.24 Crores till 31st March 2018. The account has become NPA on 30th June 2014. As at 31st March 2018, the account of the borrower is classified as Doubtful asset. In line with the Independent valuer's report, 100% provision to the extent of loan not covered by the realizable value of the security amounting to ₹ 31.48 crore and for the balance loan amount of ₹ 1.77 crores, 30% provision amounting to ₹ 0.53 crores is created in the books as per Significant Accounting Policy No. 2.3(ii). As such, total provision created as at 31st March 2018 is ₹ 32.01 Crores on total loan outstanding of ₹ 33.24 Crores.

Lenders have already initiated recovery. Recall notice has been served to the borrower and Personal guarantee of promoter has been invoked. Original Application has been filed by the REC before DRT for recovery of dues. Further, lenders have jointly taken action under the provision of the SARFAESI Act. PNB acting as Lead has taken the symbolic possession of the project by issuing Notice under section 13(4) of SARFEASI Act.

9.3.5 As at 31st March 2018, 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 'Restructured Standard Asset' pending final decision of the Court. During the financial year 2016-17, based on the decision taken by lenders in the JLF subsequent to the court order, the accrued interest of ₹ 426.09 crores (₹ 88.79 cr pertaining to Financial year 2016-17) has been adjusted through disbursement of loan as per the terms of sanction and the income recognised accordingly. However, since the account is currently into Restructured Standard Loan Assets category, a provision of 5% amounting to ₹ 115.10 Crores had been created in full in respect of the loan as against creating the same in phased manner in accordance with Significant Accounting Policy 2.3(iv). Apart from this, as a matter of prudence, an additional provision amounting to ₹ 103.59 Crores has been created @ 4.50% of the loan over and above 5% provision. Accordingly, as on 31st March 2018, the total provision of ₹ 218.69 Crores stands created against the project and unrealized income of ₹ 382.35 Crores has also not been recognized for the financial year 2017-18. An application has been filed by REC for vacation of stay order issued by Hon'ble High Court of Madras. REC has filed an Application before High Court, Madaras for dismissal of the Writ Petition

9.3.6 REC had sanctioned ₹ 390 Crores to M/s Lanco Teesta Hydro Power Limited with ICICI Bank as Lead lender having initial project SCOD in May 2012. However, due to equity crunch of promoters, geological surprises and poor rock strata, project couldn't be commissioned till date. In order to revive the Project, which is stalled at present, change in ownership is an important imperative which ensures that additional resources are brought in by the new investor. Towards this end, change of ownership could be effectively considered under the recent RBI dispensation on Strategic Debt Restructuring (SDR) dated 8th June 2015. In terms of SDR Regulations dated 8th June 2015 issued by RBI, the Lenders' consortium had decided to invoke the SDR in the lenders' meet held on 24th July 2015. Accordingly, REC, on 24th September 2015, approved the Strategic Debt Restructuring (SDR) package pursuant to RBI circular dated 8th June 2015, for conversion of ₹ 102 Crores out of REC's outstanding loan into equity at face value of ₹ 10/- per share towards effecting the change in Management. Subsequently, on 20th October 2015, necessary documentation had been carried out along with the signing of shareholder's agreement and an amount of ₹ 102 Crores of REC's sanction had been converted into equity. As per SDR scheme, asset classification shall remain standard up to 18 months from 24th July 2015 i.e. 23rd January 2017 and within this timeline, a suitable investor had to be identified and the exercise of change in management shall have to be completed failing which the asset classification will be as per the extant IRAC norms, assuming the aforesaid 'stand-still' in asset classification had not been given. the asset classification has now been downgraded to Doubtful Category and as on 31st March 2018 total provision of ₹ 71.04 Cr has been created @ 30% of the outstanding loan. Further a provision @ 30% has also been created on the investment portion. The project company has now been admitted under Insolvency and Bankruptcy Code 2016 by NCLT, Hyderabad on 16th March 2018 to initiate Corporate Insolvency Resolution Proceeding (CIRP).

9.3.7 REC has given a loan to M/s Ind Barath Power (Madras) Limited (IBPML) under consortium lending with PFC being the lead lender. The total disbursement towards IBPML by three consortium lenders was ₹ 947.71 crore. Out of this, ₹ 573.99 crore kept as FDs, were utilized by the borrower from TRA for other than the project purposes. The matter has since been reported to RBI on 26th February 2018. Accordingly, the company has created a provision of ₹ 145.67 crores during the current quarter, making total of 100% provision on its loan outstanding of ₹ 416.21 crores as at 31st March, 2018. One of the operational creditor of IBPML has filed application under section 9 of the Insolvency and Bankruptcy Code 2016 and based on which NCLT has initiated Corporate Insolvency Resolution Process against IBPML. Resolution Professional has been appointed and REC has filed its claim before the Resolution Professional.

9.3.8 Facor Power Limited (FPL) has become NPA on 30th September 2015 due to default in payment of dues. After initiating recovery action and issue of demand notices, the Company issued notice u/s 13(4) of SARFAESI Act for symbolic possession on 3rd November 2016 which was challenged by the borrower before DRT. Consequent to favorable disposal of litigation, REC has taken over the management control of FPL along with physical possession on 7th November 2017 under section 13(4)(b) of the SARFAESI Act after issuing necessary notice/publication. The erstwhile directors of FPL were suspended and replaced with three officers of REC out of which one of the directors is managing the day to day activities as Chief Executive Officer of FPL. The actions of REC are being challenged by the promoter of the borrower company in DRT which is subjudice.

9.3.9 REC has extended a loan of ₹ 217 Crores (Outstanding loan amount as at 31st March 2018 - ₹ 197.24 Crores) to Gati Infrastructure Private Limited for the implementation of 2X55 MW HEP in Sikkim with Edelweisse Asset Reconstruction Company (EARC) as Lead lender. Project achieved COD on 18th May 2013 and is operational since then. Lower revenue realization due to short term arrangment is causing stress on project cash flows. Lenders have invoked pledged shares under Outside SDR scheme considering 05th December 2016 as reference date and shares have been transferred to Security trustee on behalf of all lenders. Further the process of inducting a suitable investor/prospective buyer is underway. Long term PPA is expected soon for supplying power to Haryana Discoms.

9.3.10 REC has extended a loan of ₹ 325 Crores (Outstanding loan amount as on 31st March 2018 - ₹ 321.04 Crores) to Jhabua Power Ltd for the implementation of 1X600 MW TPP in Seoni Dist. in Madhya Pradesh with Axis Bank as Lead lender. Project achieved COD on 31st March 2015 and is operational since then. As the project was suffering due to lower revenue realization, Lenders have invoked pledged shares under Outside SDR Scheme with 23rd June 2017 as reference date. Accordingly pledged shares have been transferred to Security trustee agent on behalf of all lenders. Additionally, to effect change in current management/promoters lenders have initiated open auction process and the same is underway.

10. Other Non-Current and Current Assets

(₹ in Crores)

	Particulars	As at 31.03.2018			As at 31.03.2017		
		Non-current	Current	Total	Non-current	Current	Total
(A)	**Current recoverable of Loan & Advances (Net)** (Refer Note 9)	-	23,876.34	**23,876.34**	-	19,440.48	**19,440.48**
(B)	**Interest Accrued & not due on:**						
	- Long Term Investments	-	14.23	**14.23**	-	14.23	**14.23**
	- Term Deposits	-	8.54	**8.54**	-	4.37	**4.37**
	Sub-total	-	22.77	***22.77***	-	18.60	18.60
(C)	**Interest Accrued & Due on Loan Assets**	-	462.37	**462.37**	-	781.26	**781.26**
(D)	**Interest Accrued & Not Due on Loan Assets**	-	303.23	**303.23**	-	288.31	**288.31**
(E)	**Interest Accrued on Staff Advances**	9.03	0.30	**9.33**	7.74	0.33	**8.07**
(F)	**Recoverable from Govt. of India**						**-**
	- Towards Principal - GoI Fully Serviced Bonds	4,000.00	-	**4,000.00**	-	-	**-**
	- Towards Interest - GoI Fully Serviced Bonds	-	7.17	**7.17**	-	-	**-**
	- Towards Issue Expenses - GoI Fully Serviced Bonds	-	4.07	**4.07**	-	-	**-**
	- Agency Charges on Govt. Schemes	-	161.01	**161.01**	-	-	**-**
	- Reimbursement of Expenses on Govt. Schemes	**-**	14.19	**14.19**	-	9.44	**9.44**
	Recoverable from Govt. of India (Total)	4,000.00	186.44	***4,186.44***	-	9.44	9.44
	Less: Provision for bad & doubtful debts	-	-6.19	**-6.19**	-	-	**-**
	Recoverable from Govt. of India (Net)	**4,000.00**	**180.25**	4,180.25	**-**	**9.44**	**9.44**
(G)	**Recoverable from SEBs/ Govt. Deptt./ Others**	**-**	12.27	**12.27**	-	3.97	**3.97**
(H)	**Advance Income-tax & TDS**	2,199.97	-	**2,199.97**	2,653.30	-	**2,653.30**
	Less; Provision for Income Tax	-2,178.95	-	**-2,178.95**	-2,614.33	-	**-2,614.33**
	Advance Income-tax & TDS (Net)	21.02	**-**	**21.02**	38.97	**-**	**38.97**
(I)	**Forward Contract Receivables**	313.57	-	**313.57**	143.79	-	**143.79**
(J)	**Receivables in respect of Derivative Contracts**	151.68	-	**151.68**	192.10	-	**192.10**
(K)	**Prepaid Financial Charges on Commercial Paper**	**-**	99.56	**99.56**	-	-	**-**
(L)	**Unamortized Expenses**						**-**
	- Discount on Foreign Currency Borrowings	47.42	1.64	**49.06**	-	-	**-**
	- Arrangement Fee on Foreign Currency Borrowings	38.53	6.56	**45.09**	-	-	**-**
	- Premium on Forward Contracts	153.70	21.96	**175.66**	-	-	**-**
	Total (A to L)	**4,734.95**	**24,987.25**	**29,722.20**	**382.60**	**20,542.39**	**20,924.99**

11. Cash and Bank Balances

(₹ in Crores)

	Particulars	As at 31.03.2018	As at 31.03.2017
(A)	**Cash & Cash Equivalents**		
	- Balances with Banks	1,686.19	851.34
	- Cash on Hand (including postage & imprest)	0.01	-
	- Others		
	- Short-term Deposits with Scheduled Banks	85.02	2,476.70
	- Short term Investment in Debt Mutual Funds	-	1,160.00
	Sub-total (A)	**1,771.22**	**4,488.04**
(B)	**Others**		
	- Term Deposits with Scheduled Banks	2.31	1.98
	Sub-total (B)	**2.31**	**1.98**
	Total (A+B)	**1,773.53**	**4,490.02**

Balances with Banks include:		
- Earmarked Balances with Banks in separate accounts		
- For unpaid dividends	3.49	2.75
- For DDUGJY, AG&SP, NEF and other grants	56.02	0.51
- Amount set aside for grants disbursement	2.13	2.13
- Amount not available for use pending allotment of securities	1,469.23	0.00

Further, Short-term Deposits with Scheduled Banks include ₹ 39.02 Crores (Previous year ₹ 23.20 Crores) earmarked towards DDUGJY and other grants. Figure in (B) Others - Term Deposits with Scheduled Banks includes deposits for ₹ 2.31 Crores (Previous year ₹ 1.98 Crores) made and earmarked in compliance of Court orders.

12. **Revenue from Operations**

(₹ in Crores)

	Particulars	Year ended 31.03.2018		Year ended 31.03.2017	
(A)	**Interest on Loan Assets**				
(i)	Long term financing	21,338.77		22,479.98	
	Less: Rebate for timely payments/ completion etc.	16.43	21,322.34	0.26	22,479.72
(ii)	Short term financing		426.61		455.89
	Sub-total (A)		**21,748.95**		**22,935.61**
(B)	**Revenue from Other Financial Services**				
(i)	Processing, Upfront, Lead fees, LC Commission etc.		15.11		48.49
(ii)	Prepayment Premium		106.41		147.44
(iii)	Fee for Implementation of Govt. Schemes		187.79		23.86
	Sub-total (B)		**309.31**		**219.79**
(C)	**Income from Short-term Investment of Surplus Funds**				
(i)	Interest from Deposits		68.66		98.39
(ii)	Gain on Sale of Mutual Funds		13.39		67.13
(iii)	Interest from CP/ ICD		0.98		29.87
	Sub-total (C)		**83.03**		**195.39**
(D)	**Other Interest Income**				
(i)	Interest from Govt. Securities		16.98		24.52
(ii)	Interest from Long Term Investments		197.66		201.59
(iii)	Interest from Income Tax Refund		0.62		8.88
(iv)	Interest from Staff Advances		1.69		1.52
(v)	Interest from Subsidiary Companies		0.03		-
	Sub-Total (D)		**216.98**		**236.51**
	Total (A to D)		**22,358.27**		**23,587.30**

13. **Other Income**

(₹ in Crores)

	Particulars	Year ended 31.03.2018	Year ended 31.03.2017
(A)	**Dividend Income**		
	- Dividend from Subsidiary Companies	25.91	19.50
	- Dividend from Long-Term Investments	39.77	66.54
	Sub-Total (A)	**65.68**	**86.04**
(B)	**Net Gain on Sale of Long Term Investments**	**-**	**79.75**
(C)	**Other Non-Operating Income**		
	- Miscellaneous Income	16.36	17.49
	Sub-Total (C)	**16.36**	**17.49**
	Total (A to C)	**82.04**	**183.28**

14. **Finance Costs**

(₹ in Crores)

	Particulars	Year ended 31.03.2018	Year ended 31.03.2017
(A)	**Interest Expense**		
	- On REC Bonds	12,157.53	11,577.81
	- On Loans from Banks/ Financial Institutions	87.33	96.13
	- On External Commercial Borrowings	1,330.45	1,264.97
	- On Commercial Paper	135.60	300.46
	- On Advance Income Tax	5.53	2.82
	Sub-Total (A)	**13,716.44**	**13,242.19**
(B)	**Other Borrowing Costs**		
	- Guarantee Fee	13.81	17.04
	- Bonds Handling Charges	0.54	0.80
	- Bonds Brokerage	18.31	15.68
	- Stamp Duty on Bonds	5.48	5.42
	- Debt Issue and Other Finance Charges	33.56	80.66
	Sub-Total (B)	**71.70**	**119.60**
(C)	**Net Translation/ Transaction Exchange Loss**	**41.38**	**88.56**
	Total (A to C)	**13,829.52**	**13,450.35**

15. **Employee Benefits Expense**

(₹ in Crores)

Particulars	Year ended 31.03.2018	Year ended 31.03.2017
- Salaries and Allowances	130.70	117.56
- Contribution to Provident Fund and Other Funds	13.96	12.88
- Gratuity	1.24	15.19
- Expenses towards Post Retirement Medical Facility	15.70	17.21
- Staff Welfare Expenses	15.27	15.23
Total	**176.87**	**178.07**

The pay revision of the employees of the Company is due w.e.f.1 January 2017. Pending final notification of the revised Pay Scales and other benefits by the Govt. of India, an estimated provision of ₹ 44.31 crores has been created during the year ended 31st March 2018 and the cumulative provision in this respect as at 31st March 2018 is ₹ 58.90 crore towards pay revision arrears as the recommendations of 3rd Pay Revision Committee constituted by the Department of Public Enterprises (DPE), Govt. of India. This provision is inclusive of the provision created for non-executive employees for whom arrears have also been considered in line with these recommendations. Actuarial valuation of employees benefits has also been carried out on the basis of proposed pay scales.

16. **Corporate Social Responsibility Expenses**

(₹ in Crores)

Particulars	Year ended 31.03.2018	Year ended 31.03.2017
- Direct Expenditure	46.67	66.64
- Overheads	2.78	3.16
Total	**49.45**	**69.80**

16.1 **Disclosure in respect of CSR Expenses:**

(a) Gross Amount required to be spent by the Company during the year 2017-18 is ₹ 161.95 Crores (Previous year ₹ 146.57 Crores).

(b) Amount spent during the year (₹ in Crores) :

	Particulars	Year ended 31.03.2018			Year ended 31.03.2017		
		In Cash	Yet to be paid	Total	In Cash	Yet to be paid	Total
(i)	Construction/ acquisition of any asset	-	-	-	-	-	-
(ii)	On purpose other than (i) above	48.64	0.81	49.45	68.82	0.98	69.80

17. **Other Expenses**

(₹ in Crores)

Particulars	Year ended 31.03.2018		Year ended 31.03.2017	
- Travelling and Conveyance		12.59		10.12
- Publicity & Promotion Expenses		8.56		5.33
- Repairs and Maintenance				
- Building	3.28		2.06	
- ERP & Data Centre	4.50		4.83	
- Others	1.18	8.96	0.92	7.81
- Rent & Hiring Charges		8.32		3.68
- Rates and Taxes		0.40		0.46
- Power & Fuel		1.92		2.01
- Insurance Charges		0.16		0.09
- Postage and Telephone		2.44		2.69
- Auditors' Remuneration		1.24		1.15
- Consultancy Charges		8.15		5.10
- Loss on Sale of Assets		0.56		0.52
- Miscellaneous Expenses		58.39		59.84
Total		**111.69**		**98.80**

17.1 Auditors' Remuneration includes :

(₹ in Crores)

Particulars	Year ended 31.03.2018	Year ended 31.03.2017
- Audit Fees	0.40	0.60
- Tax Audit Fees	0.11	0.10
- Limited Review Fees	0.26	0.24
- Payment for Other Services		
(i) Certification of MTN Offer Document/ Comfort Letter	0.30	0.07
(ii) Other Certifications	0.05	0.04
- Expenses Incurred	0.02	0.05
- Tax component	0.10	0.05
Total	**1.24**	**1.15**

The figures above include Nil (Previous year ₹ 0.06 crores) of Audit Fees and ₹ 0.02 crores (Previous year ₹ 0.02 crores) of Tax Audit fees pertaining to earlier years.

17.2 Earnings and Expenditure in Foreign Currency :

(₹ in Crores)

Particulars	Year ended 31.03.2018	Year ended 31.03.2017
Earnings	-	-
Expenditure		
- Royalty, Know-how, Professional, Consultation Fees	0.73	1.17
- Interest	518.75	462.03
- Finance Charges	24.00	68.61
- Other Expenses	26.25	3.11
Total	**569.73**	**534.92**

17.3 The Company has taken office space, accommodations for staff and space for ERP Data Centre on lease. These are classified as operating lease. Lease payments in respect of office space and data centre amounting to ₹ 9.26 Crores (Previous year ₹ 5.03 Crores) is shown under the head 'Other Expenses'. Lease payments in respect of accommodations for staff amounting to ₹ 2.05 Crores (Previous year ₹ 2.92 Crores) form part of 'Employees Benefit Expense.' Future lease payments in respect of these lease agreements are as under:

(₹ in Crores)

Future minimum lease rent payments	As at 31.03.2018		As at 31.03.2017	
	Data Centre	Office & Accomodations	Data Centre	Office & Accomodations
Not later than one year	0.27	6.38	0.36	4.07
Later than one year and not later than 5 years	-	5.43	0.26	1.12
Later than 5 years	-	1.67	-	0.67
Total	**0.27**	**13.48**	**0.62**	**5.86**

18. <u>Provisions and Contingencies</u>

(₹ in Crores)

Particulars	Year ended 31.03.2018	Year ended 31.03.2017
Provision for bad & doubtful debts	1,881.43	625.59
Contingent Provision against Standard Loan Assets	281.94	64.03
Provision against Restructured Standard Loans	(777.23)	419.85
Provision for depreciation on Investments	29.41	-
Total	**1,415.55**	**1,109.47**

19. <u>Prior Period Items</u>

(₹ in Crores)

Particulars	Year ended 31.03.2018	Year ended 31.03.2017
- Travelling and Conveyance	-	(1.01)
- Depreciation	-	(0.64)
- Others	(0.47)	-
Total	**(0.47)**	**(1.65)**

20. Earnings per Share

Particulars	Year ended 31.03.2018	Year ended 31.03.2017
Numerator		
Profit after Tax as per Statement of Profit and Loss (₹ in Crores)	4,647.00	6,245.76
Denominator		
Weighted average Number of equity shares	1,97,49,18,000	1,97,49,18,000
Basic & Diluted Earnings per share of ₹10 each (in ₹)	**23.53**	**31.63**

21. Contingent Liabilities and Commitments :

21.1 Contingent Liabilities not provided for in respect of:

(₹ in Crores)

	Particulars	As at 31.03.2018	As at 31.03.2017
(A)	Claims against the Company not acknowledged as debts	94.67	85.68
(B)	Others		
	- Letters of Comfort	13.51	173.36

The amount referred to in 'A' above includes ₹ 0.08 Crores (Previous year ₹ 2.37 Crores) in respect of cases pending in various courts including arbitration cases and is dependent upon the outcome of settlement of court/arbitration cases.

Further, it also includes ₹ 94.59 Crores (Previous year ₹ 83.31 Crores) against various demands raised by the Income Tax Department/ Service Tax Department including the cases pending in Delhi High Court/ Supreme Court. The company is contesting these tax demands and the management believes that its position will likely be upheld in the appellate process. Further, the ultimate outcome of these proceedings will not have a material adverse effect on the Company's financial position and results of operations.

21.2 Commitments not provided for in respect of:

(₹ in Crores)

Particulars	As at 31.03.2018	As at 31.03.2017
- Contracts remaining to be executed on capital account		
- Towards Tangible Assets	403.75	272.33
- Towards Intangible Assets	1.93	2.60
- Other Commitments		
- CSR Commitments	260.12	143.98

22. Details of Registration/ License/ authorisation obtained from financial sector regulators:

	Particulars	Regulator Name	Registration Details
(i)	Corporate Identification Number	Ministry of Corporate Affairs	L40101DL1969GOI005095
(ii)	Registration Number	Reserve Bank of India	14.000011

23. The Company is registered with the Reserve Bank of India (RBI) as a Non-Banking Financial Company (NBFC) since 1997-98. As per notification No.DNBS(PD).CC No.12/02.01/99-2000 dated 13.1.2000 of RBI, Govt. companies as defined under Section 617 of the Companies Act, 1956 have been exempted from applicability of the provisions of Reserve Bank of India Act, 1934 relating to maintenance of liquid assets and creation of Reserve Funds and the Directions relating to acceptance of public deposits and Prudential Norms. The said notification is also applicable to REC, being a Govt. company as defined under Section 2 (45) of the Companies Act, 2013 (Section 617 of the erstwhile Companies Act, 1956). Accordingly, the Reserve Fund is not created.

Further, as per Para No. 2 (3) of RBI's Master Circular No. DNBR.PD.008/ 03.10.119 / 2016-17 dated 1 September, 2016, REC being a Government Company continues to be exempted from the applicability of "Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015". However, RBI, vide its letters dated 25 July 2013 and 4 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 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 11 June 2014 has allowed exemption to the Company from RBI restructuring norms till 31 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. 1 April 2015, the provisioning requirement would be 5% and for stock of loans as on 31 March 2015 of such projects, the provisioning shall commence with a provision of 2.75% w.e.f 31 March 2015 and reaching 5% by 31 March 2018.

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

24. RBI, vide its letter dated 17th September 2010 had categorized REC as an Infrastructure Finance Company (IFC) in terms of instructions contained in RBI Circular CC No.168 dated 12th February 2010. As an IFC, the total permissible exposure for lending in the private sector is 25% of owned funds in case of single borrower and 40% in case of a single group of borrowers and exposure for lending and investing taken together can be upto 30% and 50% of owned funds, respectively.

In respect of Central/State Government entities, 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 till 31st March, 2022. In view of the above, our maximum credit exposure limits to Central and State power Utilities continue to vary from 50% to 250% of owned funds, depending upon entity appraisal.

In respect of Private Sector entities, the Company's credit exposure to single borrowers and group borrowers did not exceed the RBI prudential exposure limits as at 31st March 2018 and 31st March 2017.

25. <u>Changes in Accounting Policies</u>

During the year, the Company has 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 year ended 31st March 2018 is higher by ₹ 220.75 Crores.

Further, 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 year ended 31st March 2018 is higher by ₹ 136.45 Crores.

Since the validity of certain exemptions given by RBI had expired during the current year in respect of classification of loan assets, the Company has modified the accounting policy in respect of asset classification and provisioning to bring it in line with RBI Master Directions. Due to this change in accounting policy, profit before tax for the year ended 31st March 2018 is lower by ₹ 146.09 Crores.

Due to these changes in accounting policies, profit before tax for the year ended 31st March 2018 is higher by ₹ 211.11 Crores.

26. Quality of Loan Assets

26.1 Details of Restructured Accounts on which restructuring provisioning as per RBI norms is applicable, along-with provisions thereon, are given below

(₹ in Crores)

	Type of restructuring		Under CDR / SME Mechanism					Others					Total				
	Asset Classification details		Standard	Substandard	Doubtful	Loss	Total	Standard	Substandard	Doubtful	Loss	Total	Standard	Substandard	Doubtful	Loss	Total
(1)	Restructured Accounts as on 1st April 2017	No. of borrowers	Nil					14	2	1		17	14	2	1	-	17
		Amount outstanding (Restructured facility)						23,496	786	1,345		25,627	23,496	786	1,345	-	25,627
		Amount outstanding (Other facility)							-			-	-	-	-	-	-
		Provision Thereon						1,241	79	269		1,589	1,241	79	269	-	1,589
(2)	Movement of balance in account appearing in opening balance	No. of borrowers	Nil					2		1		3	2	-	1	-	3
		Amount outstanding (Restructured facility)						130	-	-		130	130	-	-	-	130
		Amount outstanding (Other facility)										-	-	-	-	-	-
		Provision Thereon						54	-	135		189	54	-	135	-	189
(3)	Fresh restructuring during the year	No. of borrowers	Nil					3		1		4	3	-	1	-	4
		Amount outstanding (Restructured facility)						316	-	258		574	316	-	258	-	574
		Amount outstanding (Other facility)										-	-	-	-	-	-
		Provision Thereon						14	-	11		25	14	-	11	-	25
(4)	Up gradations to restructured standard category during the year	No. of borrowers	Nil							(1)	-	(1)	-	-	(1)	-	(1)
		Amount outstanding (Restructured facility)						-	-	(258)	-	(258)	-	-	(258)	-	(258)
		Amount outstanding (Other facility)									-	-	-	-	-	-	-
		Provision Thereon						-	-	(11)	-	(11)	-	-	(11)	-	(11)
(5)	Restructured Standard advances which cease to attract higher provisioning and/ or additional risk weight at the end of the year and hence need not be shown as restructured standard advances at the beginning of the next FY	No. of borrowers	Nil					(5)			-	(5)	(5)	-	-	-	(5)
		Amount outstanding (Restructured facility)						(9,480)	-	-	-	(9,480)	(9,480)	-	-	-	(9,480)
		Amount outstanding (Other facility)									-	-	-	-	-	-	-
		Provision Thereon						(403)	-	-	-	(403)	(403)	-	-	-	(403)
(6)	Down gradation of restructured accounts during the year	No. of borrowers	Nil					(5)	(2)			(7)	(5)	(2)	-	-	(7)
		Amount outstanding (Restructured facility)						(8,171)	(786)	-		(8,957)	(8,171)	(786)	-	-	(8,957)
		Amount outstanding (Other facility)										-	-	-	-	-	-
		Provision Thereon						(442)	(79)	-		(521)	(442)	(79)	-	-	(521)
(7)	Addition due to downgradation of restructured accounts during the year	No. of borrowers	Nil						5	2		7	-	5	2	-	7
		Amount outstanding (Restructured facility)						-	8,639	786		9,425	-	8,639	786	-	9,425
		Amount outstanding (Other facility)										-	-	-	-	-	-
		Provision Thereon						-	788	157		945	-	788	157	-	945
(8)	Write-offs restructured accounts during the year	No. of borrowers	Nil					-	-	-	-	-	-	-	-	-	-
		Amount outstanding (Restructured facility)						-	-	-	-	-	-	-	-	-	-
		Amount outstanding (Other facility)						-	-	-	-	-	-	-	-	-	-
		Provision Thereon						-	-	-	-	-	-	-	-	-	-
(9)	Restructured accounts as on 31st March 2018	No. of borrowers	Nil					8	5	3		16	8	5	3	-	16
		Amount outstanding (Restructured facility)						6,290	8,639	2,131		17,060	6,290	8,639	2,131	-	17,060
		Amount outstanding (Other facility)						-	-			-	-	-	-	-	-
		Provision Thereon						464	789	561		1,814	464	789	561	-	1,814

26.2 The Classification of Loan Assets of the Company (classified in Note No. 9) as per RBI Prudential Norms is as under:

(₹ in Crores)

	Asset Classification	As at 31.03.2018		As at 31.03.2017	
		Loan Balance	Provision created against Loan Assets	Loan Balance	Provision created against Loan Assets
(i)	**Standard Assets**				
(a)	Restructured Standard Loan Assets (Refer Note below)	6,290.13	463.95	23,495.57	1,241.19
(b)	Other than (a) above	2,16,030.77	889.40	1,73,560.42	607.46
	Sub-total (i)	**2,22,320.90**	**1,353.35**	**1,97,055.99**	**1,848.65**
(ii)	**Non Performing Assets**				
(a)	Sub-standard Assets	12,473.52	1,302.90	1,226.75	205.92
(b)	Doubtful Assets	4,637.68	2,196.14	3,628.71	1,412.20
(c)	Loss Assets	17.22	17.22	17.22	17.22
	Sub-total (ii)	**17,128.42**	**3,516.26**	**4,872.68**	**1,635.34**
	Total	**2,39,449.32**	**4,869.61**	**2,01,928.67**	**3,483.99**

Note : Loan assets as mentioned in (i)(a) refer to restructured standard loan assets as specified in Accounting Policy No. 2.3(iv).

Reserve Bank of India (RBI) vide Notification No. DBR.No.BP.BC.101/21.04.048/2017-18 dated 12th February 2018 issued a Revised Framework for Resolution of Stressed Asset, which superseded the existing guidelines on CDR/ SDR/ Change in ownership outside SDR, Flexible Structuring of Existing Long Term Project Loans (5/25 Scheme) and S4A scheme. While the notification is applicable to all Scheduled Commercial Banks (excluding Regional Rural Banks (RRB)) and all-India Financial Institutions (Exim Bank, NABARD, NHB and SIDBI), the guidelines per se are not applicable to the Company, being NBFC-IFC. However, as a matter of prudence, REC has also followed these guidelines and classified loans amounting to ₹ 9,591.39 crores as NPAs as at 31st March 2018.

26.3 Sector-wise NPAs - Percentage of NPAs to Total Advances in that sector

Particulars	As at 31.03.2018	As at 31.03.2017
Power Sector	7.15%	2.41%

26.4 Movement of NPAs

(₹ in Crores)

	Particulars	As at 31.03.2018	As at 31.03.2017
(i)	**Net NPAs to Net Advances (%)**	**5.77%**	**1.62%**
(ii)	**Movement of NPAs (Gross)**		
(a)	Opening balance	4,872.69	4,243.57
(b)	Additions during the year	12,560.99	686.56
(c)	Reductions during the year	305.26	57.44
(d)	Closing balance	**17,128.42**	**4,872.69**
(iii)	**Movement of NPAs (Net)**		
(a)	Opening balance	3,237.35	3,230.30
(b)	Additions during the year	10,636.51	56.25
(c)	Reductions during the year	261.70	49.20
(d)	Closing balance	**13,612.16**	**3,237.35**
(iv)	**Movement of provisions for NPAs**		
(a)	Opening balance	1,635.34	1,013.27
(b)	Provisions made during the year	1,924.48	630.31
(c)	Write-off / write-back of excess provisions	43.56	8.24
(d)	Closing balance	**3,516.26**	**1,635.34**

27. Exposure Related Disclosures

27.1 Exposure to Real Estate Sector

The Company has no exposure to real estate sector as at 31st March 2018 (Previous year Nil).

27.2 Exposure to Capital Market

(₹ in Crores)

	Particulars	As at 31.03.2018	As at 31.03.2017
(i)	Direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	668.73	666.65
(ii)	Advances against shares/ bonds/ debentures or other securities or on clean basis to individuals for investment in shares (including IPOs/ ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	-	-
(iii)	Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	-	-
(iv)	Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares/ convertible bonds / convertible debentures / units of equity oriented mutual funds does not fully cover the advances;	-	-
(v)	Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	-	-
(vi)	Loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	-	-
(vii)	Bridge loans to companies against expected equity flows/ issues;	-	-
(viii)	All exposures to Venture Capital Funds (both registered and unregistered)	6.15	6.15
	Total Exposure to Capital Market	**674.88**	**672.80**

27.3 Unsecured Advances against Intangible Assets

There are no such advances outstanding as at 31st March 2018 (Previous year Nil) for which intangible collaterals such as rights, licenses, authority, etc. are charged in favour of the Company in respect of projects financed by the Company.

28. Concentration of Advances, Exposures and NPAs

	Particulars	As at 31.03.2018	As at 31.03.2017
(i)	**Concentration of Advances**		
	Total Advances to twenty largest borrowers (₹ in Crores)	1,36,285.52	1,11,916.90
	Percentage of Advances to twenty largest borrowers to Total Advances of the Company	56.92%	55.42%
(ii)	**Concentration of Exposures**		
	Total Exposure to twenty largest borrowers (₹ in Crores)	2,36,006.27	1,97,327.07
	Percentage of Exposures to twenty largest borrowers to Total Exposure of the Company on borrowers	59.25%	60.34%
(iii)	**Concentration of NPAs**		
	Total Outstanding to top four NPA Accounts (₹ in Crores)	8,558.91	3,444.72
	Total Exposure to the above four NPA Accounts (₹ in Crores)	8,558.91	3,444.72

29. The Company has not entered into any securitisation/ assignment transactions during the year ended 31st March 2018 (Previous year Nil). Further, no assets have been sold to securitisation/ reconstruction company for asset reconstruction. The Company has also not entered into any transaction of sale and purchase of non-performing financial assets.

30. Implementation of Govt. Schemes

30.1 Pradhan Mantri Sahaj Bijli Har Ghar Yojana (SAUBHAGYA)

Government of India has launched a scheme "Pradhan Mantri Sahaj Bijli Har Ghar Yojana" - Saubhagya to achieve universal household electrification in the country. The scheme envisages to provide last mile connectivity and electricity connections to all remaining un-electrified households in rural areas and poor households in urban areas by 31st March 2019. The scheme has been launched with a total cost of ₹ 16,320 Crore including Gross Budgetary Support of ₹ 12,320 Crore from Govt. of India during the entire implementation period. REC has been nominated as the Nodal Agency responsible for operationalization of scheme in the entire country.

30.2 Deen Dayal Upadhyaya Gram Jyoti Yojana (DDUGJY)

Government of India has launched Deen Dayal Upadhyaya Gram Jyoti Yojana (DDUGJY) with the following components:

(i) Separation of agriculture and non-agriculture feeders facilitating judicious rostering of supply to agriculture & non-agriculture consumers in the rural areas;

(ii) Strengthening and augmentation of sub-transmission & distribution infrastructure in rural areas, including metering of distribution transformers/feeders/consumers

(iii) Rural electrification, as per CCEA approval dated 01.08.2013 for completion of the targets laid down under RGGVY for 12th and 13th Plans by carrying forward the approved outlay for RGGVY to DDUGJY.

The components at (i) and (ii) of the above scheme will have an estimated outlay of ₹ 43,033 crore including budgetary support of ₹ 33,453 crore from Government of India during the entire implementation period. The scheme of RGGVY as approved by CCEA for continuation in 12th and 13th plan will get subsumed in this scheme as a separate Rural Electrification (RE) component. REC has been nominated as nodal agency for operationalization of this scheme.

30.3 National Electricity Fund (NEF)

The National Electricity Fund (NEF), an interest subsidy scheme, has become operational during the year 2012-13. The scheme has been introduced by Govt. of India to promote the capital investment in the distribution sector. The scheme shall provide interest subsidy linked with reform measures, on the loans taken by public and private distribution power utilities for various capital works under Distribution sector. NEF would provide interest subsidy aggregating upto ₹ 8,466 Crores (including interest subsidy to the borrowers, service charges to the nodal agency, payments to independent evaluators and other incidental expenses) spread over 14 years for loan disbursement against projects approved during 2012-13 and 2013-14. REC has been nominated as Nodal Agency for operationalisation of the NEF scheme in entire country.

31. In the opinion of the management, the current assets, loans and advances appearing in the balance sheet have a value equivalent to the amount stated therein if realized during the ordinary course of business and all known liabilities have been provided.

32. There are no Micro and Small Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days as at 31st March 2018. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent the status of such parties identified on the basis of information available with the Company.

33. Derivatives Related Disclosures

33.1 Forward Rate Agreements/ Interest Rate Swaps

(₹ in Crores)

	Particulars	As at 31.03.2018	As at 31.03.2017
(i)	The notional principal of swap agreements	38,608.11	41,664.18
(ii)	Losses which would be incurred if counterparties failed to fulfill their obligations under the agreements	690.38	628.07
(iii)	Collateral required by the NBFC upon entering into swaps	Nil	Nil
(iv)	Concentration of credit risk arising from the swaps	Refer Note Below	Refer Note Below
(v)	The fair value of the swap book	372.62	273.61

Note : REC, being NBFC has entered into swap agreements with Category-I, Authorized Dealers Banks only, in accordance with the RBI guidelines. All the swap agreements entered into with banks are well with in the credit risk limit defined in the Board approved Risk Management Policy.

33.2 The Company has not entered into any exchange traded Interest Rate (IR) derivatives.

33.3 Disclosure on Risk Exposure in Derivatives

33.3.1 Qualitative Disclosures

REC has Risk Management Policy duly approved by the Board. The policy covers the currency risk of the company. This policy provides the guiding parameters within which the Company can take decisions for managing the Currency Risk that it is exposed to on account of foreign currency loan. The purpose of the policy is to provide a framework to the Company for management of its foreign currency risk.

Risk Management Structure

An Asset Liability Management Committee (ALCO) is currently functioning under the chairmanship of CMD, Director (Finance), Director (Technical), Executive Directors and General Managers from Finance and Operating Divisions as its members. ALCO monitors Foreign currency risk with exchange rate and interest rate managed through various derivative instruments.

Derivative transactions include forwards, interest rate swaps, cross currency swaps and currency and cross currency options to hedge assets and liabilities. These derivative transactions are done for hedging purpose and not for trading or speculative purpose.

Type of Risks Involved

(i) **Credit Risk -** Credit risk is the risk of loss due to counterparty's failure to perform on an obligation to the Company.

(ii) **Market Risk -** Market risk is the risk of loss due to adverse changes in the market value (the price) of an instrument or portfolio of instruments. Such exposures occurs with respect to derivative instruments when changes occur in market factors such as underlying interest rates, exchange rates etc or in the volitality of these factors.

(iii) **Liquidity Risk -** Liquidity risk is the risk of loss due to failure of the institution to meet its funding requirments or execute a transaction at a reasonable price. This may be market liquidity risk or funding liquidity risk.

(iv) **Operational Risk -** Operational risk is the risk of loss occuring as a result of inadequate system and control, deficiencies in information system, human error or a management failure. Derivative activities can pose challenging operational risk issue because of complexity of certain products and their continual evolution.

(v) **Legal Risk -** Legal risk is the risk of loss arising from contracts which are not legally enforceable or documented correctly.

(vi) **Regulatory Risk -** Regulatory risk is the risk of loss arising from failure to comply with regulatory or legal requirements.

33.3.2 Quantitative Disclosures

(₹ in Crores)

	Particulars	Currency Derivatives *		Interest Rate Derivatives **	
		As at 31.03.18	As at 31.03.17	As at 31.03.18	As at 31.03.17
(i)	Derivatives (Notional Principal Amount)				
	For hedging	18,162.11	18,482.32	20,446.00	23,181.86
(ii)	Marked to Market Positions				
a)	Asset (+)	453.61	370.75	236.76	257.32
b)	Liability (-)	232.67	289.24	85.08	65.22
(iii)	Credit Exposure	18,162.11	18,482.32	20,446.00	23,181.86
(iv)	Unhedged Exposures	11,644.51	2,598.22	N.A.	N.A.

* Includes Full Hedge, Principal only Swap and Call Spread.

** Includes Interest Rate Derivatives as a strategy of cost reduction

34. Related Party Disclosures :

(1) Key Managerial Personnel

Dr. P.V. Ramesh	Chairman & Managing Director
Sh. Ajeet Kumar Agarwal	Director (Finance)
Sh. Sanjeev Kumar Gupta	Director (Technical)
Sh. J.S. Amitabh	GM & Company Secretary

(2) Other Related Parties

1. Subsidiary Companies

REC Transmission Projects Company Limited (RECTPCL)

REC Power Distribution Company Limited (RECPDCL)

In view of Ministry of Power's Office Memorandum dated 30th August, 2017 and to have better operational efficiency and to reap the benefits of higher capital base & pooled resources, it was decided to merge two unlisted wholly owned subsidiary companies of Rural Electrification Corporation Limited i.e. REC Power Distribution Company Limited (RECPDCL) and REC Transmission Projects Company Limited (RECTPCL) into one single entity.

Accordingly, as per provisions of the Companies Act, 2013 and Rules made thereunder, after the approval of Board of Directors, shareholders, creditors of respective companies and approval of Holding company i.e. REC, an application has been filed with the Ministry of Corporate Affairs (MCA) on 27th March, 2018 for sanction of Scheme of Arrangement for amalgamation of RECTPCL (Transferor Company) with RECPDCL (Transferee Company) and approval of the same is awaited.

2. **Wholly owned Subsidiaries of REC Transmission Projects Company Limited**
Dinchang Transmission Limited - Incorporated on 02.12.2015
Ghatampur Transmission Limited - Incorporated on 02.12.2016
ERSS XXI Transmission Limited - Incorporated on 11.01.2017 and transferred to M/s Powergrid Corporation of India Limited (PGCIL) on 12.01.2018, substantially upon the terms and conditions as detailed in the Share Purchase Agreement executed between RECTPCL, ERSS XXI Transmission Limited and PGCIL.
WR-NR Power Transmission Limited - Incorporated on 12.01.2017 and transferred to M/s Powergrid Corporation of India Limited (PGCIL) on 27.03.2018, substantially upon the terms and conditions as detailed in the Share Purchase Agreement executed between RECTPCL, WR-NR Power Transmission Limited and PGCIL.
Chandil Transmission Limited - Incorporated on 14th March, 2018
Koderma Transmission Limited - Incorporated on 19th March, 2018
Dumka Transmission Limited - Incorporated on 23rd March, 2018
Mandar Transmission Limited - Incorporated on 26th March, 2018

3. **Joint Ventures**
Energy Efficiency Services Limited (EESL)

Details of amount due from/ to the related parties :

(₹ in Crores)

Particulars	As at 31.03.2018	As at 31.03.2017
Long-term Debt		
RECTPCL	60.00	60.00
RECPDCL	10.44	10.44
Key Managerial Personnel	0.10	0.10
Loans & Advances		
RECTPCL	0.27	0.28
RECPDCL	1.23	1.07
Key Managerial Personnel	0.53	0.50
Other Current Liabilities		
RECPDCL	4.35	1.51

Details of Transactions with the related parties :

(₹ in Crores)

Particulars	For the year ended 31.03.2018	For the year ended 31.03.2017
Loans & Advances		
Key Managerial Personnel	0.20	0.06
Disbursement from Subsidy/ Grant Received from Govt. of India		
RECPDCL	0.06	-
RECTPCL	1.52	-
Dividend from Subsidiaries		
RECTPCL	13.80	8.65
RECPDCL	12.11	10.85
Interest Income - Loans & Advances		
RECPDCL	0.03	-
Key Managerial Personnel	0.02	0.03
Apportionment of Employee Benefit and Other Expenses		
RECTPCL	2.72	2.56
RECPDCL	5.34	4.65
Finance Cost		
Interest Paid to RECTPCL	4.70	4.70
Interest Paid to RECPDCL	0.84	0.82
Interest Paid to Key Managerial Personnel	0.01	0.01
Employee Benefits Expense - Managerial Remuneration	2.04	2.09
CSR Expenses		
RECPDCL	0.19	14.25
EESL	-	0.86
Other Expenses		
RECPDCL	16.58	30.65

35. Disclosures for Employee Benefits as required under AS 15:

(1) Defined Contribution Plans

A. Provident Fund

Company pays fixed contribution of Provident Fund at pre-determined rates to a separate trust registered under The Provident Fund Act, 1925 which invests the funds in permitted securities. The trust fixes the rate of interest on contribution to the members of the fund based upon the returns earned on investments during the year. Since the Act does not prescribe the minimum interest to be paid to the members of the fund, it is considered as Defined Contribution Plan as per the provisions of AS 15.

B. Defined Contribution Superannuation Scheme

The Company pays fixed contribution towards superannuation scheme at pre-determined rates to NPS Trust/ separate trust which invests the funds with the Insurers. The Insurers fix the rate of interest on the balance standing to the credit of the accounts of the members of the trust. When the pension becomes payable to the member, the Insurers shall appropriate the member's accumulation towards various annuities, as opted for by the member.

Amount recognised as expenses towards defined contribution plans:

(₹ in Crores)

	Particulars	For the year ended 31.03.2018	For the year ended 31.03.2017
(i)	Provident Fund	7.97	7.35
(ii)	Defined Contribution Superannuation Scheme	5.91	5.46
	Total	**13.88**	**12.81**

(2) Defined Benefit Plans - Post-Employment Benefits

A. Gratuity

The Company has a defined benefit gratuity plan. Every employee is entitled to gratuity as per the provisions of the Payment of Gratuity Act, 1972. The scheme is funded by the Company and is managed by separate trust. The liability of Gratuity is recognized on the basis of actuarial valuation.

B. Post Retirement Medical Facility (PRMF)

The Company has Post Retirement Medical Facility under which the entitled retired employees (including his/her spouse) are covered as per Company Rules. The expenditure is recognized in the Statement of Profit & Loss on the basis of actuarial valuation.

C. Other Defined Retirement Benefit (ODRB)

The Company has a scheme for settlement of the employee and their dependents at the time of superannuation at home town. The expenditure is recognized in the Statement of Profit & Loss on the basis of actuarial valuation.

The summarized position of various defined benefits recognized in the Statement of Profit & Loss, Balance Sheet and the funded status is as under:

Expense recognised in Statement of Profit & Loss:

(₹ in Crores)

Particulars	Gratuity		PRMF		ODRB	
	31.03.2018	31.03.2017	31.03.2018	31.03.2017	31.03.2018	31.03.2017
Current Service Cost	2.11	2.16	1.96	1.63	0.06	0.06
Interest Cost	3.80	2.99	7.29	6.93	0.10	0.10
Expected Return on Plan Assets	2.93	2.97	-	-	-	-
Actuarial (Gain)/ Loss	(0.14)	11.41	6.45	8.65	(0.07)	(0.02)
Expense recognized	2.84	13.59	15.70	17.21	0.09	0.14

Amounts recognised in Balance Sheet:

(Amounts below in 'Gratuity' columns denotes respective amounts in the Balance Sheet of gratuity trust)

(₹ in Crores)

Particulars	Gratuity		PRMF		ODRB	
	31.03.2018	31.03.2017	31.03.2018	31.03.2017	31.03.2018	31.03.2017
Present value of obligation as at the end of the year	52.59	50.61	105.19	97.15	1.24	1.27
Fair value of Plan Assets as at the end of the year	48.66	35.69	-	-	-	-
Net Assets/ (Liability) recognized	(3.93)	(14.92)	(105.19)	(97.15)	(1.24)	(1.27)

Changes in the Present value of defined benefit/ Obligation:

(₹ in Crores)

Particulars	Gratuity		PRMF		ODRB	
	31.03.2018	31.03.2017	31.03.2018	31.03.2017	31.03.2018	31.03.2017
Present value of obligation as at the beginning of the year	50.61	37.34	97.15	86.62	1.27	1.22
Interest Cost	3.80	2.99	7.29	6.93	0.10	0.10
Current Service Cost	2.11	2.16	1.96	1.63	0.06	0.06
Benefit Paid	(3.81)	(3.29)	(7.66)	(6.68)	(0.12)	(0.09)
Actuarial (Gain)/ Loss on obligation	(0.12)	11.41	6.45	8.65	(0.07)	(0.02)
Present Value of defined benefit obligation at the end of the year	52.59	50.61	105.19	97.15	1.24	1.27

Changes in the Fair Value of Plan Assets:
(Amounts below in 'Gratuity' columns denotes respective amounts for the gratuity trust)

(₹ in Crores)

Particulars	Gratuity		PRMF		ODRB	
	31.03.2018	31.03.2017	31.03.2018	31.03.2017	31.03.2018	31.03.2017
Fair value of Plan Assets as at the beginning of the year	35.69	35.48	-	-	-	-
Return on Plan Assets	2.93	2.97	-	-	-	-
Contributions	13.83	0.53	-	-	-	-
Benefit Paid	(3.81)	(3.29)	-	-	-	-
Actuarial Gain/ (Loss) on Plan Assets	0.02	-	-	-	-	-
Fair value of Plan Assets as at the end of the year	48.66	35.69	-	-	-	-

Funded Status and Experience adjustments for liability towards Gratuity:

(₹ in Crores)

Particulars	31.03.2018	31.03.2017	31.03.2016	31.03.2015	31.03.2014
Present value of obligation at year end	52.59	50.61	37.34	38.16	38.07
Fair value of Plan Assets at year end	48.66	35.69	35.48	36.25	35.94
Funded Status	**(3.93)**	**(14.92)**	**(1.86)**	**(1.91)**	**(2.13)**
Experience adjustment; Gain/(Loss):					
Experience adjustment on plan liabilities	0.39	(10.25)	1.51	1.17	0.68
Experience adjustment on plan assets	0.02	-	(0.23)	(0.40)	(0.30)

The effect of an increase/ decrease of one percent point in inflation rate on PRMF:

(₹ in Crores)

Particulars	1% (+)		1% (-)	
	31.03.2018	31.03.2017	31.03.2018	31.03.2017
Service & Interest Cost	1.48	0.84	(0.99)	(1.34)
PBO (Closing)	13.49	12.14	(10.96)	(9.86)

Actuarial Assumptions:

Particulars	Gratuity		PRMF		ODRB	
	31.03.2018	31.03.2017	31.03.2018	31.03.2017	31.03.2018	31.03.2017
Method Used	Projected Unit Credit (PUC)	Projected Unit Credit (PUC)	Projected Unit Credit (PUC)	Projected Unit Credit (PUC)	Projected Unit Credit (PUC)	Projected Unit Credit (PUC)
Discount Rate	7.60%	7.50%	7.60%	7.50%	7.60%	7.50%
Expected Rate of Return on Plan Assets	8.00%	8.20%	-	-	-	-
Future Salary Increase	6.50%	6.00%	6.50%	6.00%	6.50%	6.00%

- The Expected Rate of Return on Assets is the assumed rate of return (annualised).
- The Principle assumptions are the discount rate and salary growth rate. The discount rate is generally based on the market yields available on govt. bonds at the reporting date with a term that matches the liabilities and the salary growth rate takes account of inflation, seniority, promotions and other relevant factors as long term basis. The above information is certified by the Actuary.

36. Status of Documentation Subsequent to Unbundling of SEBs

Some of the erstwhile State Electricity Boards (SEBs) against whom loans were outstanding or on whose behalf guarantees were given, were restructured by the respective State Governments and new entities were formed in the past. Consequently, the liabilities of the erstwhile SEBs stand transferred to new entities. However, transfer agreements in the case of Chhattisgarh State Electricity Board (CSEB) are yet to be executed amongst the Company, new entity and the State Government.

Agreements in case of erstwhile Tamil Nadu State Electricity Board (TNEB) have been executed based on the provisional provisions of the Tamil Nadu Electricity (Re-organisation and Reforms) Transfer Scheme, 2010. However further transfer agreements in this regard shall be executed, once finalized based on the discussion with the Tamilnadu utilities.

Status of Documentation Subsequent to Reorganisation of the State of Andhra Pradesh

Subsequent to the reorganisation of erstwhile State of Andhra Pradesh, the state of Telangana has been formed on 2 June 2014. However, the assets and liabilities are yet to be transferred to the respective power utilities through a formal Gazette Notification.

Status of Documentation is as under:

(i) Where ever the loans have been sanctioned to erstwhile APCPDCL, APNPDCL and APGENCO prior to bifurcation and documentation has not been done, these schemes have been re-sanctioned in the name of newly formed utilities and documentation formalities completed and accordingly the charge has been registered with the Ministry of Corporate Affairs (MCA).

(ii) Where ever the loans sanctioned in the name of erstwhile APCPDCL, APNPDCL prior to bifurcation and documentation formalities completed and drawls have been made, in these schemes an undertaking has been obtained from the name changed / newly formed utility and disbursements have been made to the newly formed utility by changing the name of the borrower in the name of new / name changed utility.

(iii) Where ever the Loan is sanctioned in the name of erstwhile APCPDCL, APNPDCL prior to bifurcation and documentation formalities completed with Government Guarantee and drawls have been made, further documentation for these schemes shall be done on Gazette Notification.

(iv) Once the final transfer scheme is notified through Gazette Notification by Govt, duly indicating the transfer of assets and liabilities among the power utilities, action for execution of documentation formalities will be taken up in respect of all the outstanding loans with the new / name changed utilities. Till that time, the demand for payment of interest / principal is being segregated by the Utilities and the respective portions are being paid by Utilities in Telangana and Andhra Pradesh.

37. The Ministry of Power launched a scheme ‘Ujwal DISCOM Assurance Yojana’ (UDAY) for achieving financial turnaround of the DISCOMs which are reeling under burden of heavy debt and losses. As per the OM dated 20 November 2015 issued by MoP on the UDAY scheme, States shall take over 75% of the DISCOM debt as on 30th September 2015 over 2 years.

The DISCOMs of Punjab, Uttar Pradesh, Chhattisgarh, Rajasthan, Haryana, Bihar, Tamil Nadu, Madhya Pradesh, Telangana, Himachal Pradesh and Andhra Pradesh have pre-paid their outstanding loan amounting to ₹ 42,700 Crores till date under the scheme.

38. 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.

39. Capital to Risk-weighted Assets Ratio (CRAR)

Being an Infrastructure Finance Company (IFC), REC is required to maintain a Capital to Risk Weighted Assets Ratio (CRAR) of 15% (with a minimum Tier I Capital of 10%).

	Particulars	As at / For the year ended 31.03.2018	As at / For the year ended 31.03.2017
(i)	CRAR (%)	19.39%	21.18%
(ii)	CRAR - Tier I Capital (%)	16.84%	18.43%
(iii)	CRAR - Tier II Capital (%)	2.55%	2.75%
(iv)	Amount of subordinated debt raised as Tier-II capital (₹ in crore)	-	-
(v)	Amount raised by issue of Perpetual Debt Instruments (₹ in crore)	-	-

40. Maturity pattern of certain items of Assets and Liabilities as per RBI Liquidity Bucketing Norms is as under:

(₹ in Crores)

As at 31.03.2018	Advances	Investments	Borrowings		Foreign Currency Items	
			Domestic Borrowings	Foreign Currency Borrowings	Assets	Liabilities (Other than Borrowings)
Upto 30/31 days	1,424	-	312	976	-	-
Over 1 month upto 2 months	1,693	-	428	-	-	-
Over 2 months upto 3 months	3,626	-	941	103	-	-
Over 3 month & upto 6 months	8,007	-	9,611	1,698	-	-
Over 6 months & upto 1 year	12,296	120	16,523	7,250	-	-
Over 1 year & upto 3 years	49,686	94	61,256	11,110	-	-
Over 3 years & upto 5 years	45,866	-	32,654	3,663	-	-
Over 5 years	1,13,335	2,361	47,260	5,007	-	-
Total	**2,35,933**	**2,575**	**1,68,985**	**29,807**	**-**	**-**

(₹ in Crores)

As at 31.03.2017	Advances	Investments	Borrowings		Foreign Currency Items	
			Domestic Borrowings	Foreign Currency Borrowings	Assets	Liabilities (Other than Borrowings)
Upto 30/31 days	1,117	-	403	1,103	-	-
Over 1 month upto 2 months	3,160	-	366	-	-	-
Over 2 months upto 3 months	2,363	-	326	89	-	-
Over 3 month & upto 6 months	5,405	-	9,854	102	-	-
Over 6 months & upto 1 year	9,573	149	5,629	157	-	-
Over 1 year & upto 3 years	38,153	189	46,606	13,135	-	-
Over 3 years & upto 5 years	36,044	-	33,435	6,291	-	-
Over 5 years	1,04,478	2,359	49,817	204	-	-
Total	**2,00,293**	**2,697**	**1,46,436**	**21,081**	**-**	**-**

41. There are no Off-Balance Sheet SPVs sponsored by the Company, which need to be consolidated as per accounting norms.

42. No penalties have been levied on the Company by any regulator during the year ended 31st March 2018 (Previous year Nil).

43. No complaints have been received by the Company from the borrowers under the Fair Practices Code during the year ended 31st March 2018 (Previous year Nil).

44. Previous year figures have been reclassified/ regrouped to conform to the current classification.

45. Figures in Rupees have been rounded off to the nearest crores with two decimals, unless expressly stated.

The Significant Accounting Policies and Notes to Accounts 1 to 45 are an integral part of Balance Sheet and Statement of Profit & Loss.

NOTES TO ACCOUNTS FOR THE YEAR ENDED 31.03.2017

1. Share Capital

(₹ in Crores)

Particulars	As at 31.03.2017		As at 31.03.2016	
	No. of Shares	Amount	No. of Shares	Amount
Authorised :				
Equity shares of ₹ 10 each	5,00,00,00,000	5,000.00	1,20,00,00,000	1,200.00
Issued, Subscribed and Paid up :				
Fully paid up Equity shares of ₹ 10 each	1,97,49,18,000	1,974.92	98,74,59,000	987.46
Total	**1,97,49,18,000**	**1,974.92**	**98,74,59,000**	**987.46**

1.1 Reconciliation of the number of shares outstanding at the beginning and at the end of the year

(₹ in Crores)

Particulars	As at 31.03.2017		As at 31.03.2016	
	No. of Shares	Amount	No. of Shares	Amount
Number of shares at the beginning of the year	98,74,59,000	987.46	98,74,59,000	987.46
Add: Bonus shares issued & allotted during the year	98,74,59,000	987.46	-	-
Number of shares at the end of the year	**1,97,49,18,000**	**1,974.92**	**98,74,59,000**	**987.46**

The shareholders of the Company in Annual General Meeting (AGM) held on 21 September 2016 *inter alia* approved the increase in Authorised Capital of the Company from ₹ 1,200 crores to ₹ 5,000 crores and issue of Bonus shares in the ratio of 1:1 (i.e. one bonus equity share of ₹ 10/- each for every one fully paid up Equity Share of ₹ 10/- each), to the shareholders by capitalizing existing reserves by a sum of ₹ 987.46 Crores. Accordingly, 98,74,59,000 bonus shares were issued & allotted on 30 September 2016.

1.2 Allotment of Bonus Shares during the year and during preceding five years

The Company has allotted 98,74,59,000 Equity Shares as fully paid up by way of bonus shares during FY 2016-17.

1.3 The holders of the equity shares of the Company are entitled to receive dividends as and when declared by the Company and enjoy proportionate voting rights in case any resolution is put to vote. Further, the shareholders have all such rights, as may be available to a shareholder of a listed public company, under the Companies Act, 2013 and rules made thereunder, Companies Act, 1956 (to the extent applicable), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Memorandum of Association and Articles of Association of the Company.

1.4 Shareholders holding more than 5% of fully paid-up equity shares :

Name	As at 31.03.2017		As at 31.03.2016	
	No. of Shares	Percentage	No. of Shares	Percentage
The President of India	1,16,25,04,472	58.86%	59,87,67,680	60.64%
Life Insurance Corporation of India	12,63,22,504	6.40%	8,64,90,414	8.76%

During the financial year 2016-17, the President of India acting through Ministry of Power, Government of India divested/sold 2,51,33,733 equity shares i.e. 1.28 % of total paid up capital of the Company on 25 January 2017 and 98,97,155 equity shares i.e. 0.50% of total paid up capital of the Company on 22 March 2017 through Off-market sale of shares under the Central Public Sector Enterprises Exchange Traded Fund (CPSE ETF). Accordingly, as on 31 March 2017, the President of India holds 58.86 % of the paid up equity share capital of the Company.

2. **Reserves and Surplus**

(₹ in Crores)

Particulars	As at 31.03.2017		As at 31.03.2016	
Capital Reserve		**105.00**		**105.00**
Securities Premium Account *(Refer Note 2.1 & 2.4)*				
Balance as at the beginning of the year		3,224.00		3,223.72
Add: Additions during the year		-		0.28
Less: Deductions/ Adjustments during the year		987.46		-
Balance as at the end of the year		**2,236.54**		**3,224.00**
Debenture Redemption Reserve *(Refer Note 2.2)*				
Balance as at the beginning of the year		728.36		531.77
Add: Amount transferred from Surplus Account		196.59		196.59
Balance as at the end of the year		**924.95**		**728.36**
Special Reserve created u/s 36(1) (viii) of the Income Tax Act, 1961				
Balance as at the beginning of the year		10,349.64		8,449.64
Add: Amount transferred from Surplus Account		1,881.06		1,900.00
Balance as at the end of the year		**12,230.70**		**10,349.64**
Reserve for Bad and doubtful debts u/s 36(1)(viia) of the Income Tax Act, 1961				
Balance as at the beginning of the year		2,011.97		1,621.97
Add: Amount transferred from Surplus Account		413.33		390.00
Balance as at the end of the year		**2,425.30**		**2,011.97**
Foreign Currency Monetary Item Translation Difference Account *(Refer Note 2.3)*				
Balance as at the beginning of the year		-172.41		-335.46
Add: Foreign Currency Translation Gain/ Loss (-) on long term monetary items during the year		153.63		-503.08
Amortisation during the year		55.09		666.13
Balance as at the end of the year		**36.31**		**-172.41**
General Reserve				
Balance as at the beginning of the year		4,677.40		4,107.40
Add: Amount transferred from Surplus Account		-		570.00
Balance as at the end of the year		**4,677.40**		**4,677.40**
Surplus Account				
Balance as at the beginning of the year		6,706.34		6,165.53
Less: Adjustment of MTM in respect of Interest Rate Swaps as at 31 March 2016 *(Refer Note 2.4)*		86.75		-
Add: Profit during the year		6,245.76		5,627.66
Less : Appropriations				
- Transfer to Special Reserve u/s 36(1)(viii) of the Income Tax Act, 1961	1,881.06		1,900.00	
- Transfer to Reserve for Bad & Doubtful Debts u/s 36(1)(viia) of the Income Tax Act, 1961	413.33		390.00	
- Dividend				
- Interim Dividend	1,382.44		1,184.95	
- Proposed Dividend (Final) *(Refer Note 2.5)*	-		503.60	
- Dividend Distribution Tax				
- Interim Dividend	277.46		239.19	
- Proposed Dividend (Final)	-		102.52	
- Transfer to Debenture Redemption Reserve	196.59		196.59	
- Transfer to General Reserve	-	4,150.88	570.00	5,086.85
Balance as at the end of the year		**8,714.47**		**6,706.34**
Total Reserves and Surplus		**31,350.67**		**27,630.30**

2.1 Additions in Securities Premium Account for the year ended 31 March 2017 represent the premium of Nil (Previous year ₹ 0.28 Crores) received on issue of Tax Free Bonds through private placement.

2.2 Debenture Redemption Reserve (DRR)

In accordance with provisions of Section 71(4) of the Companies Act, 2013 as further clarified by the Companies (Share Capital and Debentures) Rules, 2014 issued by Ministry of Corporate Affairs, Govt. of India, the company creates Debenture Redemption Reserve (DRR) upto 25% of the value of debentures issued through public issue as per present SEBI (Issue and Listing of Debt Securities) Regulations, 2008 during the maturity period of such debentures, and no DRR is required in the case of privately placed debentures.

Accordingly, during the year, the company has created DRR amounting to ₹ 196.59 Crores (Previous year ₹ 196.59 Crores).

2.3 Foreign Currency Monetary Item Translation Difference Account

The company has opted towards an irrevocable option 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 Para 46A of Accounting Standard 11 'The Effects of Changes in Foreign Exchange Rates'. The balance in 'Foreign Currency Monetary Item Translation Difference Account' remaining to be amortised is ₹ -36.31 Crores as at 31 March 2017 (₹ 172.41 Crores as at 31 March 2016).

2.4 Draw down from Reserves

In accordance with the transitional provisions mentioned in the *Guidance Note on Accounting for Derivative Contracts*, an amount of ₹ 86.75 crores after netting of taxes of ₹ 45.92 crores has been adjusted in the retained earnings during the year ended 31 March 2017. This represents the change in the fair value of the interest rate swaps till 31 March 2016. Further, bonus shares have been issued to the shareholders by capitalising Securities Premium Account by a sum of ₹ 987.46 Crores during the year.

Further, no amount had been drawn from reserves during the financial year 2015-16.

2.5 Proposed Dividend

The dividend proposed for the year is as follows :

Particulars	Year ended 31.03.2017	Year ended 31.03.2016
On Equity Shares of ₹ 10 each		
- Amount of Dividend proposed (₹ in Crores)	523.35	503.60
- Rate of Dividend (%)	26.50%	25.50%
- Dividend per equity share (₹)	2.65	2.55

During the previous year, the Company had made a provision for the dividend declared by the Board of Directors as per the requirements of pre-revised Accounting Standard 4 '*Contingencies and Events Occurring After the Balance Sheet Date*'. However, as per the requirements of Revised AS 4 as amended vide the Companies (Accounting Standards) Amendment Rules, 2016, the Company is not required to provide for dividend proposed by the Board of Directors for the year ended 31 March 2017. Consequently, no provision has been made in respect of the aforesaid dividend. Had the Company continued with creation of provision of proposed dividend, as at Balance Sheet date, the figure of '*Reserves & Surplus*' would have been lower by ₹ 629.89 Crores and '*Short term Provisions'* would have been higher by the same amount (including dividend distribution tax of ₹ 106.54 crores). Further, the previous year figures have been adjusted in view of the bonus issue in the current year to make the figures comparable (Refer Note 1.1).

3. Long-Term Debt

Non-current portion of the long term debt has been classified as 'Long-term borrowings' and the current portion of the long term debt has been classified as "Current Maturities of Long-term debt' in Note-8 'Other Current Liabilities'.

(₹ in Crores)

	Particulars	As at 31.03.2017		As at 31.03.2016	
		Non-Current	Current	Non-Current	Current
(A)	**Secured Long-Term Debt**				
(a)	Bonds				
	- Institutional Bonds	22,138.60	5,453.30	27,591.90	7,854.80
	- 54EC Capital Gain Tax Exemption Bonds	14,139.62	5,337.78	11,814.48	5,349.91
	- Tax Free Bonds	12,648.41	-	12,648.41	-
(b)	Term Loans				
	- from Financial Institutions	400.00	350.00	750.00	350.00
	Total Secured Long-Term Debt (a+b)	**49,326.63**	**11,141.08**	**52,804.79**	**13,554.71**
(B)	**Unsecured Long-Term Debt**				
(a)	Bonds				
	- Institutional Bonds	79,424.70	5,359.70	66,184.40	7,055.80
	- Infrastructure Bonds	34.89	76.75	34.90	207.49
	- Zero Coupon Bonds	1,073.09	-	990.64	-
(b)	Other Loans & Advances				
	- Foreign Currency Borrowings	19,630.02	1,450.53	18,774.70	3,149.02
	Total Unsecured Long-Term Debt (a+b)	**1,00,162.70**	**6,886.98**	**85,984.64**	**10,412.31**
	Total Long-Term Debt (A+B)	**1,49,489.33**	**18,028.06**	**1,38,789.43**	**23,967.02**
	Total Long-Term Debt (Non-Current + Current)	**1,67,517.39**		**1,62,756.45**	

Details of Long-term Debt :

3.1 Details of secured long-term debt :

(Refer Note 3.3 for details of the security)

3.1.1 Bonds

(₹ in Crores)

	Particulars	As at 31.03.2017		As at 31.03.2016	
		Non-Current	Current	Non-Current	Current
3.1.1.1	**Institutional Bonds**				
	123-IIIB Series 9.34% Redeemable at par on 23.08.2024	1,955.00	-	1,955.00	-
	123-I Series 9.40% Redeemable at par on 17.07.2021	1,515.00	-	1,515.00	-
	92-II Series 8.65% Redeemable at par on 22.01.2020	945.30	-	945.30	-
	91-II Series 8.80% Redeemable at par on 18.11.2019	995.90	-	995.90	-
	90-C-II Series 8.80% Redeemable at par on 07.10.2019	1,040.00	-	1,040.00	-
	90-B-II Series 8.72% Redeemable at par on 04.09.2019	868.20	-	868.20	-
	90th Series 8.80% Redeemable at par on 03.08.2019	2,000.00	-	2,000.00	-
	122nd Series 9.02% Redeemable at par on 18.06.2019	1,700.00	-	1,700.00	-
	119th Series 9.63% Redeemable at par on 05.02.2019	2,090.00	-	2,090.00	-
	88th Series 8.65% Redeemable at par on 15.01.2019	1,495.00	-	1,495.00	-
	118th Series 9.61% Redeemable at par on 03.01.2019	1,655.00	-	1,655.00	-
	117th Series 9.38% Redeemable at par on 06.11.2018	2,878.00	-	2,878.00	-
	87-A-III Series 11.15% Redeemable at par on 24.10.2018	61.80	-	61.80	-
	116-II Series 9.24% Redeemable at par on 17.10.2018	850.00	-	850.00	-
	87-II Series 10.85% Redeemable at par on 01.10.2018	657.40	-	657.40	-

(₹ in Crores)

Particulars	As at 31.03.2017		As at 31.03.2016	
	Non-Current	Current	Non-Current	Current
86-B-III Series	432.00	-	432.00	-
10.85% Redeemable at par on 14.08.2018				
86-A Series	500.00	-	500.00	-
10.70% Redeemable at par on 30.07.2018				
85th Series	500.00	-	500.00	-
9.68% Redeemable at par on 13.06.2018				
83rd Series	-	685.20	685.20	-
9.07% Redeemable at par on 28.02.2018				
82nd Series	-	883.10	883.10	-
9.85% Redeemable at par on 28.09.2017				
124-I Series	-	2,610.00	2,610.00	-
9.06% Redeemable at par on 22.09.2017				
123-IIIA Series	-	1,275.00	1,275.00	-
9.25% Redeemable at par on 25.08.2017				
121st Series	-	-	-	1,600.00
9.52% Redeemed at par on 24.03.2017				
120th Series	-	-	-	1,100.00
9.67% Redeemed at par on 10.03.2017				
81st Series	-	-	-	314.80
8.85% Redeemed at par on 20.01.2017				
116-I Series	-	-	-	430.00
9.05% Redeemed at par on 17.10.2016				
123-IV Series	-	-	-	2,750.00
8.97% Redeemed at par on 08.09.2016				
123-II Series	-	-	-	1,660.00
9.27% Redeemed at par on 08.08.2016				
Total - Institutional Bonds	**22,138.60**	**5,453.30**	**27,591.90**	**7,854.80**
3.1.1.2 **<u>54EC Capital Gain Tax Exemption Bonds</u>**				
Series X (2016-17)	7,662.92	-	-	-
5.25%- 6.00% Redeemable at par during financial year 2019-20				
Series X (2015-16)	6,476.70	-	6,476.70	-
6.00% Redeemable at par during financial year 2018-19				
Series IX (2014-15)	-	5,337.78	5,337.78	-
6.00% Redeemable at par during financial year 2017-18				
Series IX (2013-14)	-	-	-	5,349.91
6.00% Redeemable at par during financial year 2016-17				
Total - 54EC Capital Gain Tax Exemption Bonds	**14,139.62**	**5,337.78**	**11,814.48**	**5,349.91**

(₹ in Crores)

	Particulars	As at 31.03.2017		As at 31.03.2016	
		Non-Current	Current	Non-Current	Current
3.1.1.3	**Tax Free Bonds**				
	Series 2015-16 Tranche 1 Redeemable at par. Bonds amounting to ₹ 105.93 Crores are redeemable on 05.11.2025, ₹ 172.90 Crores are redeemable on 05.11.2030 and ₹ 421.17 Crores are redeemable on 05.11.2035 with interest rates varying from 6.89% to 7.43% payable annually	700.00	-	700.00	-
	Series 2015-16 Series 5A 7.17% Redeemable at par on 23.07.2025	300.00	-	300.00	-
	Series 2013-14 Tranche 2 Redeemable at par. Bonds amounting to ₹ 419.32 Crores are redeemable on 22.03.2024, ₹ 530.42 Crores are redeemable on 23.03.2029 and ₹ 109.66 Crores are redeemable on 24.03.2034 with interest rates varying from 8.19% to 8.88% payable annually	1,059.40	-	1,059.40	-
	Series 2013-14 Series 4A & 4B Redeemable at par. Bonds amounting to ₹ 105.00 Crores are redeemable on 11.10.2023 and ₹ 45.00 Crores are redeemable on 11.10.2028 with interest rates varying from 8.18% to 8.54% payable annually	150.00	-	150.00	-
	Series 2013-14 Tranche 1 Redeemable at par. Bonds amounting to ₹ 575.06 Crores are redeemable on 25.09.2023, ₹ 2,810.26 Crores are redeemable on 25.09.2028 and ₹ 55.28 Crores are redeemable on 26.09.2033 with interest rates varying from 8.01% to 8.71% payable annually	3,440.60	-	3,440.60	-
	Series 2013-14 Series 3A & 3B Redeemable at par. Bonds amounting to ₹ 209.00 Crores are redeemable on 29.08.2023 and ₹ 1,141.00 Crores are redeemable on 29.08.2028 with interest rates varying from 8.01% to 8.46% payable annually	1,350.00	-	1,350.00	-
	Series 2012-13 Tranche 2 Redeemable at par. Bonds amounting to ₹ 81.35 Crores are redeemable on 27.03.2023 and bonds amounting to ₹ 49.71 Crores are redeemable on 27.03.2028 with interest rates varying from 6.88% to 7.54% payable annually	131.06	-	131.06	-
	Series 2012-13 Tranche 1 Redeemable at par. Bonds amounting to ₹ 1,165.31 Crores are redeemable on 19.12.2022 and bonds amounting to ₹ 852.04 Crores are redeemable on 20.12.2027 with interest rates varying from 7.22% to 7.88% payable annually	2,017.35	-	2,017.35	-
	Series 2012-13 Series 2A & 2B Redeemable at par. Bonds amounting to ₹ 255.00 Crores are redeemable on 21.11.2022 and bonds amounting to ₹ 245.00 Crores are redeemable on 22.11.2027 with interest rates of 7.21% and 7.38% respectively payable annually	500.00	-	500.00	-
	Series 2011-12 Redeemable at par. Bonds amounting to ₹ 839.67 Crores are redeemable on 28.03.2022 and bonds amounting to ₹ 2,160.33 Crores are redeemable on 29.03.2027 with interest rates varying from 7.93% to 8.32% payable annually	3,000.00	-	3,000.00	-
	Total - Tax Free Bonds	**12,648.41**	**-**	**12,648.41**	**-**

3.1.2 Term Loans

(₹ in Crores)

Particulars	As at 31.03.2017		As at 31.03.2016	
	Non-Current	Current	Non-Current	Current
<u>**Term Loan from Financial Institutions**</u>				
- Life Insurance Corporation of India (LIC)	400.00	350.00	750.00	350.00
The Loan of ₹ 1500 Crores (present outstanding ₹ 100 Crores @ 6.242% and ₹ 50 Crores @ 6.231%) & ₹ 2,000 Crores (present outstanding ₹ 600 Crores @ 7.35%) repayable in 10 equal annual installments commencing from 01.10.2008 and 01.10.2010 respectively .				
Total - Term Loans	**400.00**	**350.00**	**750.00**	**350.00**

3.2 Details of Unsecured long-term debt :

3.2.1 Bonds

(₹ in Crores)

Particulars	As at 31.03.2017		As at 31.03.2016	
	Non-Current	Current	Non-Current	Current
3.2.1.1 Institutional Bonds				
147th Series	2,745.00	-	-	-
7.95% Redeemable at par on 12.03.2027				
142nd Series	3,000.00	-	-	-
7.54% Redeemable at par on 30.12.2026				
140th Series	2,100.00	-	-	-
7.52% Redeemable at par on 07.11.2026				
136th Series	2,585.00	-	2,585.00	-
8.11% Redeemable at par on 07.10.2025				
95-II Series	1,800.00	-	1,800.00	-
8.75% Redeemable at par on 14.07.2025				
94th Series	1,250.00	-	1,250.00	-
8.75% Redeemable at par on 09.06.2025				
133rd Series	2,396.00	-	2,396.00	-
8.30% Redeemable at par on 10.04.2025				
131st Series	2,285.00	-	2,285.00	-
8.35% Redeemable at par on 21.02.2025				
130th Series	2,325.00	-	2,325.00	-
8.27% Redeemable at par on 06.02.2025				
129th Series	1,925.00	-	1,925.00	-
8.23% Redeemable at par on 23.01.2025				
128th Series	2,250.00	-	2,250.00	-
8.57% Redeemable at par on 21.12.2024				
115th Series - Subordinate Tier-II Bonds	2,500.00	-	2,500.00	-
8.06% Redeemable at par on 31.05.2023				
114th Series	4,300.00	-	4,300.00	-
8.82% Redeemable at par on 12.04.2023				
111-II Series	2,211.20	-	2,211.20	-
9.02% Redeemable at par on 19.11.2022				
107th Series	2,378.20	-	2,378.20	-
9.35% Redeemable at par on 15.06.2022				
132nd Series	700.00	-	700.00	-
8.27% Redeemable at par on 09.03.2022				
145th Series	625.00	-	-	-
7.46% Redeemable at par on 28.02.2022				
141st Series	1,020.00	-	-	-
7.14% Redeemable at par on 09.12.2021				
127th Series	1,550.00	-	1,550.00	-
8.44% Redeemable at par on 04.12.2021				
105th Series	3,922.20	-	3,922.20	-
9.75% Redeemable at par on 11.11.2021				
139th Series	2,500.00	-	-	-
7.24% Redeemable at par on 21.10.2021				
101-III Series	3,171.80	-	3,171.80	-
9.48% Redeemable at par on 10.08.2021				
100th Series	1,500.00	-	1,500.00	-
9.63% Redeemable at par on 15.07.2021				

(₹ in Crores)

	Particulars	As at 31.03.2017		As at 31.03.2016	
		Non-Current	Current	Non-Current	Current
	98th Series 9.18% Redeemable at par on 15.03.2021	3,000.00	-	3,000.00	-
	97th Series 8.80% Redeemable at par on 30.11.2020	2,120.50	-	2,120.50	-
	96th Series 8.80% Redeemable at par on 26.10.2020	1,150.00	-	1,150.00	-
	135th Series 8.36% Redeemable at par on 22.09.2020	2,750.00	-	2,750.00	-
	144th Series 7.13% Redeemable at par on 21.09.2020	835.00	-	-	-
	134th Series 8.37% Redeemable at par on 14.08.2020	2,675.00	-	2,675.00	-
	143rd Series 6.83% Redeemable at par on 29.06.2020	1,275.00	-	-	-
	148th Series 7.42% Redeemable at par on 17.06.2020	1,200.00	-	-	-
	113th Series 8.87% Redeemable at par on 09.03.2020	1,542.00	-	1,542.00	-
	111-I Series 9.02% Redeemable at par on 19.11.2019	452.80	-	452.80	-
	126th Series 8.56% Redeemable at par on 13.11.2019	1,700.00	-	1,700.00	-
	125th Series 9.04% Redeemable at par on 11.10.2019	3,000.00	-	3,000.00	-
	108-II Series 9.39% Redeemable at par on 20.07.2019	960.00	-	960.00	-
	95-I Series 8.70% Redeemable at par on 12.07.2019	200.00	-	200.00	-
	137th Series 8.05% Redeemable at par on 07.12.2018	2,225.00	-	2,225.00	-
	146th Series 9.25% Redeemable at par on 03.09.2018	3,300.00	-	-	-
	112th Series 8.70% Redeemable at par on 01.02.2018	-	1,500.00	1,500.00	-
	109th Series 9.25% Redeemable at par on 28.08.2017	-	1,734.70	1,734.70	-
	108-I Series 9.40% Redeemable at par on 20.07.2017	-	2,125.00	2,125.00	-
	138th Series 8.28% Redeemed at par on 04.03.2017	-	-	-	2,895.00
	106th Series 9.28% Redeemed at par on 15.02.2017	-	-	-	1,500.00
	103-I Series 9.35% Redeemed at par on 19.10.2016	-	-	-	50.00
	102nd Series 9.38% Redeemed at par on 06.09.2016	-	-	-	2,216.20
	101-II Series 9.45% Redeemed at par on 10.08.2016	-	-	-	394.60
	Total - Institutional Bonds	**79,424.70**	**5,359.70**	**66,184.40**	**7,055.80**
3.2.1.2	**Infrastructure Bonds**				
	Series-II (2011-12) Redeemable at par. Refer Note 3.6	29.50	-	29.51	128.08
	Series-I (2010-11) Redeemable at par. Refer Note 3.6	5.39	76.75	5.39	79.41
	Total - Infrastructure Bonds	**34.89**	**76.75**	**34.90**	**207.49**
3.2.1.3	**Zero Coupon Bonds**				
	ZCB - Series II (Net of unamortised discount, 89,510 bonds with face value of ₹ 30,000 each redeemable at par on 03.02.2021)	194.57	-	178.95	-
	ZCB - Series I (Net of unamortised discount, 3,92,700 bonds with face value of ₹ 30,000 each redeemable at par on 15.12.2020)	878.52	-	811.69	-
	Total - Zero Coupon Bonds	**1,073.09**	**-**	**990.64**	**-**

3.2.2 Other Loans & Advances

(₹ in Crores)

Particulars	As at 31.03.2017		As at 31.03.2016	
	Non-Current	Current	Non-Current	Current
3.2.2.1 <u>**Foreign Currency Borrowings**</u>				
CHF Bonds - CHF 200 Mn	-	-	-	1,378.50
3.50% Redeemed at par on 07.03.2017				
JICA Loan - Guaranteed by Govt. of India	237.65	169.84	400.61	210.13
0.75% JICA-I loan repayable in equal half-yearly instalments of ¥982.33 Mn till 20.03.2021, next instalment falling due on 20.09.2017 and 0.65% JICA-II loan repayable in half-yearly instalments till 20.03.2023, next instalment falling due on 20.09.2017				
KfW Loan - Guaranteed by Govt. of India	51.03	51.02	93.33	51.10
3.73% Loan repayable in equal half-yearly instalments of €3.68 Mn, next instalment due on 30.06.2017				
Syndicated Loan- US $300 Mn	-	-	-	1,367.24
Repaid on 19.08.2016				
KfW-II Loan - Guaranteed by Govt. of India	161.58	53.86	213.77	53.44
2.89% Loan repayable in equal half-yearly instalments of €3.88 Mn, next instalment falling due on 30.06.2017				
Syndicated Loan- 19.029 Bn	-	1,102.92	1,184.43	-
Repayable on 10.04.2017				
KfW-III Loan - Guaranteed by Govt. of India	473.81	72.89	558.76	88.61
1.86% Loan repayable in equal half-yearly instalments of €5.26 Mn, next instalment falling due on 30.06.2017				
Syndicated Loan- US $285 Mn	1,847.90	-	1,780.28	-
Repayable on 02.12.2018				
Syndicated Loan- US $250 Mn	1,620.97	-	1,521.75	-
Repayable on 29.05.2019				
Syndicated Loan- US $400 Mn	2,593.54	-	2,435.78	-
Loan of US$ 230 Mn and US$ 170 Mn repayable on 24.07.2019 and 27.10.2019 respectively				
Syndicated Loan- US $400 Mn	2,593.54	-	2,539.64	-
Repayable on 12.03.2020				
Syndicated Loan- US $300 Mn	1,945.16	-	1,909.56	-
Repayable on 29.07.2020				
Syndicated Loan- US $250 Mn	1,620.97	-	1,653.25	-
Loan of US$ 150 Mn and US$ 100 Mn repayable on 18.09.2018 and 19.11.2018 respectively				
Syndicated Loan- US $300 Mn	1,945.16	-	1,997.80	-
Repayable on 01.12.2020				
Syndicated Loan- US $250 Mn	1,620.97	-	1,688.46	-
Repayable on 05.02.2019				
Syndicated Loan- US $120 Mn	778.06	-	797.28	-
Repayable on 21.03.2019				
Syndicated Loan- US $100 Mn	648.39	-	-	-
Repayable on 05.10.2021				
Syndicated Loan- US $230 Mn	1,491.29	-	-	-
Repayable on 19.01.2022				
Total - Foreign Currency Borrowings	**19,630.02**	**1,450.53**	**18,774.70**	**3,149.02**

3.3 <u>Security Details of the Secured Borrowings</u>

The Bond Series 82, 83, 85, 86A, 86 B-III, 87-II, 87 A-III, 88, 90, 90 B-II, 90 C-II, 91-II and 92-II of Institutional Bonds are secured by a charge on (a) mortgage of Flat no. 640, Asiad Games Village, New Delhi and (b) pari passu charge on the receivables of our Company, both present and future, save and except receivables hypothecated to Vistra ITCL (India) Ltd. (formerly known as IL&FS Trust Company Ltd.) on the basis of joint hypothecation agreement dated 24 September 2010 in favour of IDBI Trusteeship Services Ltd.

The Bond Series 116-II, 117, 118, 119 and 122 of Institutional Bonds are secured by a charge on first pari passu charge on the book debts of the issuer both present & future which are charged to other lenders / trustees and as may be agreed between the issuer and the trustee, pursuant to the terms of the Debenture /Bond Trust cum Hypothecation Deed with a minimum security cover of one time of the aggregate face value amount of the bonds outstanding at all times in favor of IDBI Trusteeship Services Ltd.

The Bond Series 123-I, 123-IIIA, 123-IIIB and 124-I of Institutional Bonds are secured by way of first pari passu charge on the Specified Immovable Property and the book debts of the Issuer which are charged to other lender / trustee and as may be agreed between the Issuer and the Trustee, pursuant to the terms of the Bond Trust Deed with a minimum security cover of one time of the aggregate face value of amount of bonds outstanding at all times and amount of interest due thereon in favor of IDBI Trusteeship Services Ltd.

The Bond Series IX of 54EC Capital Gain Tax Exemption Bonds is secured by first pari passu charge on (a) mortgage of premises at Sub Plot No. 8, TPS No 2, FP No. 584P, situated at Village Subhanpura, Distt Vadodara and (b) hypothecation of receivables (other than those that are exclusively charged/earmarked to lenders / other Trustees) in favour of IDBI Trusteeship Services Ltd.

Tax Free Bonds issued during FY 2011-12 are secured by first pari passu charge on premises at Shop No. 12, Ground Floor, Block No. 35, Church Road, Mylapore, Chennai and hypothecation of receivables of ₹ 4,998.66 Crores of MSEDCL in favour of Vistra ITCL (India) Ltd. (formerly known as IL&FS Trust Company Ltd.).

Tax Free Bonds issued during FY 2013-14 are secured by first pari passu charge on the book debts (other than those that are exclusively charged/earmarked to lenders / other Trustees) of the Company in favour of SBICap Trustee Company Ltd.

The Bond Series X of 54EC Capital Gain Tax Exemption Bonds and Tax Free Bonds issued during FY 2012-13 & 2015-16 are secured by first pari passu charge on (a) mortgage of premises at Sub Plot No. 8, TPS No 2, FP No. 584P, situated at Village Subhanpura, Distt Vadodara and (b) hypothecation of receivables (other than those that are exclusively charged/ earmarked to lenders / other Trustees) in favour of SBICap Trustee Company Ltd.

The term loans are secured by a charge on the receivables of our Company, both present and future, save and except certain specific receivables hypothecated to IL&FS Trust Company Limited on the basis of joint hypothecation agreement dated September 24, 2010 in favour of IDBI Trusteeship Services Ltd.

3.4 Foreign Currency Borrowings have been raised at interest rates ranging from a spread of 65 bps to 220 bps over 6 Months' USD/JPY LIBOR (London Inter Bank Offered Rate) except where rates have been stated above in Note No. 3.2.2.1.

3.5 Ratings assigned by credit rating agencies and migration of ratings during the year

Domestic and International Credit Rating

The domestic debt instruments of REC continue to enjoy “AAA” rating – the highest rating assigned by CRISIL, CARE, India Ratings & Research & ICRA-Credit Rating Agencies.

REC enjoys international credit rating equivalent to sovereign rating of India from International Credit Rating Agencies Moody’s and FITCH which is “Baa3” and “BBB-” respectively.

There has been no migration of ratings during the year.

3.6 Details of Infrastructure Bonds Issued are as under :

Series I (2010-11) allotted on 31.03.2011

Rate of Interest	**Amount (₹ in Crores)**	**Redemption Details**
8.00%	17.40	Redeemable on the date falling 10 years from the date of allotment with buyback option by bondholders after 5/6/7/8/9 years
8.20%	59.35	
8.10%	1.60	Redeemable on the date falling 10 years from the date of allotment
8.20%	3.79	
Total	**82.14**	

Series II (2011-12) allotted on 15.02.2012

Rate of Interest	**Amount (₹ in Crores)**	**Redemption Details**
9.15% Cumulative	13.43	Redeemable on the date falling 15 years from the date of allotment with buyback option by bondholders after 7 years
9.15% Annual	5.00	
8.95% Cumulative	5.73	Redeemable on the date falling 10 years from the date of allotment
8.95% Annual	1.38	
9.15% Cumulative	2.83	Redeemable on the date falling 15 years from the date of allotment
9.15% Annual	1.13	
Total	**29.50**	

3.7 During the year, the Company has come across an instance of fraudulent encashment through forged documents of money invested by one of the investors in 54EC Capital Gains tax Exemption Bonds by some impersonator. The Company has lodged complaint with the Police against the unknown person and the officials of then Registrar and Transfer Agent (R&TA). Accordingly, an amount of ₹ 0.59 Crore has been shown recoverable from the RTA in the books of accounts and the matter has been duly reported to the Reserve Bank of India (RBI). Further, as a precautionary measure, the services of then existing RTA have been discontinued and new RTA has been appointed.

4. Deferred Tax Liabilities (Net)

(₹ in Crores)

Particulars	As at 31.03.2017	As at 31.03.2016
Deferred Tax Liabilities on account of:		
Depreciation	3.79	3.63
Foreign Currency Exchange Fluctuation Loss	-	59.67
MTM on Interest Rate Swap	66.48	-
Total	**70.27**	**63.30**
Deferred Tax Assets on account of:		
Provision for Earned Leave	10.77	8.06
Provision for Medical Leave	6.67	5.49
Foreign Currency Exchange Fluctuation Loss	12.57	-
Total	**30.01**	**13.55**
Deferred Tax Liabilities (Net)	**40.26**	**49.75**

4.1 The Company has no intention to make withdrawal from the special reserve created and maintained under section 36(1)(viii) of the Income Tax Act, 1961. Hence, the special reserve created and maintained is not capable of being reversed and thus, it becomes a permanent difference as per Accounting Standard 22. Accordingly, the Company is not creating any deferred tax liability on the said reserve.

5. Other Long-term Liabilities

(₹ in Crores)

Particulars	As at 31.03.2017	As at 31.03.2016
- Non-Current Portion of Interest accrued but not due on borrowings	12.38	9.50
Total	**12.38**	**9.50**

6. Long-term and Short-term Provisions

(₹ in Crores)

	Particulars	As at 31.03.2017		As at 31.03.2016	
		Non-Current	Current	Non-Current	Current
	Provisions for				
(A)	**Employee Benefits**				
	Earned Leave Liability	27.86	3.27	21.00	2.30
	Post Retirement Medical Benefits	92.49	4.66	82.50	4.12
	Medical Leave Liability	16.63	2.64	13.65	2.22
	Settlement Allowance	1.10	0.17	1.06	0.16
	Economic Rehabilitation Scheme	3.44	0.01	3.31	0.03
	Long Service Award	2.64	0.19	2.45	0.11
	Sub-total (A)	**144.16**	**10.94**	**123.97**	**8.94**
(B)	**Others**				
	Standard Loan Assets	536.59	70.87	420.35	123.08
	Restructured Standard Loans	1,167.67	73.52	750.71	70.63
	Interest on Loans Due & Converted into Equity	-	3.96	-	3.96
	Incentive	-	20.34	-	18.13
	Pay Revision	-	14.59	-	-
	Proposed Dividend *(Refer Note 2.5)*	-	-	-	503.60
	Corporate Dividend Tax	-	-	-	102.52
	CSR Expenses	-	-	-	21.19
	Sub-total (B)	**1,704.26**	**183.28**	**1,171.06**	**843.11**
	Total (A+B)	**1,848.42**	**194.22**	**1,295.03**	**852.05**

6.1 Details of Provisions as required under AS-29 are as under :

(₹ in Crores)

Provision for	Opening Balance	Additions during the year	Paid/ Adjusted during the year	Closing Balance
Earned Leave Liability	23.30	12.29	4.46	**31.13**
Previous year	22.98	6.21	5.89	23.30
Post Retirement Medical Benefits	86.62	17.21	6.68	**97.15**
Previous year	77.61	15.33	6.32	86.62
Medical Leave Liability	15.87	4.95	1.55	**19.27**
Previous year	15.22	2.11	1.46	15.87
Settlement Allowance	1.22	0.14	0.09	**1.27**
Previous year	1.20	0.12	0.10	1.22
Economic Rehabilitation Scheme	3.34	0.95	0.84	**3.45**
Previous year	2.72	1.26	0.64	3.34
Long Service Award	2.56	1.01	0.74	**2.83**
Previous year	2.84	0.02	0.30	2.56
Standard Loan Assets	543.43	64.03	-	**607.46**
Previous year	490.92	138.93	86.42	543.43
Restructured Standard Loans	821.34	419.85	-	**1,241.19**
Previous year	451.77	369.57	-	821.34
Interest on Loans Due & Converted into Equity	3.96	-	-	**3.96**
Previous year	-	3.96	-	3.96
Incentive	18.13	15.52	13.31	**20.34**
Previous year	16.71	14.34	12.92	18.13
Pay Revision	-	14.59	-	**14.59**
Previous year	-	-	-	-
CSR Expenses	21.19	69.80	90.99	**-**
Previous year	57.21	128.20	164.22	21.19
Proposed Dividend	503.60	-	503.60	**-**
Previous year	266.61	503.60	266.61	503.60
Corporate Dividend Tax	102.52	277.46	379.98	**-**
Previous year	54.28	341.71	293.47	102.52
Income Tax	6,420.98	2,584.58	6,391.23	**2,614.33**
Previous year	5,249.83	2,521.82	1,350.67	**6,420.98**

7. Short-term Borrowings

(₹ in Crores)

	Particulars	As at 31.03.2017	As at 31.03.2016
(A)	**Loans Repayable on Demand, unsecured**		
	- from Banks	-	749.93
(B)	**Commercial Paper, unsecured**	-	5,600.00
	Total (A+B)	**-**	**6,349.93**

8. Other Current Liabilities

(₹ in Crores)

	Particulars	As at 31.03.2017	As at 31.03.2016
(A)	**Current maturities of long-term debt** *(Refer Note 3)*	18,028.06	23,967.02
(B)	**Interest accrued but not due on borrowings**	6,026.78	6,229.15
(C)	**Income Received in Advance**	0.08	0.08
(D)	**Unpaid Dividends**	2.75	2.73
(E)	**Unpaid Principal & Interest on Bonds**		
	- Matured Bonds & Interest Accrued thereon	51.54	44.83
	- Interest on Bonds	15.19	12.57
(F)	**Other payables**		
	- Funds Received from Govt. of India for Disbursement as Subsidy/ Grant	46,154.67	38,111.60
	Add: Interest on Subsidy/ Grant *(Refer Note 8.3)*	2.18	18.10
	Less: Disbursed to Beneficiaries	-46,131.01	-38,091.35
	Undisbursed Funds to be disbursed as Subsidy/Grant	25.84	38.35
	- Statutory Dues payable including PF and TDS	26.26	21.87
	- Payable towards funded staff benefits	13.63	0.53
	- Other Liabilities	135.91	72.39
	Sub-total (F)	**201.64**	**133.14**
	Total (A to F)	**24,326.04**	**30,389.52**

8.1 Subsidy Under Accelerated Generation & Supply Programme (AG&SP):

The Company is maintaining an Interest Subsidy Fund Account and was given AG&SP subsidy (for disbursement to the eligible borrowers) by Govt. of India at net present value calculated at indicative rates and year in accordance with GOI's letter vide D.O.No. 32024/17/97-PFC dated 23.09.1997 and O.M.No.32024/23/2001-PFC dated 07.03.2003 irrespective of the actual repayment schedule, moratorium year and duration of repayment of the eligible schemes. The impact of difference between the indicative rate and year considered at the time of drawl and the actual can be ascertained only after the end of the respective schemes.

Net amount of ₹ 0.86 Crores as at 31 March 2017 (₹ 1.26 Crores as at 31 March 2016) represents the balance amount of interest subsidy fund, which is to be passed on to the borrowers against their interest liability arising in future, under Accelerated Generation & Supply Programme (AG&SP), which comprises of the following :-

(₹ in Crores)

Particulars	For the Year ended 31.03.2017	For the Year ended 31.03.2016
Opening Balance of Interest Subsidy Fund	1.26	2.22
Add: Interest earned during the year	0.07	0.07
Less: Interest subsidy passed on to the borrower	0.47	1.03
Closing Balance of Interest Subsidy Fund	**0.86**	**1.26**

8.2 Government of India has appointed Rural Electrification Corporation Ltd. as a nodal agency for implementation of Deen Dayal Upadhyaya Gram Jyoti Yojna (DDUGJY). The funds received for disbursement to various agencies under the scheme are kept in a separate bank account. The undisbursed funds for the scheme (including the funds received under erstwhile RGGVY Scheme) including interest earned thereto are classified under "Undisbursed Subsidy/ grant" under the head "Other Current Liabilities".

During the year, interest earned of ₹ 24.84 Crores (Previous year ₹ 39.15 Crores) has been taken to DDUGJY Subsidy account. Further, during the year, an amount of ₹ 40.78 crores (Previous year ₹ 71.66 crores) has been refunded back to MoP out of the total interest on subsidy.

8.3 The movement in Interest on Subsidy/ Grant is explained as under:

(₹ in Crores)

Particulars	For the Year ended 31.03.2017	For the Year ended 31.03.2016
Opening Balance	18.10	51.38
Add: Interest earned during the year	25.94	41.49
Less: Amount refunded to Govt. during the year	41.59	74.19
Less: Disbursement out of Interest earned on account of AG&SP Grant	0.27	0.58
Closing Balance	**2.18**	**18.10**

9. Fixed Assets as at 31 March 2017

(₹ In Crores)

FIXED ASSETS	GROSS BLOCK				DEPRECIATION/ AMORTISATION				NET BLOCK	
	As at 01.04.2016	Additions during the year	Sales/ adjustment during the year	Closing as on 31.03.2017	Upto 31.03.2016	During the year	Adjustment during the year	As at 31.03.2017	As at 31.03.2017	As at 31.03.2016
Tangible Assets										
Freehold Land	80.62	2.30	-	82.92	-	-	-	-	82.92	80.62
Leasehold Land	1.45	-	-	1.45	0.24	0.01	-	0.25	1.20	1.21
Buildings	33.17	0.72	2.30	31.59	7.76	0.49	0.63	7.62	23.97	25.41
Furniture & Fixtures	7.03	0.39	0.11	7.31	4.92	0.48	0.09	5.31	2.00	2.11
Vehicles	0.43	-	-	0.43	0.24	0.04	-	0.28	0.15	0.19
EDP Equipments	16.99	2.02	3.75	15.26	13.10	1.99	3.52	11.57	3.69	3.89
Office Equipments	9.94	4.16	0.46	13.64	5.54	1.49	0.14	6.89	6.75	4.40
Total	**149.63**	**9.59**	**6.62**	**152.60**	**31.80**	**4.50**	**4.38**	**31.92**	**120.68**	**117.83**
Previous year	100.36	51.49	2.22	149.63	27.86	4.92	0.98	31.80	117.83	
Intangible Assets										
Computer Software	6.97	0.06	-	7.03	6.06	0.54	-	6.60	0.43	0.91
Total	**6.97**	**0.06**	**-**	**7.03**	**6.06**	**0.54**	**-**	**6.60**	**0.43**	**0.91**
Previous year	6.97	0.01	0.01	6.97	5.54	0.53	0.01	6.06	0.91	
Capital Work-in-progress	**30.37**	**28.32**	**-**	**58.69**	-	-	-	-	**58.69**	**30.37**
Previous year	7.39	24.34	1.36	30.37	-	-	-	-	30.37	
Intangible Assets under Development	**1.21**	**0.25**	**-**	**1.46**	-	-	-	-	**1.46**	**1.21**
Previous year	-	1.21	-	1.21	-	-	-	-	1.21	

9.1 The formalities regarding registration of conveyance deed in respect of certain immovable properties acquired by the Company amounting to ₹ 50.51 Crores (Previous year ₹ 50.51 Crores) are yet to be executed.

9.2 In the opinion of management, there is no impairment of the assets of the Company in terms of AS-28. Accordingly, no provision for impairment loss as required under Accounting Standard-28 'Impairment of Assets' has been made.

9.3 Disclosure in respect of Intangible Assets as required under AS-26 "*Intangible Assets*"

Amortisation Rate 20%, 100% in case the total cost of the asset is ₹5,000 or less

10. Investments

(₹ in Crores)

	Particulars	As at 31.03.2017		As at 31.03.2016	
		Number (Face Value in ₹)	Amount	Number (Face Value in ₹)	Amount
	Valued at Cost				
(1)	**Non-Current Investments**				
(A)	**Trade Investments**				
(i)	**Investment in Equity Instruments - Quoted**				
	- NHPC Limited	18,40,11,865 (10)	400.80	-	-
(ii)	**Investment in Equity Instruments - Unquoted**				
	- Subsidiaries				
	- REC Power Distribution Company Limited	50,000 (10)	0.05	50,000 (10)	0.05
	- REC Transmission Projects Company Limited	50,000 (10)	0.05	50,000 (10)	0.05
	- Joint Ventures				
	- Energy Efficiency Services Limited	14,65,00,000 (10)	146.50	4,75,00,000 (10)	47.50
	- Others				
	- India Energy Exchange Limited	12,50,000 (10)	1.25	12,50,000 (10)	1.25
	- Universal Commodity Exchange Limited	1,60,00,000 (10)	16.00	1,60,00,000 (10)	16.00
	Less: Provision for Diminution in Investment		*(16.00)*		*(16.00)*
			-		-
(iii)	**Investment in Government Securities - Unquoted**				
	- 8% Government of Madhya Pradesh Power Bonds-II * Maturing in equal half yearly Instalments of one bond each, next instalment due on 01.10.2017	4 (47,16,00,000)	188.64	6 (47,16,00,000)	282.96
(iv)	**Investment in Venture Capital Funds - Unquoted**				
	- 'Small is Beautiful' Fund	61,52,200 (10)	6.15	61,52,200 (10)	6.15
(v)	**Investment in Debentures - Unquoted**				
	- 9.68% Bonds of UP Power Corporation Ltd.	30,385 (1,00,000)	303.85	38,050 (1,00,000)	380.50
(vi)	**Share Application money pending allotment**				
	- Energy Efficiency Services Limited		-		99.00
(B)	**Other Investments**				
(v)	**Investment in Debentures - Quoted**				
	- 11.15% Additional Tier-1 Perpetual Bonds of Indian Bank	5,000 (10,00,000)	500.00	5,000 (10,00,000)	500.00
	- 11.25% Additional Tier-1 Perpetual Bonds of Vijaya Bank	5,000 (10,00,000)	500.00	5,000 (10,00,000)	500.00
	- 11.25% Additional Tier-1 Perpetual Bonds of Syndicate Bank	5,000 (10,00,000)	500.00	5,000 (10,00,000)	500.00
	Total - Non-Current Investments (1)		**2,547.29**		**2,317.46**
(2)	**Current Investments**				
(i)	**Investment in Equity Instruments - Unquoted**				
	- Lanco Teesta Hydro Power Limited	10,20,00,000 (10)	102.00	10,20,00,000 (10)	102.00
(ii)	**Investment in Government Securities - Unquoted**				
	- 8% Government of Madhya Pradesh Power Bonds-II * Maturing in equal half yearly Instalments of one bond each, next instalment due on 01.10.2017	1 (47,16,00,000)	47.16	1 (47,16,00,000)	47.16
	Total - Current Investments (2)		**149.16**		**149.16**
	Total (1+2)		**2,696.45**		**2,466.62**

** The number of bonds and the amount of the investment in current portion represents the investments maturing within the next 12 months and the balance is the non-current portion.*

10.1 Investments include ₹ 6.15 Crores (Previous year ₹ 6.15 Crores) representing company's contribution in the units of 'Small is Beautiful (SIB) Venture Capital fund' promoted by KSK Energy Ventures Limited.

Name of the Company	Contribution towards Fund	Country of Residence	Percentage of Share
SIB Fund of KSK Energy Ventures Ltd	₹ 6.15 Crores	India	9.74%

The face value of the fund is ₹ 10 per unit. The NAV as on 31.03.2017 is ₹ 10.24 per unit (Previous year ₹ 10.24 per unit).

Further, investments also include ₹ 1.25 Crores (Previous year ₹ 1.25 Crores) representing company's investment in equity shares of India Energy Exchange Limited

Name of the Company	Amount	No. of Shares	Amount	Incorporation	%
India Energy Exchange Limited	₹ 1.25 Crores	12,50,000	₹ 1.25 Crores	India	4.34%

10.2 Information in relation to the interest of the Company in Joint Ventures (JVs):

1. Energy Efficiency Services Ltd.

Proportion of Interest in Equity	31.71%
Country of Incorporation	India
Area of Operation	India
JV Partners (% share)	1. NTPC Limited (31.71%) 2. Power Grid Corporation of India Limited (4.87%) 3. Power Finance Corporation Limited (31.71%)

The Company's share of assets, liabilities, contingent liabilities and capital commitments as at 31.03.2017 and income and expenses for the year in respect of joint venture are given below :

(₹ in Crores)

	Particulars	As at / For the year ended 31.03.2017 (Unaudited)	As at / For the year ended 31.03.2016 (Unaudited)	As at / For the year ended 31.03.2016 (Audited) *
(i)	Total Assets	838.77	427.98	428.74
(ii)	Total Liabilities	662.90	308.16	311.84
(iii)	Total Reserves & Surplus	29.37	15.32	12.39
(iv)	Contingent Liabilities	11.74	-	10.66
(v)	Capital Commitments	103.95	84.24	254.63
(vi)	Total Income	408.83	205.87	206.04
(vii)	Total Expenses	384.81	191.59	192.12

** The consolidated financial statements of the Company for the FY 2015-16 had been prepared considering the unaudited financial statements of the joint venture, Energy Efficiency Services Limited (EESL). However, the financial statements of EESL were subsequently audited on 16 September 2016.*

10.3 Additional disclosures required in respect of the investments :

(₹ in Crores)

	Particulars	As at 31.03.2017		As at 31.03.2016	
		Non-Current	Current	Non-Current	Current
(1)	**Value of Investments**				
(i)	Gross Value of Investments				
(a)	In India	2,563.29	149.16	2,333.46	149.16
(b)	Outside India,	-	-	-	-
(ii)	**Provisions for Depreciation**				
(a)	In India	16.00	-	16.00	-
(b)	Outside India,	-	-	-	-
(iii)	**Net Value of Investments**				
(a)	In India	2,547.29	149.16	2,317.46	149.16
(b)	Outside India.	-	-	-	-
(2)	**Movement of provisions held towards depreciation on**				
(i)	Opening balance	16.00	-	-	-
(ii)	Add : Provisions made during the year	-	-	16.00	-
(iii)	Less : Write-off / write-back of excess provisions during the year	-	-	-	-
(iv)	**Closing balance**	16.00	-	16.00	-
(3)	**Aggregate amount of Quoted Investments**	**1,900.80**	**-**	**1,500.00**	**-**
	Market Value of Quoted Investments	**2,089.76**	**-**	**1,500.00**	**-**
(4)	**Aggregate amount of Unquoted Investments**	**662.49**	**149.16**	**833.46**	**149.16**
(5)	**Aggregate provision for diminution in value of investments**	**16.00**	**-**	**16.00**	-

11. Long-term Loans & Advances

(₹ in Crores)

	Particulars	As at 31.03.2017		As at 31.03.2016	
(A)	**Capital Advances (Unsecured, considered good)**		**40.23**		**49.14**
(B)	**Security Deposits (Unsecured, considered good)**		**0.83**		**3.77**
(C)	**Loans & Advances to Related Parties**				
	- To Key Managerial Personnel (KMP)		0.37		0.63
			0.37		**0.63**
(D)	**Other Loans & Advances**				
	- Staff Loans & Advances (except to KMP)		32.29		36.72
	- Loan Assets		1,77,275.24		1,57,703.84
			1,77,307.53		**1,57,740.56**
	Total (A to D)		**1,77,348.96**		**1,57,794.10**

Details of Staff Loans & Advances and Loan Assets :

11.1 Staff Loans & Advances

Non-current portion of the staff loans & advances has been classified under 'Long-term Loans & Advances' above and the current portion of the staff loans & advances has been classified under Note-15 'Other Current Assets'.

(₹ in Crores)

	Particulars	As at 31.03.2017		As at 31.03.2016	
		Non-Current	Current	Non-Current	Current
`	**Secured Staff Loans & Advances**				
(A1)	**To Key Managerial Personnel**				
	(a) Considered Good	0.01	-	0.01	0.01
(A2)	**To Others**				
	(a) Considered Good	3.43	0.68	2.93	0.73
	Sub-total (A1+ A2)	**3.44**	**0.68**	**2.94**	**0.74**
(B)	**Unsecured Staff Loans & Advances**				
(B1)	**To Key Managerial Personnel**				
	(a) Considered Good	0.36	0.13	0.62	0.19
(B2)	**To Others**				
	(a) Considered Good	28.86	10.42	33.79	10.24
	Sub-total (B1+ B2)	**29.22**	**10.55**	**34.41**	**10.43**
	Grand Total (A+B)	**32.66**	**11.23**	**37.35**	**11.17**

11.2 Loan Assets

Non-current portion of the loan assets has been classified under 'Long-term Loans & Advances' above and the current portion of the loan assets has been classified under Note-15 'Other Current Assets'.

(₹ in Crores)

	Particulars	As at 31.03.2017		As at 31.03.2016	
		Non-Current	Current	Non-Current	Current
(A)	**Secured Loans**				
(A1)	**Loans to State Power Utilities/ State Electricity Boards/Corpn. (Secured by hypothecation and/or mortgage of materials/ tangible assets)**				
	(a) Considered Good	1,25,811.34	11,014.90	1,09,569.70	15,194.43
(A2)	**Loans to Others (Secured by hypothecation and/or mortgage of tangible assets)**				
	(a) Considered Good	24,691.95	3,553.12	24,377.49	1,841.42
	(b) Classified Doubtful	2,220.01	2,169.10	2,243.97	1,569.50
	Less: Provision for bad & doubtful debts	383.89	767.87	257.65	325.52
		1,836.12	1,401.23	1,986.32	1,243.98
	Sub-total (A1+ A2)	**1,52,339.41**	**15,969.25**	**1,35,933.51**	**18,279.83**
(B)	**Unsecured Loans**				
(B1)	**Loans Guaranteed by respective State Governments**				
	(a) Considered good	19,109.20	2,850.00	18,092.54	22,522.84
(B2)	**Loans to State Governments**				
	(a) Considered good	2,647.90	351.22	2,467.29	886.78
(B3)	**Loans - Others**				
	(a) Considered Good	3,178.73	258.78	1,210.50	99.51
	(b) Classified Doubtful	5.18	478.40	-	430.10
	Less: Provision for bad & doubtful debts	5.18	478.40	-	430.10
		-	-	-	-
	Sub-total (B1+ B2+B3)	**24,935.83**	**3,460.00**	**21,770.33**	**23,509.13**
	Grand Total (A+B)	**1,77,275.24**	**19,429.25**	**1,57,703.84**	**41,788.96**

11.2.1 Loan balance confirmations for 86% of total loan assets as at 31 March 2017 have been received from the borrowers. Out of the remaining 14% loan assets amounting to ₹ 28,474 crore for which balance confirmations have not been received, 82% loans are secured by way of hypothecation of assets, 13% by way of Government Guarantee/ Loans to Government and 5% are unsecured loans.

11.2.2 Loan Assets also include amount financed by the Company as per the Scheme for Financial Restructuring of State Distribution Companies (Discoms).

11.2.3 REC, as a lead lender had sanctioned ₹ 650 Crore as initial sanction to Corporate Power Limited for 540 MW Phase-I TPP at Chandwa, Jharkhand. The debt is secured by way of combination of securities representing charge on all the Company's present and future immovable properties, movables, all bank accounts, project documents, clearances, letter of credits, guarantees, insurance contracts and insurance proceeds etc., pledge of shares representing 51% of the total paid up equity share capital of the Company and Corporate Guarantee of Corporate Ispat and Alloys Limited (CIAL). Subsequently, REC, had sanctioned ₹ 196 Crore as additional loan towards funding of cost overrun. As at 31 March 2017, the loan outstanding is ₹ 811.74 crores.

The progress of Phase-I of the Project (where REC is Lead) as per last available Lender Independent Engineer's Report, is approximately 96%. However, the account has become NPA on 30 June 2014. As at 31 March 2017, the account of the borrower is classified as Doubtful asset. As per the Independent valuer's report, the realisable sale value of Phase-I & Phase-II project assets is ₹ 1,424.35 Crores. Accordingly, 100% provision to the extent of loan not covered by the realizable value of the security amounting to ₹ 587.47 Crores and for the balance loan amount of ₹ 224.27 Crores, 30% provision amounting to ₹ 67.29 Crores is created in the books as per Significant Accounting Policy no 2.3(ii). As such, total provision created as on 31 March 2017 is ₹ 654.75 Crores.

Recall notice has been served to the borrower and Corporate guarantee of promoter Company, CIAL, has been invoked. REC and ARCIL have filled winding up petition before the Calcutta High Court against CIAL. Meanwhile CIAL moved to Board of Industrial and Financial Reconstruction (BIFR), pursuant thereto, Hon'ble High Court abated the winding up petition. Lenders are exploring various options for the revival of the project including change in the management. With the consent of lenders, ARCIL has initiated the proceedings under SARFAESI Act. ARCIL has taken the possession of the Project site and deployed security for protection of the project. Lenders have also filed joint Original Application (OA) before Debt Recovery Tribunal (DRT), Calcutta for recovery of dues.

11.2.4 REC has sanctioned ₹ 1,150 Crore to Jas Infrastructure & Power Limited (JIPL) wherein total disbursement is ₹ 33.24 Crores till 31 March 2017. The account has become NPA on 30 June 2014. As at 31 March 2017, the account of the borrower is classified as Doubtful asset. As per the Independent valuer's report, the realizable sale value of project assets is valued at ₹ 143.35 Crores. Accordingly, 100% provision to the extent of loan not covered by the realizable value of the security amounting to ₹ 31.48 crore and for the balance loan amount of ₹ 1.77 crores, 30% provision amounting to ₹ 0.53 crores is created in the books as per Significant Accounting Policy No. 2.3(ii). As such, total provision created as at 31 March 2017 is ₹ 32.01 Crores on total loan outstanding of ₹ 33.24 Crores.

Lenders have already initiated recovery. Recall notice has been served to the borrower and Personal guarantee of promoter has been invoked. Original Application has been filed by the REC in DRT for recovery of dues. Further, action as per SARFAESI Act is being explored by Lenders.

11.2.5 As at 31 March 2017, 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 18 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, 10% provision as applicable for sub-standard loans on the loan outstanding ₹ 2,301.99 Crores has not been created. However, since the account is currently into Restructured Standard Loan Assets category, a provision of 5% amounting to ₹ 115.10 Crores had been created in full in respect of the loan as against creating the same in phased manner in accordance with Significant Accounting Policy 2.3(iv). Apart from this, as a matter of prudence, an additional provision amounting to ₹ 103.59 Crores has been created @ 4.50% of the loan over and above 5% provision. Accordingly, as on 31 March 2017, the total provision of ₹ 218.69 Crores stands created against the project and unrealized income of ₹ 271.78 Crores has also not been recognized. An application has been filed by REC for vacation of stay order issued by Hon'ble High Court of Madras.

11.2.6 REC had sanctioned ₹ 390 Crores to M/s Lanco Teesta Hydro Power Limited with ICICI Bank as Lead lender having initial project SCOD in May 2012. However, due to equity crunch of promoters, geological surprises and poor rock strata, project couldn't be commissioned till date. In order to revive the Project, which is stalled at present, change in ownership is an important imperative which ensures that additional resources are brought in by the new investor. Towards this end, change of ownership could be effectively considered under the recent RBI dispensation on Strategic Debt Restructuring (SDR) dated 8 June 2015. In terms of SDR Regulations dated 8 June 2015 issued by RBI, the Lenders' consortium had decided to invoke the SDR in the lenders' meet held on 24 July 2015. Accordingly, REC, on 24 September 2015, approved the Strategic Debt Restructuring (SDR) package pursuant to RBI circular dated 8 June 2015, for conversion of ₹ 102 Crores out of REC's outstanding loan into equity at face value of ₹ 10/- per share towards effecting the change in Management. Subsequently, on 20 October 2015, necessary documentation had been carried out along with the signing of shareholder's agreement and an amount of ₹ 102 Crores of REC's sanction had been converted into equity on 20 October 2015. As per SDR scheme, asset classification shall remain standard up to 18 months from 24 July 2015 i.e. 23 January 2017 within this timeline a suitable investor has to be identified and the exercise of change in management shall have to be completed failing which the asset classification will be as per the extant IRAC norms, assuming the aforesaid 'stand-still' in asset classification had not been given. As no investor had been identified till 23 January 2017, the asset classification has now been downgraded to Doubtful Category with provision created @ 20% of the outstanding loan. Further, there has been no decline in the fair value of the investment in equity shares of the Company on the basis of the latest available valuation report of the Project and the latest available audited financial statements of the Company. Accordingly, no provision is being made in respect of the investment in the equity shares.

11.2.7 REC has extended a loan of ₹ 217 Crores (Outstanding loan amount as at 31 March 2017 - ₹ 198.16 Crores) to Gati Infrastructure Private Limited for the implementation of 2X55 MW HEP in Sikkim with IDFC as Lead lender. Project achieved COD on 18 May 2013 and is operational since then. However, since the Company is selling its entire power under short term arrangements, lower revenue realization is causing stress on project cash flows. Lenders have invoked the implementation of Strategic Debt Restructuring (SDR)/ outside SDR with Reference Date as 5 December 2016 under the prevailing RBI norms. The process under SDR / outside SDR is in progress.

11.2.8 REC has given a loan to M/s Ind Barath Power (Madras) Limited (IBPML) wherein the loan outstanding as at 31 March 2017 is ₹ 416.21 Crores. The account has become NPA on 31 December 2016. As at 31 March 2017, the account of the borrower is classified as Sub-standard asset. Accordingly, 10% provision amounting to ₹ 41.62 Crores has been created in the books as per Significant Accounting Policy No. 2.3(iii). Further, considering the physical progress in the project, an additional provision amounting to ₹ 83.24 Crores has been made during the year 2016-17 in respect of the loan as a matter of prudence.

11.2.9 REC sanctioned a loan of ₹ 750 crore to M/s Lanco Vidharbha Thermal Power Limited (LVTPL), promoted by Lanco Group, for setting up of 1320 MW (2x660 MW) thermal power project at Mandwa, district Wardha, Maharashtra. The loan outstanding as at 31 March 2017 is ₹ 539.56 Crores. As at 31 March 2017, the account of the borrower is classified as Restructured Standard asset. Accordingly, 4.25% provision amounting to ₹ 22.93 Crores has been created in the books as per Significant Accounting Policy No. 2.3(iv). Further, considering the physical progress in the project, an additional provision amounting to ₹ 60 Crores has been made during the year 2016-17 in respect of the loan as a matter of prudence.

11.2.10 One of the borrowers with an outstanding loan amount of ₹ 2,143.38 Crores as at 31 March 2017 has expressed his intention to prepay its loan. Further, the borrower has already prepaid more than 40% of the outstanding loan before the Balance sheet date and has further intimated his intention to prepay the balance loan within the FY 2017-18. Accordingly, the loan outstanding has been considered as ‘Current’ in terms of Schedule III to the Companies Act, 2013.

12. Other Non-Current Assets

(₹ in Crores)

	Particulars	As at 31.03.2017	As at 31.03.2016
(A)	**Non-Current Portion of Interest Accrued on Staff Advances**	7.74	6.79
(B)	Advance Income-tax & TDS	2,653.30	6,515.25
	Less : Provision for Income Tax	2,614.33	6,420.98
	Advance Income-tax & TDS (Net)	38.97	94.27
(C)	**Forward Contract Receivables**	143.79	-
(D)	**Receivables in respect of Derivative Contracts**	192.10	-
	Total (A to D)	**382.60**	**101.06**

13. Cash and Bank Balances

(₹ in Crores)

	Particulars	As at 31.03.2017	As at 31.03.2016
(A)	**Cash & Cash Equivalents**		
	- Balances with Banks	851.34	960.58
	- Others		
	- Short-term Deposits with Scheduled Banks	2,476.70	767.61
	- Short term Investment in Debt Mutual Funds	1,160.00	-
	Sub-total (A)	**4,488.04**	**1,728.19**
(B)	**Others**		
	- Term Deposits with Scheduled Banks	1.98	0.36
	Sub-total (B)	**1.98**	**0.36**
	Total (A+B)	**4,490.02**	**1,728.55**

Balances with Banks include:		
- Earmarked Balances with Banks in separate accounts		
- For unpaid dividends	*2.75*	*2.73*
- For DDUGJY, AG&SP, NEF and other grants	*0.51*	*34.17*
- Amount set aside for grants disbursement	*2.13*	*1.77*

Further, Short-term Deposits with Scheduled Banks include ₹ 23.20 Crores (Previous year ₹ 2.41 Crores) earmarked towards DDUGJY and other grants. Figure in (B) Others - Term Deposits with Scheduled Banks includes deposits for ₹ 1.98 Crores (Previous year ₹ 0.36 Crores) made and earmarked in compliance of Court orders.

13.1 The Company makes all the payments through electronic means of payment viz. NEFT/ RTGS. However, for certain petty expenses incurred in the normal course of business only, payment is made in cash. The disclosure in respect of transactions in Specified Bank Notes (SBN) held and transacted during the period 8 November 2016 to 30 December 2016 is provided in the Table below:

(₹ in Crores)

Particulars	Specified Bank Notes (SBNs)	Other Denomination Notes	Total
Closing Cash in hand as on 8 November 2016	0.05	0.01	0.06
Add: Permitted Receipts	-	-	-
Less: Permitted Payments	-	0.01	0.01
Less: Amount deposited in Banks	0.05	-	0.05
Closing Cash in hand as on 30 December 2016	**-**	-	**-**

14. Short-term Loans & Advances

(₹ in Crores)

	Particulars	As at 31.03.2017	As at 31.03.2016
(A)	**Loans & Advances to Related Parties (Unsecured, considered good)**	**1.35**	**0.95**
(B)	**Others**		
(i)	**Advances recoverable in cash or in kind or value to be received (Unsecured)**		
	(a) Considered Good	4.36	22.09
	(b) Classified Doubtful	5.59	2.06
	Less: Provision for bad & doubtful debts	5.59	2.06
		-	-
	Total (i)	**4.36**	**22.09**
(ii)	**Loan Assets**		
(a)	Secured Loans		
	- Loans to State Power Utilities/ State Electricity Boards/Corpn. (Secured by hypothecation and/or mortgage of materials/ tangible assets)		
	- Considered Good	740.67	-
	Sub-total (a)	**740.67**	**-**
(b)	Unsecured Loans		
	- Loans Guaranteed by respective State Governments		
	- Considered Good	197.18	672.22
	- Loans - Others		
	- Considered Good	2,651.00	100.00
	Sub-total (b)	**2,848.18**	**772.22**
	Total (ii)	**3,588.85**	**772.22**
	Grand Total	**3,594.56**	**795.26**

15. Other Current Assets

(₹ in Crores)

	Particulars	As at 31.03.2017	As at 31.03.2016
(A)	**Current recoverable of Long-term Loan Assets (Net)** *(Refer Note 11.2)*	19,429.25	41,788.96
(B)	**Current recoverable of Staff Advances (Net)** *(Refer Note 11.1)*	11.23	11.17
(C)	**Interest Accrued & not due on:**		
	- Long Term Investments	14.23	18.06
	- Term Deposits	4.37	1.32
	Sub-total	18.60	19.38
(D)	**Interest Accrued & Due on Loan Assets**	781.26	1,112.89
(E)	**Interest Accrued & Not Due on Loan Assets**	288.31	301.73
(F)	**Current Portion of Interest Accrued on Staff Advances**	0.33	0.30
(G)	**Recoverable from Govt. of India**		
	- DDUGJY Expenses	9.02	9.71
	- NEF Expenses	0.42	0.37
	Sub-total	9.44	10.08
(H)	**Recoverable from SEBs/ Govt. Deptt/Others**	3.97	5.11
(I)	**Prepaid Financial Charges on Commercial Paper**	-	67.30
(J)	**Current Portion of Unamortized Expenses**		
	- Discount on Issue of Bonds	-	0.14
	Total (A to J)	**20,542.39**	**43,317.06**

16. **Revenue from Operations**

(₹ in Crores)

	Particulars	Year ended 31.03.2017		Year ended 31.03.2016	
(A)	**Interest on Loan Assets**				
(i)	Long term financing	22,479.98		23,375.20	
	Less: Rebate for timely payments/ completion etc.	0.26	22,479.72	1.49	23,373.71
(ii)	Short term financing		455.89		96.95
	Sub-total (A)		**22,935.61**		**23,470.66**
(B)	**Revenue from Other Financial Services**				
(i)	Processing, Upfront, Lead fees, LC Commission etc.		48.49		24.71
(ii)	Prepayment Premium		147.44		30.50
(iii)	Fee for DDUGJY Implementation/ others		23.86		32.78
	Sub-total (B)		**219.79**		**87.99**
(C)	**Income from Short-term Investment of Surplus Funds**				
(i)	Interest from Deposits		98.39		68.21
(ii)	Gain on Sale of Mutual Funds		67.13		11.49
(iii)	Interest from CP/ ICD		29.87		-
	Sub-total (C)		**195.39**		**79.70**
	Total (A to C)		**23,350.79**		**23,638.35**

17. **Other Income**

(₹ in Crores)

	Particulars	Year ended 31.03.2017	Year ended 31.03.2016
(A)	**Interest Income (Other than Operating Income)**		
	- Interest from Govt. Securities	24.52	43.23
	- Interest from Long Term Investments	201.59	42.74
	- Interest from Income Tax Refund	8.88	-
	- Interest from Staff Advances	1.52	2.22
	Sub-Total (A)	**236.51**	**88.19**
(B)	**Dividend Income**		
	- Dividend from Subsidiary Companies	19.50	10.01
	- Dividend from Long-Term Investments	66.54	3.05
	Sub-Total (B)	**86.04**	**13.06**
(C)	**Net Gain on Sale of Long Term Investments**	**79.75**	**12.29**
(D)	**Changes in Fair Value of Swap**	**324.77**	**-**
(E)	**Other Non-Operating Income**		
	- Provision Written Back	-	0.98
	- Miscellaneous Income	17.49	3.41
	Sub-Total (E)	**17.49**	**4.39**
	Total (A to E)	**744.56**	**117.93**

18. **Finance Costs**

(₹ in Crores)

	Particulars	Year ended 31.03.2017	Year ended 31.03.2016
(A)	**Interest Expense**		
	- On Govt. Loans	-	0.15
	- On REC Bonds	11,745.31	11,374.73
	- On Loans from Banks/ Financial Institutions	96.13	132.62
	- On External Commercial Borrowings	1,422.24	1,616.14
	- On Commercial Paper	300.46	285.91
	- On AREP Subsidy	-	0.04
	- On Advance Income Tax	2.82	-
	Sub-Total (A)	**13,566.96**	**13,409.59**
(B)	**Other Borrowing Costs**		
	- Guarantee Fee	17.04	17.69
	- Public Issue Expenses	-	0.70
	- Bonds Handling Charges	0.80	1.04
	- Bonds Brokerage	15.68	19.33
	- Stamp Duty on Bonds	5.42	3.88
	- Debt Issue and Other Finance Charges	80.66	157.74
	Sub-Total (B)	**119.60**	**200.38**
(C)	**Net Translation/ Transaction Exchange Loss**	**88.56**	**673.15**
	Total (A to C)	**13,775.12**	**14,283.12**

19. **Employee Benefits Expense**

(₹ in Crores)

Particulars	Year ended 31.03.2017	Year ended 31.03.2016
- Salaries and Allowances	117.56	96.85
- Contribution to Provident Fund and Other Funds	12.88	12.07
- Gratuity	15.19	0.53
- Expenses towards Post Retirement Medical Facility	17.21	15.33
- Staff Welfare Expenses	15.23	12.66
Total	**178.07**	**137.44**

The pay revision of the employees of the Company is due w.e.f.1 January 2017. Pending final notification of the revised Pay Scales and other benefits by the Govt. of India, an estimated provision of ₹ 14.59 crores has been created during the year towards pay revision arrears as per the recommendations of 3rd Pay Revision Committee constituted by the Department of Public Enterprises (DPE), Govt. of India. This provision is inclusive of the provision created for non-executive employees for whom arrears have also been considered in line with these recommendations. Actuarial valuation of employees benefits has also been carried out on the basis of proposed pay scales.

20. **Corporate Social Responsibility Expenses**

(₹ in Crores)

Particulars	Year ended 31.03.2017	Year ended 31.03.2016
- Direct Expenditure	66.64	124.72
- Overheads	3.16	3.48
Total	**69.80**	**128.20**

20.1 **Disclosure in respect of CSR Expenses:**

(a) Gross Amount required to be spent by the Company during the year is ₹ 146.57 Crores (Previous year ₹ 127.46 Crores).

(b) Amount spent during the period (₹ in Crores) :

	Particulars	Year ended 31.03.2017			Year ended 31.03.2016		
		In Cash	Yet to be paid*	Total	In Cash	Yet to be paid*	Total
(i)	Construction/ acquisition of any asset	-	-	-	-	-	-
(ii)	On purpose other than (i) above	69.80	-	69.80	107.01	21.19	128.20

** denotes amount provided for.*

21. **Other Expenses**

(₹ in Crores)

Particulars	Year ended 31.03.2017		Year ended 31.03.2016	
- Travelling and Conveyance		10.12		11.23
- Publicity & Promotion Expenses		5.33		5.20
- Repairs and Maintenance				
- Building	2.06		2.65	
- ERP & Data Centre	4.83		4.64	
- Others	0.92	7.81	0.62	7.91
- Rent & Hiring Charges		3.68		3.29
- Rates and Taxes		0.46		0.44
- Power & Fuel		2.01		2.11
- Insurance Charges		0.09		0.03
- Postage and Telephone		2.69		1.95
- Auditors' Remuneration		1.15		1.03
- Consultancy Charges		5.10		3.39
- Loss on Sale of Assets		0.52		0.38
- Miscellaneous Expenses		59.84		30.05
Total		**98.80**		**67.01**

21.1 Auditors' Remuneration includes :

(₹ in Crores)

Particulars	Year ended 31.03.2017	Year ended 31.03.2016
- Audit Fees	0.60	0.45
- Tax Audit Fees	0.10	0.08
- Limited Review Fees	0.24	0.21
- Payment for Other Services		
(i) Certification of Offer Document for Public Issue/ MTN Setup	0.07	0.12
(ii) Other Certifications	0.04	0.03
- Expenses Incurred	0.05	0.09
- Service tax component	0.05	0.05
Total	**1.15**	**1.03**

The figures above include ₹ 0.06 crores (Previous year Nil) of Audit Fees and ₹ 0.02 crores (Previous year Nil) of Tax Audit fees pertaining to earlier years.

21.2 Earnings and Expenditure in Foreign Currency :

(₹ in Crores)

Particulars	Year ended 31.03.2017	Year ended 31.03.2016
Earnings	-	-
Expenditure		
- Royalty, Know-how, Professional, Consultation Fees	1.17	0.49
- Interest	462.03	550.96
- Finance Charges	68.61	130.91
- Other Expenses	3.11	3.11
Total	**534.92**	**685.47**

21.3 The Company has taken office space, accommodations for staff and space for ERP Data Centre on lease. These are classified as operating lease. Lease payments in respect of office space and data centre amounting to ₹ 5.03 Crores (Previous year ₹ 5.25 Crores) is shown under the head 'Other Expenses'. Lease payments in respect of accommodations for staff amounting to ₹ 2.92 Crores (Previous year ₹ 2.99 Crores) form part of 'Employees Benefit Expense.' Future lease payments in respect of these lease agreements are as under:

(₹ in Crores)

Future minimum lease rent payments	As at 31.03.2017		As at 31.03.2016	
	Data Centre	Office & Accomodations	Data Centre	Office & Accomodations
Not later than one year	0.36	4.07	0.36	4.33
Later than one year and not later than 5 years	0.26	1.12	0.62	4.45
Later than 5 years	-	0.67	-	0.70
Total	**0.62**	**5.86**	**0.98**	**9.48**

22. Provisions and Contingencies

(₹ in Crores)

Particulars	Year ended 31.03.2017	Year ended 31.03.2016
Provision for bad & doubtful debts	625.59	647.81
Contingent Provision against Standard Loan Assets	64.03	52.51
Provision against Restructured Standard Loans	419.85	369.57
Provision for Interest due & Converted into Equity	-	3.96
Provision for depreciation on Investments	-	16.00
Total	**1,109.47**	**1,089.85**

23. Prior Period Items

(₹ in Crores)

Particulars	Year ended 31.03.2017	Year ended 31.03.2016
- Travelling and Conveyance *(Refer Note 23.1)*	(1.01)	-
- Others	(0.64)	-
Total	**(1.65)**	**-**

23.1 During the year, the Company had noticed a case of over-charging of the air ticket bills by the travel agent. The excess booking of the travel expense during the earlier years has been rectified and the resultant amount being shown as Recoverable from the Travel Agent in the books of accounts.

24. Earnings per Share

Particulars	Year ended 31.03.2017	Year ended 31.03.2016
Numerator		
Profit after Tax as per Statement of Profit and Loss (₹ in Crores)	6,245.76	5,627.66
Denominator		
Weighted average Number of equity shares	1,97,49,18,000	1,97,49,18,000
Basic & Diluted Earnings per share of ₹10 each (in ₹)	31.63	28.50

Pursuant to the approval of the shareholders, the Company had allotted bonus shares in the ratio of one equity share of ₹ 10/- each for one existing equity share of ₹ 10/- each on 30 September 2016. Accordingly, Earnings Per Share (EPS) (basic and diluted) have been restated for the previous periods presented in accordance with the provisions of AS-20.

25. Contingent Liabilities and Commitments :

25.1 Contingent Liabilities not provided for in respect of:

(₹ in Crores)

	Particulars	As at 31.03.2017	As at 31.03.2016
(A)	Claims against the Company not acknowledged as debts	85.68	57.45
(B)	Others		
	- Letters of Comfort	173.36	461.56

The amount referred to in 'A' above includes ₹ 2.37 Crores (Previous year ₹ 3.86 Crores) in respect of cases pending in various courts including arbitration cases and is dependent upon the outcome of settlement of court/arbitration cases.

Further, it also includes ₹ 83.31 Crores (Previous year ₹ 53.59 Crores) against various demands raised by the Income Tax Department/ Service Tax Department including the cases pending in Delhi High Court/ Supreme Court. The company is contesting these tax demands and the management believes that its position will likely be upheld in the appellate process. Further, the ultimate outcome of these proceedings will not have a material adverse effect on the Company's financial position and results of operations.

25.2 Commitments not provided for in respect of:

(₹ in Crores)

Particulars	As at 31.03.2017	As at 31.03.2016
- Contracts remaining to be executed on capital account		
- Towards Tangible Assets	272.33	287.97
- Towards Intangible Assets	2.60	2.84
- Other Commitments		
- CSR Commitments	143.98	89.44

26. Details of Registration/ License/ authorisation obtained from financial sector regulators:

	Particulars	Regulator Name	Registration Details
(i)	Corporate Identification Number	Ministry of Corporate Affairs	L40101DL1969GOI005095
(ii)	Registration Number	Reserve Bank of India	14.000011

27. The Company is registered with the Reserve Bank of India (RBI) as a Non-Banking Financial Company (NBFC) since 1997-98. As per notification No.DNBS(PD).CC No.12/02.01/99-2000 dated 13.1.2000 of RBI, Govt. companies as defined under Section 617 of the Companies Act, 1956 have been exempted from applicability of the provisions of Reserve Bank of India Act, 1934 relating to maintenance of liquid assets and creation of Reserve Funds and the Directions relating to acceptance of public deposits and Prudential Norms. The said notification is also applicable to REC, being a Govt. company as defined under Section 2 (45) of the Companies Act, 2013 (Section 617 of the erstwhile Companies Act, 1956). Accordingly, the Reserve Fund is not created.

Further, as per Para No. 2 (3) of RBI's Master Circular No. DNBR.PD.008/ 03.10.119 / 2016-17 dated 1 September, 2016, REC being a Government Company continues to be exempted from the applicability of "Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015". However, RBI, vide its letters dated 25 July 2013 and 4 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 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 11 June 2014 has allowed exemption to the Company from RBI restructuring norms till 31 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. 1 April 2015, the provisioning requirement would be 5% and for stock of loans as on 31 March 2015 of such projects, the provisioning shall commence with a provision of 2.75% w.e.f 31 March 2015 and reaching 5% by 31 March 2018.

28. RBI, vide its letter dated September 17, 2010 had categorized REC as an Infrastructure Finance Company (IFC) in terms of instructions contained in RBI Circular CC No.168 dated February 12, 2010. As an IFC, the total permissible exposure for lending in the private sector is 25% of owned funds in case of single borrower and 40% in case of a single group of borrowers and exposure for lending and investing taken together can be upto 30% and 50% of owned funds, respectively.

In respect of Central/State Government entities, 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 till 31 March, 2022. In view of the above, our maximum credit exposure limits to Central and State power Utilities continue to vary from 50% to 250% of owned funds, depending upon entity appraisal.

In respect of Private Sector entities, the Company's credit exposure to single borrowers and group borrowers did not exceed the RBI prudential exposure limits as at 31 March 2017 and 31 March 2016.

29. <u>Changes in Accounting Policies</u>

During the year ended 31 March 2017, the Company has revised the Significant Accounting Policy No. 16 in respect of 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 1 April 2016. In accordance with the transitional provisions mentioned in the Guidance Note, an amount of ₹ 86.75 Crores after netting of taxes of ₹ 45.92 Crores had been adjusted in the opening balance of reserves, representing the change in the fair value of the interest rate swaps till 31 March 2016. Further, the fair value gain on interest rate swaps of ₹ 324.77 Crores has been booked to the Statement of Profit & Loss for the year ended 31 March 2017 in accordance with the revised accounting policy.

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 year amounting to ₹ 6.69 Crores has been adjusted in the Finance Cost for the year ended 31 March 2017.

Due to these changes in accounting policies, profit before tax for the year ended 31 March 2017 is higher by ₹ 301.67 Crores.

30. Quality of Loan Assets

30.1 Details of Restructured Accounts on which restructuring provisioning as per RBI norms is applicable, along-with provisions thereon, are given below

(₹ in Crores)

	Type of restructuring		Under CDR / SME Mechanism					Others					Total				
	Asset Classification details		Standard	Substandard	Doubtful	Loss	Total	Standard	Substandard	Doubtful	Loss	Total	Standard	Substandard	Doubtful	Loss	Total
(1)	Restructured Accounts as on 1 April 2016	No. of borrowers	Nil					10	4			14	10	4	-	-	14
		Amount outstanding (Restructured facility)						21,058	2,179			23,238	21,058	2,179	-	-	23,238
		Amount outstanding (Other facility)										-	-	-	-	-	-
		Provision Thereon						821	218			1,039	821	218	-	-	1,039
(2)	Movement of balance in account appearing in opening balance	No. of borrowers	Nil					9	2			11	9	2	-	-	11
		Amount outstanding (Restructured facility)						3,974	(3)			3,971	3,974	(3)	-	-	3,971
		Amount outstanding (Other facility)										-	-	-	-	-	-
		Provision Thereon						425				426	425	-	-	-	426
(3)	Fresh restructuring during the year	No. of borrowers	Nil					3	1			4	3	1	-	-	4
		Amount outstanding (Restructured facility)						3,167	9			3,176	3,167	9	-	-	3,176
		Amount outstanding (Other facility)										-	-	-	-	-	-
		Provision Thereon						158	1			159	158	1	-	-	159
(4)	Up gradations to restructured standard category during the year	No. of borrowers	Nil					2				2	2	-	-	-	2
		Amount outstanding (Restructured facility)						54				54	54	-	-	-	54
		Amount outstanding (Other facility)										-	-	-	-	-	-
		Provision Thereon						3				3	3	-	-	-	3
(5)	Restructured Standard advances which cease to attract higher provisioning and/ or additional risk weight at the end of the year and hence need not be shown as restructured standard advances at the beginning of the next FY	No. of borrowers	Nil					(1)	(2)			(3)	(1)	(2)	-	-	(3)
		Amount outstanding (Restructured facility)						(4,758)	(54)			(4,812)	(4,758)	(54)	-	-	(4,812)
		Amount outstanding (Other facility)										-	-	-	-	-	-
		Provision Thereon						(167)	(6)			(172)	(167)	(6)	-	-	(172)
(6)	Down gradation of restructured accounts during the year	No. of borrowers	Nil						(1)	1		-	-	(1)	1	-	-
		Amount outstanding (Restructured facility)							(1,345)	1,345		-	-	(1,345)	1,345	-	-
		Amount outstanding (Other facility)										-	-	-	-	-	-
		Provision Thereon							(134)	269		135	-	(134)	269	-	135
(7)	Write-offs restructured accounts during the year	No. of borrowers	Nil									-	-	-	-	-	-
		Amount outstanding (Restructured facility)										-	-	-	-	-	-
		Amount outstanding (Other facility)										-	-	-	-	-	-
		Provision Thereon										-	-	-	-	-	-
(8)	Restructured accounts as on 31 March 2017	No. of borrowers	Nil					14	2	1		17	14	2	1	-	17
		Amount outstanding (Restructured facility)						23,496	786	1,345		25,627	23,496	786	1,345	-	25,627
		Amount outstanding (Other facility)						-	-			-	-	-	-	-	-
		Provision Thereon						1,241	79	269		1,589	1,241	79	269	-	1,589

30.2 The Classification of Loan Assets of the Company (classified in Note No. 11 and 14) as per RBI Prudential Norms is as under:

(₹ in Crores)

	Asset Classification	As at 31.03.2017		As at 31.03.2016	
		Loan Balance	Provision created against Loan Assets	Loan Balance	Provision created against Loan Assets
(i)	**Standard Assets**				
(a)	Restructured Standard Loan Assets (Refer Note below)	23,495.57	1,241.19	21,058.26	821.34
(b)	Other than (a) above	1,73,560.42	607.46	1,75,976.46	543.43
	Sub-total (i)	**1,97,055.99**	**1,848.65**	**1,97,034.72**	**1,364.77**
(ii)	**Non Performing Assets**				
(a)	Sub-standard Assets *	1,226.75	205.92	2,908.19	291.01
(b)	Doubtful Assets	3,628.71	1,412.20	1,318.16	705.04
(c)	Loss Assets	17.22	17.22	17.22	17.22
	Sub-total (ii)	**4,872.68**	**1,635.34**	**4,243.57**	**1,013.27**
	Total	**2,01,928.67**	**3,483.99**	**2,01,278.29**	**2,378.04**

** Includes loans classified as NPAs due to restructuring/ non-achievement of DCCO amounting to ₹ 777.00 Crores (Previous year ₹ 811.33 crores) and provisioning thereof ₹ 77.70 Crores (Previous year ₹ 81.27 crores).*

Note : Loan assets as mentioned in (i)(a) refer to restructured standard loan assets as specified in Accounting Policy No. 2.3(iv).

30.3 Sector-wise NPAs - Percentage of NPAs to Total Advances in that sector

Particulars	As at 31.03.2017	As at 31.03.2016
Power Sector *	2.41%	2.11%

** Includes 0.38% (Previous year 0.40%) loans classified as NPAs due to restructuring/ non-achievement of DCCO, amounting to ₹ 777.00 Crores (Previous period ₹ 811.33 crores).*

30.4 Movement of NPAs

(₹ in Crores)

	Particulars	As at 31.03.2017	As at 31.03.2016
(i)	**Net NPAs to Net Advances (%)**	**1.62%**	**1.61%**
(ii)	**Movement of NPAs (Gross)**		
(a)	Opening balance	4,243.57	1,335.38
(b)	Additions during the year	686.56	2,910.13
(c)	Reductions during the year	57.44	1.94
(d)	Closing balance	**4,872.69**	**4,243.57**
(iii)	**Movement of NPAs (Net)**		
(a)	Opening balance	3,230.30	969.93
(b)	Additions during the year	56.25	2262.31
(c)	Reductions during the year	49.20	1.94
(d)	Closing balance	**3,237.35**	**3,230.30**
(iv)	**Movement of provisions for NPAs**		
(a)	Opening balance	1,013.27	365.45
(b)	Provisions made during the year	630.31	647.82
(c)	Write-off / write-back of excess provisions	8.24	-
(d)	Closing balance	**1,635.34**	**1,013.27**

Note - The closing figures above include loans classified as NPAs due to restructuring/ non-achievement of DCCO, amounting to ₹ 777.00 Crores (Gross) (Previous year ₹ 811.33 crores) and provisioning thereof ₹ 77.70 Crores (Previous year ₹ 81.27 crores).

31. Exposure Related Disclosures

31.1 Exposure to Real Estate Sector

The Company has no exposure to real estate sector as at 31 March 2017 (Previous year Nil).

31.2 Exposure to Capital Market

(₹ in Crores)

	Particulars	As at 31.03.2017	As at 31.03.2016
(i)	Direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	666.65	265.85
(ii)	Advances against shares/ bonds/ debentures or other securities or on clean basis to individuals for investment in shares (including IPOs/ ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	-	-
(iii)	Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	-	-
(iv)	Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares/ convertible bonds / convertible debentures / units of equity oriented mutual funds does not fully cover the advances;	-	-
(v)	Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	-	-
(vi)	Loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	-	-
(vii)	Bridge loans to companies against expected equity flows/ issues;	-	-
(viii)	All exposures to Venture Capital Funds (both registered and unregistered)	6.15	6.15
	Total Exposure to Capital Market	**672.80**	**272.00**

31.3 Unsecured Advances against Intangible Assets

There are no such advances outstanding as at 31 March 2017 (Previous year Nil) for which intangible collaterals such as rights, licenses, authority, etc. are charged in favour of the Company in respect of projects financed by the Company.

32. Concentration of Advances, Exposures and NPAs

	Particulars	As at 31.03.2017	As at 31.03.2016
(i)	**Concentration of Advances**		
	Total Advances to twenty largest borrowers (₹ in Crores)	1,11,916.90	1,17,632.78
	Percentage of Advances to twenty largest borrowers to Total Advances of the Company	55.42%	58.44%
(ii)	**Concentration of Exposures**		
	Total Exposure to twenty largest borrowers (₹ in Crores)	1,97,327.07	1,94,864.96
	Percentage of Exposures to twenty largest borrowers to Total Exposure of the Company on borrowers	60.34%	58.54%
(iii)	**Concentration of NPAs ***		
	Total Outstanding to top four NPA Accounts (₹ in Crores)	3,444.72	3,444.72
	Total Exposure to the above four NPA Accounts (₹ in Crores)	3,444.72	3,444.72

** Includes loans of ₹ 777.00 Crores (Previous year ₹ 777.00 crores) classified as NPAs due to restructuring/ non-achievement of DCCO.*

33. The Company has not entered into any securitisation/ assignment transactions during the year ended 31 March 2017 (Previous year Nil). Further, no assets have been sold to securitisation/ reconstruction company for asset reconstruction.

34. The National Electricity Fund (NEF), an interest subsidy scheme, has become operational during the year 2012-13. The scheme has been introduced by Govt. of India to promote the capital investment in the distribution sector. The scheme shall provide interest subsidy linked with reform measures, on the loans taken by public and private distribution power utilities for various capital works under Distribution sector. NEF would provide interest subsidy aggregating upto ₹ 8,466 Crores (including interest subsidy to the borrowers, service charges to the nodal agency, payments to independent evaluators and other incidental expenses) spread over 14 years for loan disbursement against projects approved during 2012-13 and 2013-14. REC has been nominated as Nodal Agency for operationalisation of the NEF scheme in entire country.

35. Government of India has launched Deen Dayal Upadhyaya Gram Jyoti Yojana (DDUGJY) with the following components:

(i) Separation of agriculture and non-agriculture feeders facilitating judicious rostering of supply to agriculture & non-agriculture consumers in the rural areas;

(ii) Strengthening and augmentation of sub-transmission & distribution infrastructure in rural areas, including metering of distribution transformers/feeders/consumers

(iii) Rural electrification, as per CCEA approval dated 01.08.2013 for completion of the targets laid down under RGGVY for 12th and 13th Plans by carrying forward the approved outlay for RGGVY to DDUGJY.

The components at (i) and (ii) of the above scheme will have an estimated outlay of ₹ 43,033 crore including budgetary support of ₹ 33,453 crore from Government of India during the entire implementation period. The scheme of RGGVY as approved by CCEA for continuation in 12th and 13th plan will get subsumed in this scheme as a separate Rural Electrification (RE) component. REC has been nominated as nodal agency for operationalization of this scheme.

36. In the opinion of the management, the current assets, loans and advances appearing in the balance sheet have a value equivalent to the amount stated therein if realized during the ordinary course of business and all known liabilities have been provided.

37. As per the information available with the Company, there have been no reported cases of delayed payments of the principal amount or interest due thereon to Micro, Small & Medium enterprises.

38. Derivatives Related Disclosures

38.1 Forward Rate Agreements/ Interest Rate Swaps

(₹ in Crores)

	Particulars	As at 31.03.2017	As at 31.03.2016
(i)	The notional principal of swap agreements	41,664.18	24,770.59
(ii)	Losses which would be incurred if counterparties failed to fulfill their obligations under the agreements	628.07	1,529.12
(iii)	Collateral required by the NBFC upon entering into swaps	Nil	Nil
(iv)	Concentration of credit risk arising from the swaps	Refer Note Below	Refer Note Below
(v)	The fair value of the swap book	273.61	1,223.39

Note : REC, being NBFC has entered into swap agreements with Category-I, Authorized Dealers Banks only, in accordance with the RBI guidelines. All the swap agreements entered into with banks are well with in the credit risk limit defined in the Board approved Risk Management Policy.

38.2 The Company has not entered into any exchange traded Interest Rate (IR) derivatives.

38.3 Disclosure on Risk Exposure in Derivatives

38.3.1 Qualitative Disclosures

REC has Risk Management Policy duly approved by the Board. The policy covers the currency risk of the company. This policy provides the guiding parameters within which the Company can take decisions for managing the Currency Risk that it is exposed to on account of foreign currency loan. The purpose of the policy is to provide a framework to the Company for management of its foreign currency risk.

Risk Management Structure

An Asset Liability Management Committee (ALCO) is currently functioning under the chairmanship of CMD, Director (Finance), Director (Technical), Executive Directors and General Managers from Finance and Operating Divisions as its members. ALCO monitors Foreign currency risk with exchange rate and interest rate managed through various derivative instruments.

Derivative transactions include forwards, interest rate swaps, cross currency swaps and currency and cross currency options to hedge assets and liabilities. These derivative transactions are done for hedging purpose and not for trading or speculative purpose.

Type of Risks Involved

(i) Credit Risk - Credit risk is the risk of loss due to counterparty's failure to perform on an obligation to the Company.

(ii) Market Risk - Market risk is the risk of loss due to adverse changes in the market value (the price) of an instrument or portfolio of instruments. Such exposures occurs with respect to derivative instruments when changes occur in market factors such as underlying interest rates, exchange rates etc or in the volitality of these factors.

(iii) Liquidity Risk - Liquidity risk is the risk of loss due to failure of the institution to meet its funding requirments or execute a transaction at a reasonable price. This may be market liquidity risk or funding liquidity risk.

(iv) Operational Risk - Operational risk is the risk of loss occuring as a result of inadequate system and control, deficiencies in information system, human error or a management failure. Derivative activities can pose challenging operational risk issue because of complexity of certain products and their continual evolution.

(v) Legal Risk - Legal risk is the risk of loss arising from contracts which are not legally enforceable or documented correctly.

(vi) Regulatory Risk - Regulatory risk is the risk of loss arising from failure to comply with regulatory or legal requirements.

38.3.2 Quantitative Disclosures

(₹ in Crores)

	Particulars	Currency Derivatives *		Interest Rate Derivatives **	
		As at 31.03.17	As at 31.03.16	As at 31.03.17	As at 31.03.16
(i)	Derivatives (Notional Principal Amount)				
	For hedging	18,482.32	17,876.79	23,181.86	6,893.80
(ii)	Marked to Market Positions				
a)	Asset (+)	370.75	1,487.63	257.32	41.49
b)	Liability (-)	289.24	131.57	65.22	174.16
(iii)	Credit Exposure	18,482.32	17,876.79	23,181.86	6,893.80
(iv)	Unhedged Exposures	2,598.22	4,046.93	N.A.	N.A.

** Includes Full Hedge, Principal only Swap and Call Spread.*

*** Includes Interest Rate Derivatives as a strategy of cost reduction*

39. The outstanding position of Foreign Currency Exposure as at 31 March 2017 is as under:

(Foreign Currency amounts in Millions)

Currency	Total Exposure		Hedged Portion (Currency & Interest rate)		Unhedged Exposure	
	As at 31.03.17	As at 31.03.16	As at 31.03.17	As at 31.03.16	As at 31.03.17	As at 31.03.16
JPY	26,059.52	30,014.85	23,985.15	27,940.48	2,074.37	2,074.37
EURO	124.80	150.47	99.35	125.02	25.45	25.45
USD $	2,885.00	2,855.00	2,530.00	2,500.00	355.00	355.00
CHF (Swiss Franc)	-	200.00	-	-	-	200.00

39.1 In terms of Accounting Policy No. 14, the foreign currency monetary items as at the reporting date have been translated at the following rates:

Exchange Rates	USD/INR	JPY/INR	Euro/INR	CHF/INR
As at 31 March 2017	64.8386	0.5796	69.2476	-
As at 31 March 2016	*66.3329*	*0.5906*	*75.0955*	*68.9249*

40. Related Party Disclosures :

(1) Key Managerial Personnel

Dr. P.V. Ramesh	Chairman & Managing Director w.e.f. 5 January 2017
Sh. B.P. Pandey	Chairman & Managing Director from 1 October 2016 to 4 January 2017
Sh. Rajeev Sharma	Chairman & Managing Director upto 30 September 2016
Sh. Ajeet Kumar Agarwal	Director (Finance)
Sh. Sanjeev Kumar Gupta	Director (Technical)
Sh. J.S. Amitabh	GM & Company Secretary

(2) Other Related Parties

1. Subsidiary Companies

REC Transmission Projects Company Limited (RECTPCL)
REC Power Distribution Company Limited (RECPDCL)

2. Wholly owned Subsidiaries of REC Transmission Projects Company Limited

Nellore Transmission Limited - Incorporated on 04.12.2012 and struck off from the Register of Companies u/s 560 of Companies Act, 1956 vide certificate dated 25.05.2016

Baira Siul Sarna Transmission Limited - Incorporated on 24.01.2013 and struck off from the Register of Companies u/s 560 of Companies Act, 1956 vide certificate dated 16.07.2016

NER II Transmission Limited - Incorporated on 21.04.2015 and transferred to M/s Sterlite Grid 4 Limited (SG4L) on 31.03.2017, substantially upon the terms and conditions as detailed in the Share Purchase Agreement executed between RECTPCL, Khargone Transmission Limited and SG4L.

NRSS XXXVI Transmission Limited - Incorporated on 18.08.2015 and transferred to M/s Essel Infraprojects Limited(EIL) on 22.08.2016, substantially upon the terms and conditions as detailed in the Share Purchase Agreement executed between RECTPCL, NRSS XXXVI Transmission Limited and EIL.

North Karanpura Transco Limited - Incorporated on 27.11.2015 and transferred to M/s Adani Transmission Limited (ATL) on 08.07.2016, substantially upon the terms and conditions as detailed in the Share Purchase Agreement executed between RECTPCL, North Karanpura Transco Limited and ATL.

Khargone Transmission Limited - Incorporated on 28.11.2015 and transferred to M/s Sterlite Grid 4 Limited on 22.08.2016, substantially upon the terms and conditions as detailed in the Share Purchase Agreement executed between RECTPCL, Khargone Transmission Limited and Sterlite.

Dinchang Transmission Limited - Incorporated on 02.12.2015

Ghatampur Transmission Limited - Incorporated on 02.12.2016

ERSS XXI Transmission Limited - Incorporated on 11.01.2017

WR-NR Power Transmission Limited - Incorporated on 12.01.2017

3. Joint Ventures

Energy Efficiency Services Limited (EESL)

Details of amount due from/ to the related parties :

(₹ in Crores)

Particulars	As at 31.03.2017	As at 31.03.2016
Long-term Debt		
RECTPCL	60.00	60.00
RECPDCL	10.44	10.44
Key Managerial Personnel	0.10	0.10
Loans & Advances		
RECTPCL	0.28	0.22
RECPDCL	1.07	0.73
Key Managerial Personnel	0.50	0.83
Other Current Liabilities		
RECPDCL	1.51	5.37

Details of Transactions with the related parties :

(₹ in Crores)

Particulars	For the year ended 31.03.2017	For the year ended 31.03.2016
Long Term Debt - Amount Invested		
RECPDCL	-	3.44
Key Managerial Personnel	-	0.01
Loans & Advances		
Key Managerial Personnel	0.06	0.53
Sale of Fixed Assets		
RECPDCL	-	0.01
Investment in Share Capital (including applied for)		
EESL	-	124.00
Disbursement from Subsidy/ Grant Received from Govt. of India		
RECPDCL	-	6.90
Dividend from Subsidiaries		
RECTPCL	8.65	9.51
RECPDCL	10.85	0.50
Interest Income - Loans & Advances		
Key Managerial Personnel	0.03	0.04
Apportionment of Employee Benefit and Other Expenses		
RECTPCL	2.56	2.35
RECPDCL	4.65	4.32
Finance Cost		
Interest Paid to RECTPCL	4.70	4.70
Interest Paid to RECPDCL	0.82	0.64
Interest Paid to Key Managerial Personnel	0.01	0.01
Employee Benefits Expense - Managerial Remuneration	2.09	2.33
CSR Expenses		
RECPDCL	14.25	91.77
EESL	0.86	0.28
Other Expenses		
RECPDCL	30.65	2.22

41. Disclosures for Employee Benefits as required under AS 15:

(1) Defined Contribution Plans

A. Provident Fund

Company pays fixed contribution of Provident Fund at pre-determined rates to a separate trust registered under The Provident Fund Act, 1925 which invests the funds in permitted securities. The trust fixes the rate of interest on contribution to the members of the fund based upon the returns earned on investments during the year. Since the Act does not prescribe the minimum interest to be paid to the members of the fund, it is considered as Defined Contribution Plan as per the provisions of AS 15.

B. Defined Contribution Superannuation Scheme

The Company pays fixed contribution towards superannuation scheme at pre-determined rates to a separate trust which invests the funds with the Insurers. The Insurers fix the rate of interest on the balance standing to the credit of the accounts of the members of the trust. When the pension becomes payable to the member, the Insurers shall appropriate the member's accumulation towards various annuities, as opted for by the member.

Amount recognised as expenses towards defined contribution plans:

(₹ in Crores)

	Particulars	For the year ended 31.03.2017	For the year ended 31.03.2016
(i)	Provident Fund	7.35	6.88
(ii)	Defined Contribution Superannuation Scheme	5.46	5.10
	Total	**12.81**	**11.98**

(2) Defined Benefit Plans - Post-Employment Benefits

A. Gratuity

The Company has a defined benefit gratuity plan. Every employee is entitled to gratuity as per the provisions of the Payment of Gratuity Act, 1972. The scheme is funded by the Company and is managed by separate trust. The liability of Gratuity is recognized on the basis of actuarial valuation.

B. Post Retirement Medical Facility (PRMF)

The Company has Post Retirement Medical Facility under which the entitled retired employees (including his/her spouse) are covered as per Company Rules. The expenditure is recognized in the Statement of Profit & Loss on the basis of actuarial valuation.

C. Other Defined Retirement Benefit (ODRB)

The Company has a scheme for settlement of the employee and their dependents at the time of superannuation at home town. The expenditure is recognized in the Statement of Profit & Loss on the basis of actuarial valuation.

The summarized position of various defined benefits recognized in the Statement of Profit & Loss, Balance Sheet and the funded status is as under:

Expense recognised in Statement of Profit & Loss:

(₹ in Crores)

Particulars	Gratuity		PRMF		ODRB	
	31.03.2017	31.03.2016	31.03.2017	31.03.2016	31.03.2017	31.03.2016
Current Service Cost	2.16	2.02	1.63	1.45	0.06	0.05
Interest Cost	2.99	3.05	6.93	6.21	0.10	0.10
Expected Return on Plan Assets	2.97	3.03	-	-	-	-
Actuarial (Gain)/ Loss	11.41	(1.51)	8.65	7.67	(0.02)	(0.03)
Expense recognized	13.59	0.53	17.21	15.33	0.14	0.12

Amounts recognised in Balance Sheet:

(Amounts below in 'Gratuity' columns denotes respective amounts in the Balance Sheet of gratuity trust)

(₹ in Crores)

Particulars	Gratuity		PRMF		ODRB	
	31.03.2017	31.03.2016	31.03.2017	31.03.2016	31.03.2017	31.03.2016
Present value of obligation as at the end of the year	50.61	37.34	97.15	86.62	1.27	1.22
Fair value of Plan Assets as at the end of the year	35.69	35.48	-	-	-	-
Net Assets/ (Liability) recognized	(14.92)	(1.86)	(97.15)	(86.62)	(1.27)	(1.22)

Changes in the Present value of defined benefit/ Obligation:

(₹ in Crores)

Particulars	Gratuity		PRMF		ODRB	
	31.03.2017	31.03.2016	31.03.2017	31.03.2016	31.03.2017	31.03.2016
Present value of obligation as at the beginning of the year	37.34	38.16	86.62	77.61	1.22	1.20
Interest Cost	2.99	3.05	6.93	6.21	0.10	0.10
Current Service Cost	2.16	2.02	1.63	1.45	0.06	0.05
Benefit Paid	(3.29)	(4.42)	(6.68)	(6.32)	(0.09)	(0.10)
Actuarial (Gain)/ Loss on obligation	11.41	(1.47)	8.65	7.67	(0.02)	(0.03)
Present Value of defined benefit obligation at the end of the year	50.61	37.34	97.15	86.62	1.27	1.22

Changes in the Fair Value of Plan Assets:

(Amounts below in 'Gratuity' columns denotes respective amounts for the gratuity trust)

(₹ in Crores)

Particulars	Gratuity		PRMF		ODRB	
	31.03.2017	31.03.2016	31.03.2017	31.03.2016	31.03.2017	31.03.2016
Fair value of Plan Assets as at the beginning of the year	35.48	36.25	-	-	-	-
Return on Plan Assets	2.97	3.03	-	-	-	-
Contributions	0.53	0.62	-	-	-	-
Benefit Paid	(3.29)	(4.42)	-	-	-	-
Actuarial Gain/ (Loss) on Plan Assets	0.00	-	-	-	-	-
Fair value of Plan Assets as at the end of the year	35.69	35.48	-	-	-	-

Funded Status and Experience adjustments for liability towards Gratuity:

(₹ in Crores)

Particulars	31.03.2017	31.03.2016	31.03.2015	31.03.2014	31.03.2013
Present value of obligation at year end	50.61	37.34	38.16	38.07	37.85
Fair value of Plan Assets at year end	35.69	35.48	36.25	35.94	35.14
Funded Status	**(14.92)**	**(1.86)**	**(1.91)**	**(2.13)**	**(2.71)**
Experience adjustment; Gain/(Loss):					
Experience adjustment on plan liabilities	(10.25)	1.51	1.17	0.68	(0.01)
Experience adjustment on plan assets	-	(0.23)	(0.40)	(0.30)	0.58

The effect of an increase/ decrease of one percent point in inflation rate on PRMF:

(₹ in Crores)

Particulars	1% (+)		1% (-)	
	31.03.2017	31.03.2016	31.03.2017	31.03.2016
Service & Interest Cost	0.84	1.25	(1.34)	(0.84)
PBO (Closing)	12.14	11.93	(9.86)	(8.45)

Actuarial Assumptions:

Particulars	Gratuity		PRMF		ODRB	
	31.03.2017	31.03.2016	31.03.2017	31.03.2016	31.03.2017	31.03.2016
Method Used	Projected Unit Credit (PUC)	Projected Unit Credit (PUC)	Projected Unit Credit (PUC)	Projected Unit Credit (PUC)	Projected Unit Credit (PUC)	Projected Unit Credit (PUC)
Discount Rate	7.50%	8.00%	7.50%	8.00%	7.50%	8.00%
Expected Rate of Return on Plan Assets	8.20%	8.36%	-	-	-	-
Future Salary Increase	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%

- The Expected Rate of Return on Assets is the assumed rate of return (annualised).
- The Principle assumptions are the discount rate and salary growth rate. The discount rate is generally based on the market yields available on govt. bonds at the reporting date with a term that matches the liabilities and the salary growth rate takes account of inflation, seniority, promotions and other relevant factors as long term basis. The above information is certified by the Actuary.

42. Status of Documentation Subsequent to Unbundling of SEBs

Some of the erstwhile State Electricity Boards (SEBs) against whom loans were outstanding or on whose behalf guarantees were given, were restructured by the respective State Governments and new entities were formed in the past. Consequently, the liabilities of the erstwhile SEBs stand transferred to new entities. However, transfer agreements in the case of Chhattisgarh State Electricity Board (CSEB) is yet to be executed amongst the Company, new entity and the State Government.

Agreements in case of erstwhile Tamil Nadu State Electricity Board (TNEB) have been executed based on the provisional provisions of the Tamil Nadu Electricity (Re-organisation and Reforms) Transfer Scheme, 2010. The final notification for giving effect to transfer of assets and liabilities to successor entities of erstwhile TNEB has been issued. The transferee entities are repaying the outstanding loan of the Company as per the provisional transfer schemes. REC shall take further steps to execute the Final Loan Transfer Agreements after the finalisation of financial statements for FY 2016-17.

Status of Documentation Subsequent to Reorganisation of the State of Andhra Pradesh

Subsequent to the reorganisation of erstwhile State of Andhra Pradesh, the state of Telangana has been formed on 2 June 2014. However, the assets and liabilities are yet to be transferred to the respective power utilities through a formal Gazette Notification.

Status of Documentation is as under:

(i) Where ever the loans have been sanctioned to erstwhile APCPDCL, APNPDCL and APGENCO prior to bifurcation and documentation has not been done, these schemes have been re-sanctioned in the name of newly formed utilities and documentation formalities completed and accordingly the charge has been registered with the Ministry of Corporate Affairs (MCA).

(ii) Where ever the loans sanctioned in the name of erstwhile APCPDCL, APNPDCL prior to bifurcation and documentation formalities completed and drawls have been made, in these schemes an undertaking has been obtained from the name changed / newly formed utility and disbursements have been made to the newly formed utility by changing the name of the borrower in the name of new / name changed utility.

(iii) Where ever the Loan is sanctioned in the name of erstwhile APCPDCL, APNPDCL prior to bifurcation and documentation formalities completed with Government Guarantee and drawls have been made, further documentation for these schemes shall be done on Gazette Notification.

(iv) Once the final transfer scheme is notified through Gazette Notification by Govt, duly indicating the transfer of assets and liabilities among the power utilities, action for execution of documentation formalities will be taken up in respect of all the outstanding loans with the new / name changed utilities. Till that time, the demand for payment of interest / principal is being segregated by the Utilities and the respective portions are being paid by Utilities in Telangana and Andhra Pradesh.

43. The Ministry of Power launched a scheme 'Ujwal DISCOM Assurance Yojana' (UDAY) for achieving financial turnaround of the DISCOMs which are reeling under burden of heavy debt and losses. As per the OM dated 20 November 2015 issued by MoP on the UDAY scheme, States shall take over 75% of the DISCOM debt as on 30 September 2015 over 2 years.

The DISCOMs of Punjab, Uttar Pradesh, Chhattisgarh, Rajasthan, Haryana, Bihar, Tamil Nadu, Madhya Pradesh, Telangana, Himachal Pradesh and Andhra Pradesh have pre-paid their outstanding loan amounting to ₹ 42,700 Crores till date under the scheme.

44. 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.

45. Capital to Risk-weighted Assets Ratio (CRAR)

Being an Infrastructure Finance Company (IFC), REC is required to maintain a Capital to Risk Weighted Assets Ratio (CRAR) of 15% (with a minimum Tier I Capital of 10%).

	Particulars	**As at / For the year ended 31.03.2017**	**As at / For the year ended 31.03.2016**
(i)	CRAR (%)	21.18%	20.38%
(ii)	CRAR - Tier I Capital (%)	18.43%	17.48%
(iii)	CRAR - Tier II Capital (%)	2.75%	2.90%
(iv)	Amount of subordinated debt raised as Tier-II capital (₹ in crore)	-	-
(v)	Amount raised by issue of Perpetual Debt Instruments (₹ in crore)	-	-

46. Asset Liability Management - Maturity pattern of certain items of Assets and Liabilities :

(₹ in Crores)

As at 31.03.2017	Advances	Investments	Borrowings		Foreign Currency Items	
			Domestic Borrowings	Foreign Currency Borrowings	Assets	Liabilities (Other than Borrowings)
Upto 30/31 days	1,201	-	403	1,103	-	-
Over 1 month upto 2 months	3,244	-	366	-	-	-
Over 2 months upto 3 months	2,479	-	326	89	-	-
Over 3 month & upto 6 months	5,437	-	9,854	102	-	-
Over 6 months & upto 1 year	11,903	149	5,629	157	-	-
Over 1 year & upto 3 years	38,419	189	46,606	13,135	-	-
Over 3 years & upto 5 years	35,976	-	33,435	6,291	-	-
Over 5 years	1,03,270	2,374	49,817	204	-	-
Total	**2,01,929**	**2,712**	**1,46,436**	**21,081**	**-**	**-**

(₹ in Crores)

As at 31.03.2016	Advances	Investments	Borrowings		Foreign Currency Items	
			Domestic Borrowings	Foreign Currency Borrowings	Assets	Liabilities (Other than Borrowings)
Upto 30/31 days	2,798	-	2,118	-	-	-
Over 1 month upto 2 months	1,971	-	2,999	-	-	-
Over 2 months upto 3 months	6,610	-	2,366	97	-	-
Over 3 month & upto 6 months	21,395	-	8,239	1,473	-	-
Over 6 months & upto 1 year	10,543	149	11,446	1,579	-	-
Over 1 year & upto 3 years	36,506	189	36,540	7,815	-	-
Over 3 years & upto 5 years	34,735	94	27,305	10,691	-	-
Over 5 years	86,720	2,035	56,170	269	-	-
Total	**2,01,278**	**2,467**	**1,47,183**	**21,924**	**-**	**-**

47. There are no Off-Balance Sheet SPVs sponsored by the Company, which need to be consolidated as per accounting norms.

48. No penalties have been levied on the Company by any regulator during the year ended 31 March 2017 (Previous year Nil).

49. No complaints have been received by the Company from the borrowers under the Fair Practices Code during the year ended 31 March 2017 (Previous year Nil).

50. Previous year figures have been reclassified/ regrouped to conform to the current classification.

51. Figures in Rupees have been rounded off to the nearest crores with two decimals, unless expressly stated.

The Significant Accounting Policies and Notes to Accounts 1 to 51 are an integral part of Balance Sheet and Statement of Profit & Loss.

NOTES TO ACCOUNTS FOR THE YEAR ENDED 31.03.2016

1. Share Capital

(₹ in Crores)

Particulars	As at 31.03.2016		As at 31.03.2015	
	No. of Shares	Amount	No. of Shares	Amount
Authorised : Equity shares of ₹ 10 each	1,20,00,00,000	1,200.00	1,20,00,00,000	1,200.00
Issued, Subscribed and Paid up : Fully paid up Equity shares of ₹ 10 each	98,74,59,000	987.46	98,74,59,000	987.46
Total	**98,74,59,000**	**987.46**	**98,74,59,000**	**987.46**

1.1 The holders of the equity shares of the Company are entitled to receive dividends as and when declared by the Company and enjoy proportionate voting rights in case any resolution is put to vote. Further, the shareholders have all such rights, as may be available to a shareholder of a listed public company, under the Companies Act, 1956 (to the extent applicable), Companies Act, 2013 and rules made thereunder (to the extent notified), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Memorandum of Association and Articles of Association of the Company.

1.2 Shareholders holding more than 5% of fully paid-up equity shares :

Name	As at 31.03.2016		As at 31.03.2015	
	No. of Shares	Percentage	No. of Shares	Percentage
The President of India	59,87,67,680	60.64%	64,81,68,218	65.64%
Life Insurance Corporation of India	8,64,90,414	8.76%	3,08,77,781	3.13%

2. Reserves and Surplus

(₹ in Crores)

Particulars	As at 31.03.2016		As at 31.03.2015	
Capital Reserve		**105.00**		**105.00**
Securities Premium Account (Refer Note 2.1)				
Balance as at the beginning of the year		3,223.72		3,223.72
Add: Additions during the year		0.28		-
Balance as at the end of the year		**3,224.00**		**3,223.72**
Debenture Redemption Reserve (Refer Note 2.2)				
Balance as at the beginning of the year		531.77		345.98
Add: Amount transferred from Surplus Account		196.59		185.79
Balance as at the end of the year		**728.36**		**531.77**
Special Reserve created u/s 36(1) (viii) of the Income Tax Act, 1961				
Balance as at the beginning of the year		8,449.64		6,820.64
Add: Amount transferred from Surplus Account		1,900.00		1,629.00
Balance as at the end of the year		**10,349.64**		**8,449.64**
Reserve for Bad and doubtful debts u/s 36(1)(viia) of the Income Tax Act, 1961				
Balance as at the beginning of the year		1,621.97		1,268.97
Add: Amount transferred from Surplus Account		390.00		353.00
Balance as at the end of the year		**2,011.97**		**1,621.97**
Foreign Currency Monetary Item Translation Difference Account (Refer Note 2.3)				
Balance as at the beginning of the year		-335.46		-532.65
Add: Foreign Currency Translation Gain/ Loss (-) on long term monetary items during the year		-503.08		-62.80
Amortisation during the year		666.13		259.99
Balance as at the end of the year		**-172.41**		**-335.46**
General Reserve				
Balance as at the beginning of the year		4,107.40		3,581.40
Add: Amount transferred from Surplus Account		570.00		526.00
Balance as at the end of the year		**4,677.40**		**4,107.40**
Surplus Account				
Balance as at the beginning of the year		6,165.53		4,868.94
Less: Transfer of Depreciation in accordance with provisions of Companies Act, 2013 (Refer Note 2.4)		-		0.74
Add: Profit during the year		5,627.66		5,259.87
Less : Appropriations				
- Transfer to Special Reserve u/s 36(1)(viii) of the Income Tax Act, 1961	1,900.00		1,629.00	
- Transfer to Reserve for Bad & Doubtful Debts u/s 36(1)(viia) of the Income Tax Act, 1961	390.00		353.00	
- Dividend				
- Interim Dividend	1,184.95		789.97	
- Proposed Dividend (Final) (Refer Note 2.5)	503.60		266.61	
- Dividend Distribution Tax				
- Interim Dividend	239.19		157.89	
- Proposed Dividend (Final)	102.52		54.28	
- Transfer to Debenture Redemption Reserve	196.59		185.79	
- Transfer to General Reserve	570.00	5,086.85	526.00	3,962.54
Balance as at the end of the year		**6,706.34**		**6,165.53**
Total Reserves and Surplus		**27,630.30**		**23,869.57**

2.1 Additions in Securities Premium Account for the year ended 31st March, 2016 represent the premium of ₹ 0.28 Crores (Previous year Nil) received on issue of Tax Free Bonds through private placement.

2.2 Debenture Redemption Reserve (DRR)

In accordance with provisions of Section 71(4) of the Companies Act, 2013 as further clarified by the Companies (Share Capital and Debentures) Rules, 2014 issued by Ministry of Corporate Affairs, Govt. of India, the company creates Debenture Redemption Reserve (DRR) upto 25% of the value of debentures issued through public issue as per present SEBI (Issue and Listing of Debt Securities) Regulations, 2008 during the maturity period of such debentures, and no DRR is required in the case of privately placed debentures.

Accordingly, during the year, the company has created DRR amounting to ₹ 196.59 Crores (Previous year ₹ 185.79 Crores).

2.3 Foreign Currency Monetary Item Translation Difference Account

The company has opted towards an irrevocable option 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 Para 46A of Accounting Standard 11 'The Effects of Changes in Foreign Exchange Rates'. Amount remaining to be amortised in 'Foreign Currency Monetary Item Translation Difference Account' as at 31st March, 2016 is ₹ 172.41 Crores (Previous year ₹ 335.46 Crores).

2.4 Draw down from Reserves

No amount has been drawn from reserves during the financial year 2015-16. However, an amount of ₹ 0.74 crores (net of tax ₹ 0.38 crores) had been adjusted in the retained earnings during the financial year 2014-15 in respect of fixed assets, where the remaining useful life of such assets was Nil as at 1st April, 2014 in line with the provisions of the Schedule-II to the Companies Act, 2013.

2.5 Proposed Dividend

The final dividend proposed for the year is as follows :

Particulars	As at 31.03.2016	As at 31.03.2015
On Equity Shares of ₹ 10 each		
- Amount of Dividend proposed (₹ in Crores)	503.60	266.61
- Rate of Dividend (%)	51.00%	27.00%
- Dividend per equity share (₹)	5.10	2.70

3. Long-Term Debt

Non-current portion of the long term debt has been classified as 'Long-term borrowings' and the current portion of the long term debt has been classified as "Current Maturities of Long-term debt' in Note-8 'Other Current Liabilities'.

(₹ in Crores)

	Particulars	As at 31.03.2016		As at 31.03.2015	
		Non-Current	Current	Non-Current	Current
(A)	**Secured Long-Term Debt**				
(a)	Bonds				
	- Institutional Bonds	27,591.90	7,854.80	35,446.70	2,992.80
	- 54EC Capital Gain Tax Exemption Bonds	11,814.48	5,349.91	10,687.69	4,903.25
	- Tax Free Bonds	12,648.41	-	11,648.41	-
(b)	Term Loans				
	- from Financial Institutions	750.00	350.00	1,100.00	350.00
	Total Secured Long-Term Debt (a+b)	**52,804.79**	**13,554.71**	**58,882.80**	**8,246.05**
(B)	**Unsecured Long-Term Debt**				
(a)	Bonds				
	- Institutional Bonds	66,184.40	7,055.80	57,714.20	-
	- Infrastructure Bonds	34.90	207.49	162.98	213.34
	- Zero Coupon Bonds	990.64	-	914.48	-
(b)	Term Loans				
	- from Banks	-	-	-	125.00
	- from Govt. of India	-	-	-	3.07
(c)	Other Loans & Advances				
	- Foreign Currency Borrowings	18,774.70	3,149.02	13,493.86	10,534.34
	Total Unsecured Long-Term Debt (a+b+c)	**85,984.64**	**10,412.31**	**72,285.52**	**10,875.75**
	Total Long-Term Debt (A+B)	**1,38,789.43**	**23,967.02**	**1,31,168.32**	**19,121.80**
	Total Long-Term Debt (Non-Current + Current)	**1,62,756.45**		**1,50,290.12**	

<u>Details of Long-term Debt :</u>

3.1 Details of secured long-term debt :

(Refer Note 3.3 for details of the security)

3.1.1 Bonds

(₹ in Crores)

	Particulars	As at 31.03.2016		As at 31.03.2015	
		Non-Current	Current	Non-Current	Current
3.1.1.1	<u>Institutional Bonds</u>				
	123-IIIB Series 9.34% Redeemable at par on 23.08.2024	1,955.00	-	1,955.00	-
	123-I Series 9.40% Redeemable at par on 17.07.2021	1,515.00	-	1,515.00	-
	92-II Series 8.65% Redeemable at par on 22.01.2020	945.30	-	945.30	-
	91-II Series 8.80% Redeemable at par on 18.11.2019	995.90	-	995.90	-
	90-C-II Series 8.80% Redeemable at par on 07.10.2019	1,040.00	-	1,040.00	-
	90-B-II Series 8.72% Redeemable at par on 04.09.2019	868.20	-	868.20	-
	90th Series 8.80% Redeemable at par on 03.08.2019	2,000.00	-	2,000.00	-
	122nd Series 9.02% Redeemable at par on 18.06.2019	1,700.00	-	1,700.00	-
	119th Series 9.63% Redeemable at par on 05.02.2019	2,090.00	-	2,090.00	-
	88th Series 8.65% Redeemable at par on 15.01.2019	1,495.00	-	1,495.00	-
	118th Series 9.61% Redeemable at par on 03.01.2019	1,655.00	-	1,655.00	-
	117th Series 9.38% Redeemable at par on 06.11.2018	2,878.00	-	2,878.00	-
	87-A-III Series 11.15% Redeemable at par on 24.10.2018	61.80	-	61.80	-

(₹ in Crores)

Particulars	As at 31.03.2016		As at 31.03.2015	
	Non-Current	Current	Non-Current	Current
116-II Series	850.00	-	850.00	-
9.24% Redeemable at par on 17.10.2018				
87-II Series	657.40	-	657.40	-
10.85% Redeemable at par on 01.10.2018				
86-B-III Series	432.00	-	432.00	-
10.85% Redeemable at par on 14.08.2018				
86-A Series	500.00	-	500.00	-
10.70% Redeemable at par on 30.07.2018				
85th Series	500.00	-	500.00	-
9.68% Redeemable at par on 13.06.2018				
83rd Series	685.20	-	685.20	-
9.07% Redeemable at par on 28.02.2018				
82nd Series	883.10	-	883.10	-
9.85% Redeemable at par on 28.09.2017				
124-I Series	2,610.00	-	2,610.00	-
9.06% Redeemable at par on 22.09.2017				
123-IIIA Series	1,275.00	-	1,275.00	-
9.25% Redeemable at par on 25.08.2017				
121st Series	-	1,600.00	1,600.00	-
9.52% Redeemable at par on 24.03.2017				
120th Series	-	1,100.00	1,100.00	-
9.67% Redeemable at par on 10.03.2017				
81st Series	-	314.80	314.80	-
8.85% Redeemable at par on 20.01.2017				
116-I Series	-	430.00	430.00	-
9.05% Redeemable at par on 17.10.2016				
123-IV Series	-	2,750.00	2,750.00	-
8.97% Redeemable at par on 08.09.2016				
123-II Series	-	1,660.00	1,660.00	-
9.27% Redeemable at par on 08.08.2016				
80th Series	-	-	-	500.00
8.20% Redeemed at par on 20.03.2016				
79th Series	-	-	-	500.00
7.85% Redeemed at par on 14.03.2016				
78th Series	-	-	-	1,795.70
7.65% Redeemed at par on 31.01.2016				
77th Series	-	-	-	197.10
7.30% Redeemed at par on 30.06.2015				
Total - Institutional Bonds	**27,591.90**	**7,854.80**	**35,446.70**	**2,992.80**
3.1.1.2 **54EC Capital Gain Tax Exemption Bonds**				
Series X (2015-16)	6,476.70	-	-	-
6.00% Redeemable at par during financial year 2018-19				
Series IX (2014-15)	5,337.78	-	5,337.78	-
6.00% Redeemable at par during financial year 2017-18				
Series IX (2013-14)	-	5,349.91	5,349.91	-
6.00% Redeemable at par during financial year 2016-17				
Series VIII (2012-13)	-	-	-	4,903.25
6.00% Redeemed at par during financial year 2015-16				
Total - 54EC Capital Gain Tax Exemption Bonds	**11,814.48**	**5,349.91**	**10,687.69**	**4,903.25**

(₹ in Crores)

	Particulars	As at 31.03.2016		As at 31.03.2015	
		Non-Current	Current	Non-Current	Current
3.1.1.3	**Tax Free Bonds**				
	Series 2015-16 Tranche 1 Redeemable at par. Bonds amounting to ₹ 105.93 Crores are redeemable on 05.11.2025, ₹ 172.90 Crores are redeemable on 05.11.2030 and ₹ 421.17 Crores are redeemable on 05.11.2035 with interest rates varying from 6.89% to 7.43% payable annually	700.00	-	-	-
	Series 2015-16 Series 5A 7.17% Redeemable at par on 23.07.2025	300.00	-	-	-
	Series 2013-14 Tranche 2 Redeemable at par. Bonds amounting to ₹ 419.32 Crores are redeemable on 22.03.2024, ₹ 530.42 Crores are redeemable on 23.03.2029 and ₹ 109.66 Crores are redeemable on 24.03.2034 with interest rates varying from 8.19% to 8.88% payable annually	1,059.40	-	1,059.40	-
	Series 2013-14 Series 4A & 4B Redeemable at par. Bonds amounting to ₹ 105.00 Crores are redeemable on 11.10.2023 and ₹ 45.00 Crores are redeemable on 11.10.2028 with interest rates varying from 8.18% to 8.54% payable annually	150.00	-	150.00	-
	Series 2013-14 Tranche 1 Redeemable at par. Bonds amounting to ₹ 575.06 Crores are redeemable on 25.09.2023, ₹ 2,810.26 Crores are redeemable on 25.09.2028 and ₹ 55.28 Crores are redeemable on 26.09.2033 with interest rates varying from 8.01% to 8.71% payable annually	3,440.60	-	3,440.60	-
	Series 2013-14 Series 3A & 3B Redeemable at par. Bonds amounting to ₹ 209.00 Crores are redeemable on 29.08.2023 and ₹ 1,141.00 Crores are redeemable on 29.08.2028 with interest rates varying from 8.01% to 8.46% payable annually	1,350.00	-	1,350.00	-
	Series 2012-13 Tranche 2 Redeemable at par. Bonds amounting to ₹ 81.35 Crores are redeemable on 27.03.2023 and bonds amounting to ₹ 49.71 Crores are redeemable on 27.03.2028 with interest rates varying from 6.88% to 7.54% payable annually	131.06	-	131.06	-
	Series 2012-13 Tranche 1 Redeemable at par. Bonds amounting to ₹ 1,165.31 Crores are redeemable on 19.12.2022 and bonds amounting to ₹ 852.04 Crores are redeemable on 20.12.2027 with interest rates varying from 7.22% to 7.88% payable annually	2,017.35	-	2,017.35	-
	Series 2012-13 Series 2A & 2B Redeemable at par. Bonds amounting to ₹ 255.00 Crores are redeemable on 21.11.2022 and bonds amounting to ₹ 245.00 Crores are redeemable on 22.11.2027 with interest rates of 7.21% and 7.38% respectively payable annually	500.00	-	500.00	-
	Series 2011-12 Redeemable at par. Bonds amounting to ₹ 839.67 Crores are redeemable on 27.03.2022 and bonds amounting to ₹ 2,160.33 Crores are redeemable on 27.03.2027 with interest rates varying from 7.93% to 8.32% payable annually	3,000.00	-	3,000.00	-
	Total - Tax Free Bonds	**12,648.41**	**-**	**11,648.41**	**-**

3.1.2 Term Loans

(₹ in Crores)

Particulars	As at 31.03.2016		As at 31.03.2015	
	Non-Current	Current	Non-Current	Current
Term Loan from Financial Institutions				
- Life Insurance Corporation of India (LIC)	750.00	350.00	1,100.00	350.00
The Loan of ₹1500 Crores (present outstanding ₹ 200 Crores @ 6.242% and ₹ 100 Crores @ 6.231%) & ₹ 2,000 Crores (present outstanding ₹ 800 Crores @ 7.35%) repayable in 10 equal annual installments commencing from 01.10.2008 and 01.10.2010 respectively .				
Total - Term Loans	**750.00**	**350.00**	**1,100.00**	**350.00**

3.2 Details of Unsecured long-term debt :

3.2.1 Bonds

(₹ in Crores)

	Particulars	As at 31.03.2016		As at 31.03.2015	
		Non-Current	Current	Non-Current	Current
3.2.1.1	**Institutional Bonds**				
	136th Series	2,585.00	-	-	-
	8.11% Redeemable at par on 07.10.2025				
	95-II Series	1,800.00	-	1,800.00	-
	8.75% Redeemable at par on 14.07.2025				
	94th Series	1,250.00	-	1,250.00	-
	8.75% Redeemable at par on 09.06.2025				
	133rd Series	2,396.00	-	-	-
	8.30% Redeemable at par on 10.04.2025				
	131st Series	2,285.00	-	2,285.00	-
	8.35% Redeemable at par on 21.02.2025				
	130th Series	2,325.00	-	2,325.00	-
	8.27% Redeemable at par on 06.02.2025				
	129th Series	1,925.00	-	1,925.00	-
	8.23% Redeemable at par on 23.01.2025				
	128th Series	2,250.00	-	2,250.00	-
	8.57% Redeemable at par on 21.12.2024				
	115th Series - Subordinate Tier-II Bonds	2,500.00	-	2,500.00	-
	8.06% Redeemable at par on 31.05.2023				
	114th Series	4,300.00	-	4,300.00	-
	8.82% Redeemable at par on 12.04.2023				
	111-II Series	2,211.20	-	2,211.20	-
	9.02% Redeemable at par on 19.11.2022				
	107th Series	2,378.20	-	2,378.20	-
	9.35% Redeemable at par on 15.06.2022				
	132nd Series	700.00	-	700.00	-
	8.27% Redeemable at par on 09.03.2022				
	127th Series	1,550.00	-	1,550.00	-
	8.44% Redeemable at par on 04.12.2021				
	105th Series	3,922.20	-	3,922.20	-
	9.75% Redeemable at par on 11.11.2021				
	101-III Series	3,171.80	-	3,171.80	-
	9.48% Redeemable at par on 10.08.2021				
	100th Series	1,500.00	-	1,500.00	-
	9.63% Redeemable at par on 15.07.2021				
	98th Series	3,000.00	-	3,000.00	-
	9.18% Redeemable at par on 15.03.2021				
	97th Series	2,120.50	-	2,120.50	-
	8.80% Redeemable at par on 30.11.2020				
	96th Series	1,150.00	-	1,150.00	-
	8.80% Redeemable at par on 26.10.2020				
	135th Series	2,750.00	-	-	-
	8.36% Redeemable at par on 22.09.2020				
	134th Series	2,675.00	-	-	-
	8.37% Redeemable at par on 14.08.2020				
	113th Series	1,542.00	-	1,542.00	-
	8.87% Redeemable at par on 09.03.2020				

(₹ in Crores)

Particulars	As at 31.03.2016		As at 31.03.2015	
	Non-Current	Current	Non-Current	Current
111-I Series 9.02% Redeemable at par on 19.11.2019	452.80	-	452.80	-
126th Series 8.56% Redeemable at par on 13.11.2019	1,700.00	-	1,700.00	-
125th Series 9.04% Redeemable at par on 11.10.2019	3,000.00	-	3,000.00	-
108-II Series 9.39% Redeemable at par on 20.07.2019	960.00	-	960.00	-
95-I Series 8.70% Redeemable at par on 12.07.2019	200.00	-	200.00	-
137th Series 8.05% Redeemable at par on 07.12.2018	2,225.00	-	-	-
112th Series 8.70% Redeemable at par on 01.02.2018	1,500.00	-	1,500.00	-
109th Series 9.25% Redeemable at par on 28.08.2017	1,734.70	-	1,734.70	-
108-I Series 9.40% Redeemable at par on 20.07.2017	2,125.00	-	2,125.00	-
138th Series 8.28% Redeemable at par on 04.03.2017	-	2,895.00	-	-
106th Series 9.28% Redeemable at par on 15.02.2017	-	1,500.00	1,500.00	-
103-I Series 9.35% Redeemable at par on 19.10.2016	-	50.00	50.00	-
102nd Series 9.38% Redeemable at par on 06.09.2016	-	2,216.20	2,216.20	-
101-II Series 9.45% Redeemable at par on 10.08.2016	-	394.60	394.60	-
Total - Institutional Bonds	**66,184.40**	**7,055.80**	**57,714.20**	**-**
3.2.1.2 **Infrastructure Bonds**				
Series-II (2011-12) Redeemable at par. Refer Note 3.6	29.51	128.08	157.59	-
Series-I (2010-11) Redeemable at par. Refer Note 3.6	5.39	79.41	5.39	213.34
Total - Infrastructure Bonds	**34.90**	**207.49**	**162.98**	**213.34**
3.2.1.3 **Zero Coupon Bonds**				
ZCB - Series II (Net of unamortised discount, 89,510 bonds with face value of ₹ 30,000 each redeemable at par on 03.02.2021)	178.95	-	164.60	-
ZCB - Series I (Net of unamortised discount, 3,92,700 bonds with face value of ₹ 30,000 each redeemable at par on 15.12.2020)	811.69	-	749.88	-
Total - Zero Coupon Bonds	**990.64**	**-**	**914.48**	**-**

3.2.2 Term Loans

(₹ in Crores)

Particulars	As at 31.03.2016		As at 31.03.2015	
	Non-Current	Current	Non-Current	Current
3.2.2.1 **Term Loans from Banks**				
- Bank of Maharashtra	-	-	-	125.00
3.2.2.2 **Loan from Govt. of India**	-	-	-	3.07
Total - Term Loans	**-**	**-**	**-**	**128.07**

3.2.3 Other Loans & Advances

(₹ in Crores)

Particulars	As at 31.03.2016		As at 31.03.2015	
	Non-Current	Current	Non-Current	Current
3.2.3.1 **<u>Foreign Currency Borrowings</u>**				
CHF Bonds - CHF 200 Mn	-	1,378.50	1,285.44	-
3.50% Redeemable at par on 07.03.2017				
Reg S Bonds - US $500 Mn	-	-	-	2,703.58
4.25% Redeemed at par on 25.01.2016				
JICA Loan - Guaranteed by Govt. of India	400.61	210.13	550.17	209.62
0.75% JICA-I loan repayable in equal half-yearly instalments of 982.33 Mn till 20.03.2021, next instalment falling due on 20.09.2016 and 0.65% JICA-II loan repayable in equal half-yearly instalments of 995.33 Mn till 20.03.2023, next instalment falling due on 20.09.2016				
KfW Loan - Guaranteed by Govt. of India	93.33	51.10	144.43	51.40
3.73% Loan repayable in equal half-yearly instalments of €3.68 Mn, next instalment due on 30.06.2016				
Syndicated Loan - US $400 Mn	-	-	-	1,788.96
Repaid on 22.09.2015				
Bilateral Term Loan - Mauritius - US $70 Mn	-	-	-	311.36
Repaid on 28.10.2015				
Bilateral Term Loan - Mizuho - US $100 Mn	-	-	-	446.50
Repaid on 30.03.2016				
Bilateral Term Loan - BTMU - US $100 Mn	-	-	-	446.50
Repaid on 30.03.2016				
Syndicated Loan- US $300 Mn	-	1,367.24	1,367.24	-
Repayable on 19.08.2016				
KfW-II Loan - Guaranteed by Govt. of India	213.77	53.44	267.22	53.44
2.89% Loan repayable in equal half-yearly instalments of €3.88 Mn, next instalment falling due on 30.06.2016				
Syndicated Loan- 19.029 Bn	1,184.43	-	1,184.43	-
Repayable on 10.04.2017				
Syndicated Loan- US $250 Mn	-	-	-	1,366.49
Repaid on 19.11.2015				
KfW-III Loan - Guaranteed by Govt. of India	558.76	88.61	477.36	89.18
1.86% Loan repayable in equal half-yearly instalments of €5.26 Mn, next instalment falling due on 30.06.2016				
Syndicated Loan- US $250 Mn	-	-	-	1,544.42
Repaid on 05.02.2016				
Syndicated Loan- US $250 Mn	-	-	-	1,522.89
Repaid on 21.03.2016				
Syndicated Loan- US $285 Mn	1,780.28	-	1,780.28	-
Repayable on 02.12.2018				
Syndicated Loan- US $250 Mn	1,521.75	-	1,499.29	-
Repayable on 29.05.2019				
Syndicated Loan- US $400 Mn	2,435.78	-	2,435.78	-
Loan of US$ 230 Mn and US$ 170 Mn repayable on 24.07.2019 and 27.10.2019 respectively				
Syndicated Loan- US $400 Mn	2,539.64	-	2,502.22	-
Repayable on 12.03.2020				
Syndicated Loan- US $300 Mn	1,909.56	-	-	-
Repayable on 29.07.2020				
Syndicated Loan- US $250 Mn	1,653.25	-	-	-
Loan of US$ 150 Mn and US$ 100 Mn repayable on 18.09.2018 and 19.11.2018 respectively				
Syndicated Loan- US $300 Mn	1,997.80	-	-	-
Repayable on 01.12.2020				
Syndicated Loan- US $250 Mn	1,688.46	-	-	-
Repayable on 05.02.2019				
Syndicated Loan- US $120 Mn	797.28	-	-	-
Repayable on 21.03.2019				
Total - Foreign Currency Borrowings	**18,774.70**	**3,149.02**	**13,493.86**	**10,534.34**

3.3 **Security Details of the Secured Borrowings**

The Bond Series 81, 82, 83, 85, 86A, 86 B-III, 87-II, 87 A-III, 88, 90, 90 B-II, 90 C-II, 91-II and 92-II of Institutional Bonds are secured by a charge on (a) mortgage of Flat no. 640, Asiad Games Village, New Delhi and (b) pari passu charge on the receivables of our Company, both present and future, save and except receivables hypothecated to IL&FS Trust Company Limited on the basis of joint hypothecation agreement dated September 24, 2010 in favour of IDBI Trusteeship Services Ltd.

The Bond Series 116-I, 116-II, 117, 118, 119, 120, 121 and 122 of Institutional Bonds are secured by a charge on first paripassu charge on the book debts of the issuer both present & future which are charged to other lenders / trustees and as may be agreed between the issuer and the trustee, pursuant to the terms of the Debenture /Bond Trust cum Hypothecation Deed with a minimum security cover of one time of the aggregate face value amount of the bonds outstanding at all times in favor of IDBI Trusteeship Services Ltd.

The Bond Series 123-I, 123-II, 123-IIIA, 123-IIIB, 123-IV and 124-I of Institutional Bonds are secured by way of first pari passu charge on the Specified Immovable Property and the book debts of the Issuer which are charged to other lender / trustee and as may be agreed between the Issuer and the Trustee, pursuant to the terms of the Bond Trust Deed with a minimum security cover of one time of the aggregate face value of amount of bonds outstanding at all times and amount of interest due thereon in favor of IDBI Trusteeship Services Ltd.

The Bond Series IX of 54EC Capital Gain Tax Exemption Bonds is secured by first pari passu charge on (a) mortgage of premises at Sub Plot No. 8, TPS No 2, FP No. 584P, situated at Village Subhanpura, Distt Vadodara and (b) hypothecation of receivables in favour of IDBI Trusteeship Services Ltd.

Tax Free Bonds issued during FY 2011-12 are secured by first pari passu charge on premises at Shop No. 12, Ground Floor, Block No. 35, Church Road, Mylapore, Chennai and hypothecation of receivables of ₹ 4,998.66 Crores of MSEDCL in favour of IL&FS Trust Company Ltd.

Tax Free Bonds issued during FY 2013-14 are secured by first pari passu charge on the book debts (other than those that are exclusively charged/earmarked to lenders / other Trustees) of the Company in favour of SBICap Trustee Company Ltd.

The Bond Series X of 54EC Capital Gain Tax Exemption Bonds and Tax Free Bonds issued during FY 2012-13 & 2015-16 are secured by first pari passu charge on (a) mortgage of premises at Sub Plot No. 8, TPS No 2, FP No. 584P, situated at Village Subhanpura, Distt Vadodara and (b) hypothecation of receivables (other than those that are exclusively charged/ earmarked to lenders / other Trustees) in favour of SBICap Trustee Company Ltd.

The term loans are secured by a charge on the receivables of our Company, both present and future, save and except certain specific receivables hypothecated to IL&FS Trust Company Limited on the basis of joint hypothecation agreement dated September 24, 2010 in favour of IDBI Trusteeship Services Ltd.

3.4 Foreign Currency Borrowings have been raised at interest rates ranging from a spread of 65 bps to 220 bps over 6 Months' USD/JPY LIBOR (London Inter Bank Offered Rate) except where rates have been stated above in Note No. 3.2.3.1.

3.5 **Ratings assigned by credit rating agencies and migration of ratings during the year**

Domestic and International Credit Rating

The domestic debt instruments of REC continue to enjoy "AAA" rating – the highest rating assigned by CRISIL, CARE, India Ratings & Research & ICRA-Credit Rating Agencies.

REC enjoys international credit rating equivalent to sovereign rating of India from International Credit Rating Agencies Moody's and FITCH which is "Baa3" and "BBB-" respectively.

There has been no migration of ratings during the year.

3.6 Details of Infrastructure Bonds Issued are as under :

Series I (2010-11) allotted on 31.03.2011

Rate of Interest	Amount (₹ in Crores)	Redemption Details
8.00%	18.35	Redeemable on the date falling 10 years from the date of allotment with buyback option by bondholders after 5/6/7/8/9 years
8.20%	61.06	
8.10%	1.61	Redeemable on the date falling 10 years from the date of allotment
8.20%	3.78	
Total	**84.80**	

Series II (2011-12) allotted on 15.02.2012

Rate of Interest	Amount (₹ in Crores)	Redemption Details
8.95% Cumulative	95.23	Redeemable on the date falling 10 years from the date of allotment with buyback option by bondholders after 5 years
8.95% Annual	32.85	
9.15% Cumulative	13.43	Redeemable on the date falling 15 years from the date of allotment with buyback option by bondholders after 7 years
9.15% Annual	5.01	
8.95% Cumulative	5.73	Redeemable on the date falling 10 years from the date of allotment
8.95% Annual	1.38	
9.15% Cumulative	2.83	Redeemable on the date falling 15 years from the date of allotment
9.15% Annual	1.13	
Total	**157.59**	

4. Deferred Tax Liabilities (Net)

(₹ in Crores)

Particulars	As at 31.03.2016	As at 31.03.2015
Deferred Tax Liabilities on account of:		
Depreciation	3.63	4.00
Foreign Currency Exchange Fluctuation Loss	59.67	116.10
Total	**63.30**	**120.10**
Deferred Tax Assets on account of:		
Provision for Earned Leave	8.06	7.95
Provision for Medical Leave	5.49	4.83
Total	**13.55**	**12.78**
Deferred Tax Liabilities (Net)	**49.75**	**107.32**

4.1 The Company has no intention to make withdrawal from the special reserve created and maintained under section 36(1)(viii) of the Income Tax Act, 1961. Hence, the special reserve created and maintained is not capable of being reversed and thus, it becomes a permanent difference as per Accounting Standard 22. Accordingly, the Company is not creating any deferred tax liability on the said reserve.

5. Other Long-term Liabilities

(₹ in Crores)

Particulars	As at 31.03.2016	As at 31.03.2015
- Non-Current Portion of Interest accrued but not due on borrowings	9.50	36.16
Total	**9.50**	**36.16**

6. Long-term and Short-term Provisions

(₹ in Crores)

	Particulars	As at 31.03.2016		As at 31.03.2015	
		Non-Current	Current	Non-Current	Current
	Provisions for				
(A)	**Employee Benefits**				
	Earned Leave Liability	21.00	2.30	20.30	2.68
	Post Retirement Medical Benefits	82.50	4.12	73.80	3.81
	Medical Leave Liability	13.65	2.22	13.26	1.96
	Settlement Allowance	1.06	0.16	1.04	0.16
	Economic Rehabilitation Scheme	3.31	0.03	2.71	0.01
	Long Service Award	2.45	0.11	2.34	0.50
	Sub-total (A)	**123.97**	**8.94**	**113.45**	**9.12**
(B)	**Others**				
	Standard Loan Assets	420.35	123.08	446.13	44.79
	Restructured Standard Loans	750.71	70.63	447.51	4.26
	Interest on Loans Due & Converted into Equity	-	3.96		
	Incentive	-	18.13	-	16.71
	Wealth Tax	-	-	-	0.37
	Fringe Benefit Tax	-	-	-	0.36
	Proposed Dividend	-	503.60	-	266.61
	Corporate Dividend Tax	-	102.52	-	54.28
	CSR Expenses	-	21.19	-	57.21
	Sub-total (B)	**1,171.06**	**843.11**	**893.64**	**444.59**
	Total (A+B)	**1,295.03**	**852.05**	**1,007.09**	**453.71**

6.1 Details of Provisions as required under AS-29 are as under :

(₹ in Crores)

Provision for	Opening Balance	Additions during the Year	Paid/ Adjusted during the Year	Closing Balance
Earned Leave Liability	22.98	6.21	5.89	**23.30**
Previous year	22.92	5.57	5.51	22.98
Post Retirement Medical Benefits	77.61	15.33	6.32	**86.62**
Previous year	66.64	16.39	5.42	77.61
Medical Leave Liability	15.22	2.11	1.46	**15.87**
Previous year	14.74	1.81	1.33	15.22
Settlement Allowance	1.20	0.12	0.10	**1.22**
Previous year	1.16	0.20	0.16	1.20
Economic Rehabilitation Scheme	2.72	1.26	0.64	**3.34**
Previous year	2.65	0.70	0.63	2.72
Long Service Award	2.84	0.02	0.30	**2.56**
Previous year	3.38	0.02	0.56	2.84
Standard Loan Assets	490.92	138.93	86.42	**543.43**
Previous year	370.38	120.54	-	490.92
Restructured Standard Loans	451.77	369.57	-	**821.34**
Previous year	-	451.77	-	451.77
Interest on Loans Due & Converted into Equity	-	3.96	-	**3.96**
Previous year	-	-	-	-
Incentive	16.71	14.34	12.92	**18.13**
Previous year	15.42	13.30	12.01	16.71
CSR Expenses	57.21	128.20	164.22	**21.19**
Previous year	-	103.25	46.04	57.21
Wealth Tax	0.37	0.02	0.39	**-**
Previous year	0.37	0.37	0.37	0.37
Fringe Benefit Tax	0.36	-	0.36	**-**
Previous year	0.36	-	-	0.36
Interim Dividend	-	1,184.95	1,184.95	**-**
Previous year	-	789.97	789.97	-
Proposed Dividend	266.61	503.60	266.61	**503.60**
Previous year	172.81	266.61	172.81	266.61
Corporate Dividend Tax	54.28	341.71	293.47	**102.52**
Previous year	29.37	212.17	187.26	54.28
Income Tax	5,249.83	2,521.82	1,350.67	**6,420.98**
Previous year	3,988.96	2,234.54	973.67	**5,249.83**

7. Short-term Borrowings

(₹ in Crores)

	Particulars	As at 31.03.2016	As at 31.03.2015
(A)	**Loans Repayable on Demand, unsecured**		
	- from Banks	749.93	734.00
(B)	**Commercial Paper, unsecured**	5,600.00	-
	Total (A+B)	**6,349.93**	**734.00**

8. Other Current Liabilities

(₹ in Crores)

	Particulars	As at 31.03.2016	As at 31.03.2015
(A)	**Current maturities of long-term debt** (Refer Note 3)	23,967.02	19,121.80
(B)	**Interest accrued but not due on borrowings**	6,229.15	5,265.43
(C)	**Interest accrued and due on borrowings**	-	1.10
(D)	**Income Received in Advance**	0.08	0.08
(E)	**Unpaid Dividends**	2.73	2.62
(F)	**Unpaid Principal & Interest on Bonds**		
	- Matured Bonds & Interest Accrued thereon	44.83	57.64
	- Interest on Bonds	12.57	14.33
(G)	**Other payables**		
	- Funds Received from Govt. of India for Disbursement as Subsidy/ Grant	38,111.60	33,641.80
	Add: Interest on Subsidy/ Grant (Refer Note 8.3)	18.10	51.38
	Less: Disbursed to Beneficiaries	-38,091.35	-33,399.90
	Undisbursed Funds to be disbursed as Subsidy/Grant	38.35	293.28
	- Overdraft in Current Account	-	0.38
	- Statutory Dues payable including PF and TDS	21.87	22.78
	- Payable towards funded staff benefits	0.53	0.62
	- Other Liabilities	72.39	31.34
	Sub-total (G)	**133.14**	**348.40**
	Total (A to G)	**30,389.52**	**24,811.40**

8.1 Subsidy Under Accelerated Generation & Supply Programme (AG&SP):

The Company is maintaining an Interest Subsidy Fund Account and was given AG&SP subsidy (for disbursement to the eligible borrowers) by Govt. of India at net present value calculated at indicative rates and year in accordance with GOI's letter vide D.O.No. 32024/17/97-PFC dated 23.09.1997 and O.M.No.32024/23/2001-PFC dated 07.03.2003 irrespective of the actual repayment schedule, moratorium year and duration of repayment of the eligible schemes. The impact of difference between the indicative rate and year considered at the time of drawl and the actual can be ascertained only after the end of the respective schemes.

Net amount of ₹ 1.26 Crores as at 31st March, 2016 (Previous year ₹ 2.22 Crores) represents the balance amount of interest subsidy fund, which is to be passed on to the borrowers against their interest liability arising in future, under Accelerated Generation & Supply Programme (AG&SP), which comprises of the following :-

(₹ in Crores)

Particulars	Year ended 31.03.2016	Year ended 31.03.2015
Opening Balance of Interest Subsidy Fund	2.22	3.53
Add: Interest earned during the year	0.07	0.13
Less: Interest subsidy passed on to the borrower	1.03	1.44
Closing Balance of Interest Subsidy Fund	**1.26**	**2.22**

8.2 Government of India has appointed Rural Electrification Corporation Ltd. as a nodal agency for implementation of Deen Dayal Upadhyaya Gram Jyoti Yojna (DDUGJY). The funds received for disbursement to various agencies under the scheme are kept in a separate bank account. The undisbursed funds for the scheme (including the funds received under erstwhile RGGVY Scheme) including interest earned thereto are classified under "Undisbursed Subsidy/ grant" under the head "Other Current Liabilities".

During the year, interest earned of ₹ 39.15 Crores (Previous year ₹ 61.78 Crores) has been taken to DDUGJY Subsidy account. Further, during the year, an amount of ₹ 71.66 crores (Previous year ₹ 22.07 crores) has been refunded back to MoP out of the total interest on subsidy.

8.3 The movement in Interest on Subsidy/ Grant is explained as under:

(₹ in Crores)

Particulars	Year ended 31.03.2016	Year ended 31.03.2015
Opening Balance	51.38	11.55
Add: Interest earned during the year	41.49	62.93
Less: Amount refunded to Govt. during the year	74.19	22.34
Less: Disbursement out of Interest earned on account of AG&SP Grant	0.58	0.76
Closing Balance	**18.10**	**51.38**

9. Fixed Assets as at 31st March, 2016

(₹ In Crores)

FIXED ASSETS	GROSS BLOCK				DEPRECIATION/ AMORTISATION				NET BLOCK	
	As at 01.04.2015	Additions during the year	Sales/ adjustment during the year	Closing as on 31.03.2016	Upto 31.03.2015	During the year	Adjustment during the year	As on 31.03.2016	As at 31.03.2016	As at 31.03.2015
Tangible Assets										
Freehold Land	34.75	45.92	0.05	80.62	-	-	-	-	80.62	34.75
Leasehold Land	1.45	-	-	1.45	0.22	0.02	-	0.24	1.21	1.23
Buildings	33.71	0.04	0.58	33.17	7.29	0.47	-	7.76	25.41	26.42
Furniture & Fixtures	7.05	0.26	0.28	7.03	4.58	0.57	0.23	4.92	2.11	2.47
Vehicles	0.46	-	0.03	0.43	0.22	0.04	0.02	0.24	0.19	0.24
EDP Equipments	16.62	1.22	0.85	16.99	11.29	2.43	0.62	13.10	3.89	5.33
Office Equipments	6.32	4.05	0.43	9.94	4.26	1.39	0.11	5.54	4.40	2.06
Total	**100.36**	**51.49**	**2.22**	**149.63**	**27.86**	**4.92**	**0.98**	**31.80**	**117.83**	**72.50**
Previous year	93.68	9.95	3.27	100.36	24.01	5.73	1.88	27.86	72.50	
Intangible Assets										
Computer Software	6.97	0.01	0.01	6.97	5.54	0.53	0.01	6.06	0.91	1.43
Total	**6.97**	**0.01**	**0.01**	**6.97**	**5.54**	**0.53**	**0.01**	**6.06**	**0.91**	**1.43**
Previous year	6.96	0.01	-	6.97	4.51	1.03	-	5.54	1.43	
Capital Work-in-progress	**7.39**	**24.34**	**1.36**	**30.37**	**-**	**-**	**-**	**-**	**30.37**	**7.39**
Previous year	9.71	2.90	5.22	7.39	-	-	-	-	7.39	
Intangible Assets under Development	**-**	**1.21**	**-**	**1.21**	**-**	**-**	**-**	**-**	**1.21**	**-**
Previous year	-	-	-	-	-	-	-	-	-	

9.1 The formalities regarding registration of conveyance deed in respect of certain immovable properties acquired by the Company amounting to ₹ 50.51 Crores (Previous year ₹ 4.59 Crores) are yet to be executed.

9.2 In the opinion of management, there is no impairment of the assets of the Company in terms of AS-28. Accordingly, no provision for impairment loss as required under Accounting Standard-28 'Impairment of Assets' has been made.

9.3 Disclosure in respect of Intangible Assets as required in AS-26 "Intangible Assets" :

Amortisation Rate 20%, 100% in case the total cost of the asset is ₹5,000 or less

10. Investments

(₹ in Crores)

	Particulars	As at 31.03.2016		As at 31.03.2015	
		Number	Amount	Number	Amount
	<u>Valued at Cost</u>				
(1)	<u>Non-Current Investments</u>				
(A)	**Other Investments**				
(i)	**Investment in Equity Instruments**				
	- Subsidiaries				
	- REC Power Distribution Company Limited	50,000	0.05	50,000	0.05
	Equity shares of ₹10 each, fully paid up				
	- **REC Transmission Projects Company Limited**	50,000	0.05	50,000	0.05
	Equity shares of ₹10 each, fully paid up				
	- Joint Ventures				
	- **Energy Efficiency Services Limited**	4,75,00,000	47.50	2,25,00,000	22.50
	Equity shares of ₹10 each, fully paid up				
	- Others				
	- **India Energy Exchange Limited**	12,50,000	1.25	12,50,000	1.25
	Equity shares of ₹10 each, fully paid up				
	- **Universal Commodity Exchange Limited**	1,60,00,000	16.00	1,60,00,000	16.00
	Equity shares of ₹10 each, fully paid up				
	Less: Provision for Diminution in Investment		(16.00)		-
			-		16.00
(ii)	**Investment in Government Securities**				
	- 8% Government of Madhya Pradesh Power Bonds-II	6	282.96	8	377.28
	Maturing in equal half yearly Instalments of one bond each, next instalment due on 01.10.2016				
	(Bonds of Face Value of ₹ 47.16 Crores each)*				
(iii)	**Investment in Venture Capital Funds**				
	- 'Small is Beautiful' Fund	61,52,200	6.15	76,82,816	7.68
	Units at face value of ₹ 10.00 per unit				
(iv)	**Investment in Debentures**				
	- 9.68% Bonds of UP Power Corporation Ltd.	38,050	380.50	75,000	750.00
	Bonds of Face Value of ₹ 0.01 Crores each				
	- 11.15% Additional Tier-1 Perpetual Bonds of Indian Bank	5,000	500.00	-	-
	Bonds of Face Value of ₹ 0.10 Crores each				
	- 11.25% Additional Tier-1 Perpetual Bonds of Vijaya Bank	5,000	500.00	-	-
	Bonds of Face Value of ₹ 0.10 Crores each				
	- 11.25% Additional Tier-1 Perpetual Bonds of Syndicate Bank	5,000	500.00	-	-
	Bonds of Face Value of ₹ 0.10 Crores each				
(v)	**Share Application money pending allotment**				
	- Energy Efficiency Services Limited		99.00		-
	Total - Non-Current Investments (1)		**2,317.46**		**1,174.81**
(2)	<u>Current Investments</u>				
(A)	**Investment in Equity Instruments**				
	- Lanco Teesta Hydro Power Limited	10,20,00,000	102.00	-	-
	Equity shares of ₹10 each, fully paid up				
(B)	**Investment in Government Securities**				
	- 8.57%-8.73% Government of Uttar Pradesh Special Bonds		-		391.50
	- 8% Government of Madhya Pradesh Power Bonds-II	1	47.16	1	47.16
	Maturing in equal half yearly Instalments of one bond each, next instalment due on 01.10.2016				
	(Bonds of Face Value of ₹ 47.16 Crores each)*				
	Total - Current Investments (2)		**149.16**		**438.66**
	Total (1+2)		**2,466.62**		**1,613.47**

* The number of bonds and the amount of the investment in current portion represents the investments maturing within the next 12 months and the balance is the non-current portion.

10.1 Additional disclosures required in respect of the investments :

(₹ in Crores)

	Particulars	As at 31.03.2016		As at 31.03.2015	
		Non-Current	Current	Non-Current	Current
(1)	**Value of Investments**				
(i)	Gross Value of Investments				
(a)	In India	2,333.46	149.16	1,174.81	438.66
(b)	Outside India,	-	-	-	-
(ii)	Provisions for Depreciation				
(a)	In India	16.00	-	-	-
(b)	Outside India,	-	-	-	-
(iii)	Net Value of Investments				
(a)	In India	2,317.46	149.16	1,174.81	438.66
(b)	Outside India.	-	-	-	-
(2)	**Movement of provisions held towards depreciation on investments.**				
(i)	Opening balance	-	-	-	-
(ii)	Add : Provisions made during the year	16.00	-	-	-
(iii)	Less : Write-off / write-back of excess provisions during the year	-	-	-	-
(iv)	**Closing balance**	16.00	-	-	-
(3)	**Aggregate amount of Quoted Investments**	**1,500.00**	**-**	**-**	**391.50**
	Market Value of Quoted Investments	**1,500.00**	**-**	**-**	**405.63**
(4)	**Aggregate amount of Unquoted Investments**	**833.46**	**149.16**	**1,174.81**	**47.16**
(5)	**Aggregate provision for diminution in value of investments**	**16.00**	**-**	-	-

10.2 Investments include ₹ 6.15 Crores (Previous year ₹ 7.68 Crores) representing company's contribution in the units of 'Small is Beautiful (SIB) Venture Capital fund' promoted by KSK Energy Ventures Limited.

Name of the Company	Contribution towards Fund	Country of Residence	Percentage of Share
SIB Fund of KSK Energy Ventures Ltd	₹ 6.15 Crores	India	9.74%

The face value of the fund is ₹ 10 per unit. The NAV as on 31.03.2016 is ₹ 10.24 per unit (Previous year ₹ 9.70 per unit).

10.3 Information in relation to the interest of the Company in Joint Ventures (JVs):

1. Energy Efficiency Services Ltd.

Proportion of Interest in Equity	28.79%
Country of Incorporation	India
Area of Operation	India
JV Partners (% share)	1. NTPC Limited (28.79%) 2. Power Grid Corporation of India Limited (13.63%) 3. Power Finance Corporation Limited (28.79%)

Further, an amount of ₹ 99.00 Crores has been paid to Energy Efficiency Services Limited (EESL) on 31st March, 2016 as share application money. EESL has allotted 9,90,00,000 Equity Shares of ₹ 10 each to the Company on 25th April, 2016 and the share of the Company in the JV has accordingly increased to 31.71%.

The Company's share of assets, liabilities, contingent liabilities and capital commitments as at 31.03.2016 and income and expenses for the period in respect of joint venture are given below :

(₹ in Crores)

	Particulars	As at / For the period ended 31.03.2016 (Unaudited)	As at / For the year ended 31.03.2015 (Unaudited)	As at / For the period ended 31.03.2015 (Audited) *
(i)	Total Assets	434.53	78.94	78.97
(ii)	Total Liabilities	371.71	50.21	51.39
(iii)	Total Reserves & Surplus	15.32	6.23	5.08
(iv)	Contingent Liabilities	Nil	Nil	Nil
(v)	Capital Commitments	84.24	Nil	14.99
(vi)	Total Income	205.68	17.57	17.78
(vii)	Total Expenses	191.40	14.37	14.38

* The consolidated financial statements of the Company for the FY 2014-15 had been prepared considering the unaudited financial statements of the joint venture, Energy Efficiency Services Limited (EESL). However, the financial statements of EESL were subsequently audited on 3rd July, 2015.

11. Long-term Loans & Advances

(₹ in Crores)

	Particulars	As at 31.03.2016	As at 31.03.2015
(A)	**Capital Advances (Unsecured, considered good)**	**49.14**	**20.20**
(B)	**Security Deposits (Unsecured, considered good)**	**3.77**	**0.94**
(C)	**Loans & Advances to Related Parties**		
	- To Key Managerial Personnel (KMP)	0.63	0.21
		0.63	**0.21**
(D)	**Other Loans & Advances**		
	- Staff Loans & Advances (except to KMP)	36.72	40.40
	- Loan Assets	1,57,703.84	1,64,152.03
		1,57,740.56	**1,64,192.43**
	Total (A to D)	**1,57,794.10**	**1,64,213.78**

Details of Staff Loans & Advances and Loan Assets :

11.1 Staff Loans & Advances

Non-current portion of the staff loans & advances has been classified under 'Long-term Loans & Advances' above and the current portion of the staff loans & advances has been classified under Note-15 'Other Current Assets'.

(₹ in Crores)

	Particulars	As at 31.03.2016		As at 31.03.2015	
		Non-Current	**Current**	**Non-Current**	**Current**
(A)	**Secured Staff Loans & Advances**				
(A1)	**To Key Managerial Personnel**				
	(a) Considered Good	0.01	0.01	0.04	0.02
(A2)	**To Others**				
	(a) Considered Good	2.93	0.73	2.82	1.08
	(b) Classified Doubtful	-	-	-	0.07
	Less: Provision for bad & doubtful debts	-	-	-	0.07
		-	-	-	-
	Sub-total (A1+ A2)	**2.94**	**0.74**	**2.86**	**1.10**
(B)	**Unsecured Staff Loans & Advances**				
(B1)	**To Key Managerial Personnel**				
	(a) Considered Good	0.62	0.19	0.17	0.06
(B2)	**To Others**				
	(a) Considered Good	33.79	10.24	37.58	9.56
	Sub-total (B1+ B2)	**34.41**	**10.43**	**37.75**	**9.62**
	Grand Total (A+B)	**37.35**	**11.17**	**40.61**	**10.72**

11.2 Loan Assets

Non-current portion of the loan assets has been classified under 'Long-term Loans & Advances' above and the current portion of the loan assets has been classified under Note-15 'Other Current Assets'.

(₹ in Crores)

	Particulars	As at 31.03.2016		As at 31.03.2015	
		Non-Current	Current	Non-Current	Current
(A)	Secured Loans				
(A1)	**Loans to State Power Utilities/ State Electricity Boards/Corpn. (Secured by hypothecation and/or mortgage of materials/ tangible assets)**				
	(a) Considered Good	1,09,569.70	15,194.43	95,970.62	8,981.75
(A2)	**Loans to Others (Secured by hypothecation and/or mortgage of tangible assets)**				
	(a) Considered Good	24,377.49	1,841.42	28,393.85	1,201.89
	(b) Classified Doubtful	2,243.97	1,569.50	849.53	429.66
	Less: Provision for bad & doubtful debts	257.65	325.52	208.67	100.59
		1,986.32	1,243.98	640.86	329.07
	Sub-total (A1+ A2)	**1,35,933.51**	**18,279.83**	**1,25,005.33**	**10,512.71**
(B)	**Unsecured Loans**				
(B1)	**Loans Guaranteed by respective State Governments**				
	(a) Considered good	18,092.54	22,522.84	35,334.41	2,651.53
(B2)	**Loans to State Governments**				
	(a) Considered good	2,467.29	886.78	2,878.29	377.24
(B3)	**Loans - Others**				
	(a) Considered Good	1,210.50	99.51	934.00	490.99
	(b) Classified Doubtful	-	430.10	56.19	-
	Less: Provision for bad & doubtful debts	-	430.10	56.19	-
		-	-	-	-
	Sub-total (B1+ B2+B3)	**21,770.33**	**23,509.13**	**39,146.70**	**3,519.76**
	Grand Total (A+B)	**1,57,703.84**	**41,788.96**	**1,64,152.03**	**14,032.47**

11.2.1 Loan balance confirmations for 92.95% of total loan assets as at 31st March, 2016 have been received from the borrowers. Out of the remaining 7.05% loan assets amounting to ₹ 14,188 crore for which balance confirmations have not been received, 72.94% loans are secured by way of hypothecation of assets, 23.37% by way of Government Guarantee/ Loans to Government and 3.69% are unsecured loans.

11.2.2 Loan Assets also include amount financed by the Company as per the Scheme for Financial Restructuring of State Distribution Companies (Discoms).

11.2.3 Alaknanda Hydro Power Company Limited (AHPCL)Shrinagar HEP is located at Uttarakhand. Ministry of Finance, considering the natural disaster in June 2013 at Uttarakhand had taken a decision that Banks should announce a moratorium on repayment of loan and interest for a period of one year in respect of all project loans that are outstanding in Uttarakhand. Ministry of Power vide their letter dated 6th December 2013 extended such benefit to AHPCL. Accordingly, REC sanctioned Funded Interest Term Loan (FITL) to AHPCL in June 2014.

RBI had issued circular dated 23rd January 2014, the Norms on restructuring of advance by NBFCs, which inter-alia stated that “the unrealized income represented by FITL should have a corresponding credit in an account styled as Sundry Liabilities Account (Interest Capitalisation)”. In response to applicability of above circular, REC represented vide letter dated 28th April 2014 to RBI requesting among other that, “Hydro projects in Himalayan region and power projects affected by natural disaster may be kept outside the restructuring norms”.

In response to the above request, RBI Vide letter dated 11th June 2014, allowed that the Transmission & Distribution, Renovation & Modernization and Life Extension projects as also the Hydro projects in Himalayan region or affected by natural disaster (new loans and outstanding stock of loans as on March 31, 2014) may be regulated by the REC’s existing restructuring norms till March 31, 2017.

Hence, the Management was of the view that the above project of AHPCL, being a Hydro project in Himalayan region and affected by natural disaster is outside the preview of circular dated 23rd January 2014 and shall continue to be governed by the existing REC’s existing prudential norms, which states, “In case of funding of interest in respect of NPAs, where the interest funded is recognized as income, the interest funded shall be fully provided for. ” As AHPCL is a standard asset in the books of REC, as such no provision on funded interest is required to be created.

Pending clarification from RBI for the above, instead of creating a corresponding Sundry Liabilities Account (Interest Capitalisation), during the year ended 31st March, 2015, 100% provision was created in the books of accounts for the FITL in respect of AHPCL for ₹ 86.42 crores.

In response to the request, RBI, vide its letter No. DNBR.PD.CO.No. 123/03.10.001/2015-16 dated 17th July, 2015 has advised that FITL sanctioned to the said borrower will be exempted from provisions of RBI Restructuring Norms. Accordingly, the provision of ₹ 86.42 crores has been reversed and accounted for during the year ended 31st March, 2016.

11.2.4 M/s Teesta Urja Limited (TUL) is executing Hydro Electric Project in the North Eastern State of Sikkim. Substantial physical progress has been achieved in the project and as per the latest report of Lenders Independent Engineer, cumulative physical progress of the project is 96.59%.

The issues regarding infusion of equity into the project was resolved amongst the promoters and subsequently, the Share Purchase Agreement was executed on 6th August, 2015 amongst the shareholders of TUL to enable Sikkim Power Investment Corporation Limited (wholly owned company of Govt. of Sikkim) to increase its stake to 51% in TUL by way of infusion of equity and purchase of shares from other shareholders. Accordingly, the current shareholding of Sikkim Power Investment Corporation Limited in TUL is 51% and TUL has been recognised as Govt. of Sikkim undertaking.

During the year ended 31st March 2015, some of the lenders including REC, adjusted their outstanding interest due on the basis of bilateral agreement with the company, against the loan sanctioned towards 2nd cost overrun to TUL. Accordingly, pending documentation, as on 31st March 2015, an amount of Rs. 202.15 Crores was classified as unsecured loan. The disbursement made under 2nd cost overrun have since been secured by extending the charge on movable assets. The joint documentation between the lenders have concluded on 29th June, 2015 excluding PNB and Canara Bank, who are yet to join the documentation by deed of accession. Accordingly as on 31st March 2016, the loan disbursements under 2nd cost overrun to the borrower has been classified as secured loan.

11.2.5 REC, as a lead lender had sanctioned ₹ 650 Crore as initial sanction to Corporate Power Limited for 540 MW Phase-I TPP at Chandwa, Jharkhand. The Debt is secured by way of combination of securities representing charge on all the Company's present and future immovable properties, movables, all bank accounts, project documents, clearances, letter of credits, guarantees, insurance contracts and insurance proceeds etc., pledge of shares representing 51% of the total paid up equity share capital of the Company and Corporate Guarantee of Corporate Ispat and Alloys Limited (CIAL). Subsequently, REC, has sanctioned ₹ 196 Crore as additional loan towards funding of cost overrun. As at 31st March, 2016, the loan outstanding is ₹ 811.74 crores.

The progress of Phase-I of the Project (where REC is Lead) as per last available Lender Independent Engineer’s Report, is approximately 96%. However, the account has become NPA on 30th June, 2014. As on 31st March 2016, the account of the borrower is classified as Doubtful asset. As per the Independent valuer’s report, the fair market value of Phase-I project assets is ₹ 1,401.94 Crores. Accordingly, 100% provision to the extent of loan not covered by the realizable value of the security amounting to ₹ 399.08 Crores and for the balance loan amount of ₹ 412.66 Crores, 20% provision amounting to ₹ 82.53 Crores is created in the books as per Significant Accounting Policy no 2.3(ii). As such, total provision created as on 31 March 2016 is ₹ 481.61 Crores.

Further, recall notice has been served to the borrower and Corporate guarantee of promoter Company, CIAL, has been invoked. Further, action as per SARFAESI Act has also been initiated. Lenders are in the process of filing Original Application (OA) in Debt Recovery Tribunal (DRT) for recovery of dues.

11.2.6 REC has sanctioned ₹ 1,150 Crore to Jas Infrastructure & Power Limited (JIPL) wherein total disbursement is ₹ 33.24 Crore till 31st March, 2016. As project has been delayed considerably, lenders are discussing the future strategy and exploring the various options for the implementation of the project.

The account has become NPA on 30th June, 2014. As on 31st March 2016, the account of the borrower is classified as Doubtful asset. As per the Independent valuer’s report, the fair market value of project assets is valued at ₹ 180.17 Crores. Accordingly, 100% provision to the extent of loan not covered by the realizable value of the security amounting to ₹ 31.02 crore and for the balance loan amount of ₹ 2.22 crores, 20% provision amounting to ₹ 0.44 crore is created in the books as per Significant Accounting Policy No. 2.3(ii). As such, total provision created as on 31 March 2016 is ₹ 31.46 Crore on total loan outstanding of ₹ 33.24 crore.

Further, recall notice has been served to the borrower and Personal guarantee of promoter has been invoked. Joint application for recovery of their dues is being filed by the lenders in DRT.

11.2.7 As at 31st March 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. Since the account is currently into Restructured Standard Loan Assets category, a provision of 5% amounting to ₹ 93.79 Crores has been created in full in respect of the loan as against creating the same in phased manner in accordance with Significant Accounting Policy 2.3(iv).

11.2.8 REC had sanctioned ₹ 390 Crores to M/s Lanco Teesta Hydro Power Limited with ICICI Bank as Lead lender having initial project SCOD in May'12. However, due to equity crunch of promoters, geological surprises and poor rock strata, project couldn't be commissioned till date. In order to revive the Project, which is stalled at present, change in ownership is an important imperative which ensures that additional resources are brought in by the new investor. Towards this end, change of ownership could be effectively considered under the recent RBI dispensation on Strategic Debt Restructuring (SDR) dated 8th June, 2015. In terms of SDR Regulations dated 8th June, 2015 issued by RBI, the Lenders' consortium had decided to invoke the SDR in the lenders' meet held on 24th July, 2015. Accordingly, REC, on 24th September, 2015, has approved the Strategic Debt Restructuring (SDR) package pursuant to RBI circular dated June 08, 2015, for conversion of ₹ 102 Crores out of REC's outstanding loan into equity at face value of ₹ 10/- per share towards effecting the change in Management. Subsequently, on 20th October, 2015, necessary documentation has been carried out along with the signing of shareholder's agreement and an amount of ₹ 102 Crores of REC's sanction has been converted into equity on 20th October, 2015.

A provision of ₹ 3.96 crores has been made against the interest due that was converted into equity in terms of RBI guidelines. Further, as a matter of prudence, an additional provision amounting to ₹ 15.50 Crores on the residual loan outstanding of ₹ 236.80 Crores as at 31st March, 2016 has been made in terms of RBI Circular dated 25th Febraury, 2016. Income accrued & remaining unpaid as at 31st March, 2016 amounting to ₹ 32.27 crores on the outstanding loan amount has not been recognised due to uncertainty in view of SDR implementation.

12. Other Non-Current Assets

(₹ in Crores)

	Particulars	As at 31.03.2016	As at 31.03.2015
(A)	**Non-Current Portion of Interest Accrued on Staff Advances**	6.79	5.01
(B)	**Advance Income-tax & TDS**	6,515.25	5,321.81
	Less : **Provision for Income Tax**	6,420.98	5,249.83
	Advance Income-tax & TDS (Net)	94.27	71.98
(C)	**Non-current Portion of Unamortized Expenses :**		
	- Discount on Issue of Bonds	-	0.14
	Total (A to C)	**101.06**	**77.13**

13. Cash and Bank Balances

(₹ in Crores)

	Particulars	As at 31.03.2016	As at 31.03.2015
(A)	**Cash & Cash Equivalents**		
	- Balances with Banks	960.58	189.25
	- Others		
	- Short-term Deposits with Scheduled Banks	767.61	333.29
	Sub-total (A)	**1,728.19**	**522.54**
(B)	**Others**		
	- Term Deposits with Scheduled Banks	**0.36**	0.36
	Total (A+B)	**1,728.55**	**522.90**

Balances with Banks include:		
- Earmarked Balances with Banks in separate accounts		
- For unpaid dividends	2.73	2.62
- For DDUGJY, AG&SP, NEF and other grants	34.17	54.94
- Amount set aside for grants disbursement	1.77	2.15

Further, Short-term Deposits with Scheduled Banks include ₹ 2.41 Crores (Previous year ₹ 236.19 Crores) earmarked towards DDUGJY and other grants. Figure in (B) Others - Term Deposits with Scheduled Banks includes the deposit for ₹ 0.36 Crores (Previous year ₹ 0.36 Crores) made and earmarked in compliance of a Court order.

13.1 The Company has made public issue of Tax Free Bonds of face value of ₹1,000/- each aggregating to ₹ 700 Crores during the financial year 2015-16 in addition to private placement of the Tax Free Bonds of ₹ 300 Crores. The bonds had been allotted in line with the prescribed guidelines and the issue proceeds have been utilised for the purposes as mentioned in the Offer document.

14. **Short-term Loans & Advances**

(₹ in Crores)

	Particulars	As at 31.03.2016	As at 31.03.2015
(A)	**Loans & Advances to Related Parties (Unsecured, considered good)**	**0.95**	**2.04**
(B)	**Others**		
(i)	**Advances recoverable in cash or in kind or value to be received (Unsecured)**		
	(a) Considered Good	22.09	1.21
	(b) Classified Doubtful	2.06	2.06
	Less: Provision for bad & doubtful debts	2.06	2.06
		-	-
	Total (i)	**22.09**	**1.21**
(ii)	**Loan Assets**		
(a)	Secured Loans		
	- Loans to State Power Utilities/ State Electricity Boards/Corpn. (Secured by hypothecation and/or mortgage of materials/ tangible assets)		
	- Considered Good	-	485.88
	Sub-total (a)	**-**	**485.88**
(b)	Unsecured Loans		
	- Loans Guaranteed by respective State Governments		
	- Considered Good	672.22	500.00
	- Loans - Others		
	- Considered Good	100.00	111.11
	Sub-total (b)	**772.22**	**611.11**
	Total (ii)	**772.22**	**1,096.99**
	Grand Total	**795.26**	**1,100.24**

15. **Other Current Assets**

(₹ in Crores)

	Particulars	As at 31.03.2016	As at 31.03.2015
(A)	**Current recoverable of Long-term Loan Assets (Net)** (Refer Note 11.2)	41,788.96	14,032.47
(B)	**Current recoverable of Staff Advances (Net)** (Refer Note 11.1)	11.17	10.72
(C)	**Interest Accrued & not due on:**		
	- Govt. Securities	-	7.89
	- Long Term Investments	18.06	30.25
	- Term Deposits	1.32	0.25
	Sub-total	19.38	38.39
(D)	**Interest Accrued & Due on Loan Assets**	1,112.89	1,019.94
(E)	**Interest Accrued & Not Due on Loan Assets**	301.73	444.30
(F)	**Current Portion of Interest Accrued on Staff Advances**	0.30	0.28
(G)	**Recoverable from GOI**		
	- RGGVY/ DDUGJY Expenses	9.71	8.49
	- NEF Expenses	0.37	0.29
	Sub-total	10.08	8.78
(H)	**Recoverable from SEBs/ Govt. Deptt/Others**	5.11	7.32
(I)	**Prepaid Financial Charges on Commercial Paper**	67.30	-
(J)	**Current Portion of Unamortized Expenses**		
	- Discount on Issue of Bonds	0.14	3.99
	Total (A to J)	**43,317.06**	**15,566.19**

16. Revenue from Operations

(₹ in Crores)

	Particulars	Year ended 31.03.2016		Year ended 31.03.2015	
(A)	**Interest on Loan Assets**				
(i)	Long term financing	23,375.20		19,904.21	
	Less: Rebate for timely payments/ completion etc.	1.49	23,373.71	2.70	19,901.51
(ii)	Short term financing		96.95		170.57
	Sub-total (A)		**23,470.66**		**20,072.08**
(B)	**Revenue from Other Financial Services**				
(i)	Processing, Upfront, Lead fees, LC Commission etc.		24.71		51.93
(ii)	Prepayment Premium		30.50		11.23
(iii)	Fee for RGGVY/ DDUGJY Implementation/ others		32.78		15.29
	Sub-total (B)		**87.99**		**78.45**
(C)	**Income from Short-term Investment of Surplus Funds**				
(i)	Interest from Deposits		68.21		69.46
(ii)	Gain on Sale of Mutual Funds		11.49		9.54
	Sub-total (C)		**79.70**		**79.00**
	Total (A to C)		**23,638.35**		**20,229.53**

17. Other Income

(₹ in Crores)

	Particulars	Year ended 31.03.2016	Year ended 31.03.2015
(A)	**Interest Income (Other than Operating Income)**		
	- Interest from Govt. Securities	43.23	47.51
	- Interest from Long Term Investments	42.74	101.67
	- Interest from Staff Advances	2.22	1.72
	Sub-Total (A)	**88.19**	**150.90**
(B)	**Dividend Income**		
	- Dividend from Subsidiary Companies	10.01	0.35
	- Dividend from Long-Term Investments	3.05	3.63
	Sub-Total (B)	**13.06**	**3.98**
(C)	**Net Gain on Sale of Long Term Investments**	**12.29**	**-**
(D)	**Other Non-Operating Income**		
	- Profit on sale of assets	-	0.02
	- Provision Written Back	0.98	0.57
	- Miscellaneous Income	3.41	3.05
	Sub-Total (D)	**4.39**	**3.64**
	Total (A to D)	**117.93**	**158.52**

18. Finance Costs

(₹ in Crores)

	Particulars	Year ended 31.03.2016	Year ended 31.03.2015
(A)	**Interest Expense**		
	- On Govt. Loans	0.15	0.43
	- On REC Bonds	11,374.73	9,508.65
	- On Loans from Banks/ Financial Institutions	132.62	207.25
	- On External Commercial Borrowings	1,616.14	1,358.86
	- On Commercial Paper	285.91	300.03
	- On AREP Subsidy	0.04	0.08
	- Interest on Advance Income Tax	-	1.38
	Sub-Total (A)	**13,409.59**	**11,376.68**
(B)	**Other Borrowing Costs**		
	- Guarantee Fee	17.69	18.31
	- Public Issue Expenses	0.70	-
	- Bonds Handling Charges	1.04	1.05
	- Bonds Brokerage	19.33	20.48
	- Stamp Duty on Bonds	3.88	4.03
	- Debt Issue and Other Finance Charges	157.74	168.73
	Sub-Total (B)	**200.38**	**212.60**
(C)	**Net Translation/ Transaction Exchange Loss**	**673.15**	**255.33**
	Total (A to C)	**14,283.12**	**11,844.61**

19. Employee Benefits Expense

(₹ in Crores)

Particulars	Year ended 31.03.2016	Year ended 31.03.2015
- Salaries and Allowances	96.85	92.46
- Contribution to Provident Fund and Other Funds	12.07	11.38
- Gratuity	0.53	0.60
- Expenses towards Post Retirement Medical Facility	15.33	16.39
- Staff Welfare Expenses	12.66	13.11
Total	**137.44**	**133.94**

20. Corporate Social Responsibility Expenses

(₹ in Crores)

Particulars	Year ended 31.03.2016	Year ended 31.03.2015
- Direct Expenditure	124.72	100.95
- Overheads	3.48	2.30
Total	**128.20**	**103.25**

20.1 Disclosure in respect of CSR Expenses:

(a) Gross Amount required to be spent by the Company during the year is ₹ 127.46 Crores (Previous year ₹ 103.25 Crores).

(b) Amount spent during the year (₹ in Crores) :

	Particulars	Year ended 31st March, 2016			Year ended 31st March, 2015		
		In Cash	Yet to be paid*	Total	In Cash	Yet to be paid*	Total
(i)	Construction/ acquisition of any asset	-	-	-	-	-	-
(ii)	On purpose other than (i) above	107.01	21.19	128.20	46.04	57.21	103.25

* denotes amount provided for.

21. Other Expenses

(₹ in Crores)

Particulars	Year ended 31.03.2016		Year ended 31.03.2015	
- Travelling and Conveyance		11.23		9.97
- Publicity & Promotion Expenses		5.20		5.97
- Repairs and Maintenance				
- Building	2.65		2.69	
- ERP & Data Centre	4.64		3.75	
- Others	0.62	7.91	0.63	7.07
- Rent & Hiring Charges		3.29		3.66
- Rates and Taxes		0.44		0.88
- Power & Fuel		2.11		1.32
- Insurance Charges		0.03		0.04
- Postage and Telephone		1.95		2.24
- Auditors' Remuneration		1.03		0.62
- Consultancy Charges		3.39		2.74
- Loss on Sale of Assets		0.38		0.11
- Miscellaneous Expenses		30.05		34.87
Total		**67.01**		**69.49**

21.1 Auditors' Remuneration includes :

(₹ in Crores)

Particulars	Year ended 31.03.2016	Year ended 31.03.2015
- Audit Fees	0.45	0.38
- Tax Audit Fees	0.08	0.08
- Limited Review Fees	0.21	0.08
- Payment for Other Services		
(i) Certification of Prospectus for Tax Free Bonds Public Issue	0.12	-
(ii) Other Certifications	0.03	0.02
- Expenses Incurred	0.09	0.03
- Service tax component	0.05	0.03
Total	**1.03**	**0.62**

21.2 Earnings and Expenditure in Foreign Currency :

(₹ in Crores)

Particulars	Year ended 31.03.2016	Year ended 31.03.2015
Earnings	-	-
Expenditure		
- Royalty, Know-how, Professional, Consultation Fees	0.49	-
- Interest	550.96	455.29
- Finance Charges	130.91	149.36
- Other Expenses	3.11	3.18
Total	**685.47**	**607.83**

21.3 The Company has taken office space, accommodations for staff and space for ERP Data Centre on lease. These are classified as operating lease. Lease payments in respect of office space and data centre amounting to ₹ 5.25 Crores (Previous year ₹ 4.30 Crores) is shown under the head 'Other Expenses'. Lease payments in respect of accommodations for staff amounting to ₹ 2.99 Crores (Previous year ₹ 2.50 Crores) form part of 'Employees Benefit Expense.' Future lease payments in respect of these lease agreements are as under:

(₹ in Crores)

Future minimum lease rent payments	As at 31.03.2016		As at 31.03.2015	
	Data Centre	Office & Accomodations	Data Centre	Office & Accomodations
Not later than one year	0.36	4.33	0.29	3.53
Later than one year and not later than 5 years	0.62	4.45	-	6.52
Later than 5 years	-	0.70	-	0.66
Total	**0.98**	**9.48**	**0.29**	**10.71**

22. Provisions and Contingencies

(₹ in Crores)

Particulars	Year ended 31.03.2016	Year ended 31.03.2015
Provision for bad & doubtful debts	647.81	230.65
Contingent Provision against Standard Loan Assets	52.51	120.54
Provision against Restructured Standard Loans	369.57	451.77
Provision for Interest due & Converted into Equity	3.96	-
Provision for depreciation on Investments	16.00	-
Total	**1,089.85**	**802.96**

23. Earnings per Share

Particulars	As at 31.03.2016	As at 31.03.2015
Numerator		
Profit after Tax as per Statement of Profit and Loss (₹ in Crores)	5,627.66	5,259.87
Denominator		
Weighted average Number of equity shares	98,74,59,000	98,74,59,000
Basic & Diluted Earnings per share of ₹10 each (in ₹)	56.99	53.27

24. Contingent Liabilities and Commitments :

24.1 Contingent Liabilities not provided for in respect of:

(₹ in Crores)

	Particulars	As at 31.03.2016	As at 31.03.2015
(A)	Claims against the Company not acknowledged as debts	57.45	55.71
(B)	Others		
	- Letters of Comfort	461.56	260.84

The amount referred to in 'A' above includes ₹ 3.86 Crores (Previous year ₹ 3.75 Crores) in respect of cases pending in various courts including arbitration cases and is dependent upon the outcome of settlement of court/arbitration cases.

Further, it also includes ₹ 53.59 Crores (Previous year ₹ 51.96 Crores) against various demands raised by the Income Tax Department/ Service Tax Department including the cases pending in Delhi High Court/ Supreme Court.The company is contesting these tax demands and the management believes that its position will likely be upheld in the appellate process. Further, the ultimate outcome of these proceedings will not have a material adverse effect on the Company's financial position and results of operations.

24.2 Commitments not provided for in respect of:

(₹ in Crores)

Particulars	As at 31.03.2016	As at 31.03.2015
- Contracts remaining to be executed on capital account		
- Towards Tangible Assets	287.97	16.06
- Towards Intangible Assets	2.84	4.32
- Other Commitments		
- CSR Commitments	89.44	182.73

25. Details of Registration/ License/ authorisation obtained from financial sector regulators:

	Particulars	Regulator Name	Registration Details
(i)	Corporate Identification No.	Ministry of Corporate Affairs	L40101DL1969GOI005095
(ii)	Registration Number	Reserve Bank of India	14.000011

26. The Company is registered with the Reserve Bank of India (RBI) as a Non-Banking Financial Company (NBFC) since 1997-98. As per notification No.DNBS(PD).CC No.12/02.01/99-2000 dated 13.1.2000 of RBI, Govt. companies as defined under Section 617 of the Companies Act, 1956 have been exempted from applicability of the provisions of Reserve Bank of India Act, 1934 relating to maintenance of liquid assets and creation of Reserve Funds and the Directions relating to acceptance of public deposits and Prudential Norms. The said notification is also applicable to REC, being a Govt. company as defined under Section 2 (45) of the Companies Act, 2013 (Section 617 of the erstwhile Companies Act, 1956). Accordingly, the Reserve Fund is not created.

Further, as per Para No. 1(3)(ii) of RBI's Master Circular No. DNBR (PD) CC. No.043 / 03.10.119 / 2015-16 dated July 1, 2015, REC being a Government Company continues to be exempted from the applicability of "Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015". However, 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 January 23, 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 March 31, 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 01st April 2015, the provisioning requirement would be 5% and for stock of loans as on 31st March 2015 of such projects, the provisioning shall commence with a provision of 2.75% w.e.f 31st March 2015 and reaching 5% by 31st March 2018.

27. RBI, vide its letter dated September 17, 2010 had categorized REC as an Infrastructure Finance Company (IFC) in terms of instructions contained in RBI Circular CC No.168 dated February 12, 2010. As an IFC, the total permissible exposure for lending in the private sector is 25% of owned funds in case of single borrower and 40% in case of a single group of borrowers and exposure for lending and investing taken together can be upto 30% and 50% of owned funds, respectively.

In respect of Central/State Government entities, RBI vide its letter DNBS.CO.ZMD-N. No. 4868/55.18.014/2013-14 dated 4th April, 2014 has exempted REC from RBI Prudential Exposure limits till 31st March, 2016. The Company has again represented to RBI for extension of above exemption till 31st March, 2022. The matter is under active consideration and the communication from RBI is expected to be received shortly. In view of the above, our maximum credit exposure limits to Central and State power Utilities continue to vary from 50% to 250% of owned funds, depending upon entity appraisal.

In respect of Private Sector entities, the Company's credit exposure to single borrowers and group borrowers did not exceed the RBI prudential exposure limits as at 31st March, 2016 and 31st March, 2015.

28. Changes in Accounting Policies

During the year ended 31st March, 2016, the Company had revised the accounting policy in respect of asset classification in line with RBI Guidelines. Further, the accounting policy for creation of allowance against Standard Loan assets has been modified to align it with the revised provisioning requirements for Standard Loans as per RBI Notification dated 10th November, 2014. Due to these changes in accounting policy, profit before tax for the year ended 31st March, 2016 is lower by ₹ 87.87 Crores.

Further, minor modifications have been made in the Accounting Policy in respect of basis of preparation of financial statements, revenue recognition, intangible assets and cash flow statements. However, there is no financial impact of such modifications.

29. Quality of Loan Assets

29.1 The Classification of Loan Assets of the Company (classified in Note No. 11 and 14) as per RBI Prudential Norms is as under:

(₹ in Crores)

	Asset Classification	As at 31.03.2016		As at 31.03.2015	
		Loan Balance	Allowance created against Loan Assets	Loan Balance	Allowance created against Loan Assets
(i)	**Standard Assets**				
(a)	Restructured Standard Loan Assets (Refer Note below)	21,058.26	821.34	16,428.15	451.77
(b)	Other than (a) above	1,75,976.46	543.43	1,61,883.41	490.92
	Sub-total (i)	**1,97,034.72**	**1,364.77**	**1,78,311.56**	**942.69**
(ii)	**Non Performing Assets**				
(a)	Sub-standard Assets *	2,908.19	291.01	844.98	206.28
(b)	Doubtful Assets	1,318.16	705.04	473.18	141.95
(c)	Loss Assets	17.22	17.22	17.22	17.22
	Sub-total (ii)	**4,243.57**	**1,013.27**	**1,335.38**	**365.45**
	Total	**2,01,278.29**	**2,378.04**	**1,79,646.94**	**1,308.14**

* Includes loans classified as NPAs due to restructuring/ non-achievement of DCCO amounting to ₹ 811.33 Crores (Previous year Nil) and provisioning thereof ₹ 81.27 Crores (Previous year Nil).

Note : Loan assets as mentioned in (i)(a) refer to restructured standard loan assets as specified in Accounting Policy No. 2.3(iv).

29.2 Sector-wise NPAs - Percentage of NPAs to Total Advances in that sector

Particulars	As at 31.03.2016	As at 31.03.2015
Power Sector *	2.11%	0.74%

* Includes 0.40% (Previous year Nil) loans classified as NPAs due to restructuring/ non-achievement of DCCO, amounting to ₹ 811.33 Crores (Previous year Nil).

29.3 Movement of NPAs

(₹ in Crores)

	Particulars	As at 31.03.2016	As at 31.03.2015
(i)	**Net NPAs to Net Advances (%)**	**1.61%**	**0.54%**
(ii)	**Movement of NPAs (Gross)**		
(a)	Opening balance	1,335.38	490.40
(b)	Additions during the year	2,910.13	844.98
(c)	Reductions during the year	1.94	-
(d)	Closing balance	**4,243.57**	**1,335.38**
(iii)	**Movement of NPAs (Net)**		
(a)	Opening balance	969.93	353.54
(b)	Additions during the year	2,262.31	616.39
(c)	Reductions during the year	1.94	-
(d)	Closing balance	**3,230.30**	**969.93**
(iv)	**Movement of provisions for NPAs**		
(a)	Opening balance	365.45	136.86
(b)	Provisions made during the year	647.82	228.59
(c)	Write-off / write-back of excess provisions	-	-
(d)	Closing balance	**1,013.27**	**365.45**

Note - The figures above include loans classified as NPAs due to restructuring/ non-achievement of DCCO, amounting to ₹ 811.33 Crores (Gross) (Previous year Nil) and provisioning thereof ₹ 81.27 Crores (Previous year Nil).

30. Exposure Related Disclosures

30.1 Exposure to Real Estate Sector

The Company has no exposure to real estate sector as at 31st March, 2016 (Previous year Nil).

30.2 Exposure to Capital Market

(₹ in Crores)

	Particulars	As at 31.03.2016	As at 31.03.2015
(i)	Direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	265.85	39.85
(ii)	Advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	-	-
(iii)	Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	-	-
(iv)	Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds 'does not fully cover the advances;	-	-
(v)	Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	-	-
(vi)	Loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	-	-
(vii)	Bridge loans to companies against expected equity flows/ issues;	-	-
(viii)	All exposures to Venture Capital Funds (both registered and unregistered)	6.15	7.68
	Total Exposure to Capital Market	**272.00**	**47.53**

30.3 Unsecured Advances against Intangible Assets

There are no such advances outstanding as at 31st March, 2016 (Previous year Nil) for which intangible collaterals such as rights, licenses, authority, etc. are charged in favour of the Company in respect of projects financed by the Company.

31. Concentration of Advances, Exposures and NPAs

	Particulars	As at 31.03.2016	As at 31.03.2015
(i)	**Concentration of Advances**		
	Total Advances to twenty largest borrowers (₹ in Crores)	1,17,632.78	1,08,066.67
	Percentage of Advances to twenty largest borrowers to Total Advances of the Company	58.44%	60.16%
(ii)	**Concentration of Exposures**		
	Total Exposure to twenty largest borrowers (₹ in Crores)	1,94,864.96	1,71,024.07
	Percentage of Exposures to twenty largest borrowers to Total Exposure of the Company on borrowers	58.54%	57.49%
(iii)	**Concentration of NPAs ***		
	Total Outstanding to top four NPA Accounts (₹ in Crores)	3,444.72	1,318.16
	Total Exposure to the above four NPA Accounts (₹ in Crores)	3,444.72	1,318.16

* Includes loans of ₹ 777.00 Crores (Previous year Nil) classified as NPAs due to restructuring/ non-achievement of DCCO.

32. The Company has not entered into any securitisation/ assignment transactions during the year ended 31st March, 2016 (Previous year Nil). Further, no assets have been sold to securitisation/ reconstruction company for asset reconstruction.

33. Considering the practical problems being faced by the borrowers in submission and adherance to the drawl schedule, the Company has revised the loan policy by waiving off the clause for requirement of Commitment Charges/ upfront fees for all ongoing as well as future projects of State Sector Generation and T&D projects including waiver of outstanding commitment charges of ₹ 8.83 Crores.

34. The National Electricity Fund (NEF), an interest subsidy scheme, has become operational during the year 2012-13. The scheme has been introduced by Govt. of India to promote the capital investment in the distribution sector. The scheme shall provide interest subsidy linked with reform measures, on the loans taken by public and private distribution power utilities for various capital works under Distribution sector. NEF would provide interest subsidy aggregating upto ₹ 8,466 Crores (including interest subsidy to the borrowers, service charges to the nodal agency, payments to independent evaluators and other incidental expenses) spread over 14 years for loan disbursement against projects approved during 2012-13 and 2013-14. REC has been nominated as Nodal Agency for operationalisation of the NEF scheme in entire country.

35. Government of India has launched Deen Dayal Upadhyaya Gram Jyoti Yojana (DDUGJY) with the following components:

(i) Separation of agriculture and non-agriculture feeders facilitating judicious rostering of supply to agriculture & non-agriculture consumers in the rural areas;

(ii) Strengthening and augmentation of sub-transmission & distribution infrastructure in rural areas, including metering of distribution transformers/feeders/consumers

(iii) Rural electrification, as per CCEA approval dated 01.08.2013 for completion of the targets laid down under RGGVY for 12th and 13th Plans by carrying forward the approved outlay for RGGVY to DDUGJY.

The components at (i) and (ii) of the above scheme will have an estimated outlay of ₹ 43,033 crore including budgetary support of ₹ 33,453 crore from Government of India during the entire implementation period. The scheme of RGGVY as approved by CCEA for continuation in 12th and 13th plan will get subsumed in this scheme as a separate Rural Electrification (RE) component. REC has been nominated as nodal agency for operationalization of this scheme.

36. In the opinion of the management, the current assets, loans and advances appearing in the balance sheet have a value equivalent to the amount stated therein if realized during the ordinary course of business and all known liabilities have been provided.

37. As per the information available with the Company, there have been no reported cases of delayed payments of the principal amount or interest due thereon to Micro, Small & Medium enterprises.

38. Derivatives Related Disclosures

38.1 Forward Rate Agreements/ Interest Rate Swaps

(₹ in Crores)

	Particulars	As at 31.03.2016	As at 31.03.2015
(i)	The notional principal of swap agreements	24,770.59	24,577.20
(ii)	Losses which would be incurred if counterparties failed to fulfill their obligations under the agreements	1,529.12	2,662.28
(iii)	Collateral required by the NBFC upon entering into swaps	Nil	Nil
(iv)	Concentration of credit risk arising from the swaps	Refer Note Below	Refer Note Below
(v)	The fair value of the swap book	1,223.39	2,173.16

Note : REC, being NBFC has entered into swap agreements with Category-I , Authorized Dealers Banks only, in accordance with the RBI guidelines. All the swap agreements entered into with banks are well with in the credit risk limit defined in the Board approved Risk Management Policy.

38.2 The Company has not entered into any exchange traded Interest Rate (IR) derivatives.

38.3 Disclosure on Risk Exposure in Derivatives

38.3.1 Qualitative Disclosures

REC has Risk Management Policy duly approved by the Board.The policy covers the currency risk of the company. This policy provides the guiding parameters within which the Company can take decisions for managing the Currency Risk that it is exposed to on account of foreign currency loan. The purpose of the policy is to provide a framework to the Company for management of its foreign currency risk.

Risk Management Structure

An Asset Liability Management Committee (ALCO) is currently functioning under the chairmanship of CMD, Director (Finance), Director (Technical), Executive Directors and General Managers from Finance and Operating Divisions as its members. ALCO monitors Foreign currency risk with exchange rate and interest rate managed through various derivative instruments.

Derivative transactions include forwards, interest rate swaps, cross currency swaps and currency and cross currency options to hedge assets and liabilities. These derivative transactions are done for hedging purpose and not for trading or speculative purpose. These are accounted for on accrual basis and are not marked to market.

Type of Risks Involved

(i) Credit Risk - Credit risk is the risk of loss due to counterparty's failure to perform on an obligation to the Company.

(ii) Market Risk - Market risk is the risk of loss due to adverse changes in the market value (the price) of an instrument or portfolio of instruments. Such exposures occurs with respect to derivative instruments when changes occur in market factors such as underlying interest rates, exchange rates etc or in the volitality of these factors.

(iii) Liquidity Risk - Liquidity risk is the risk of loss due to failure of the institution to meet its funding requirments or execute a transaction at a reasonable price. This may be market liquidity risk or funding liquidity risk.

(iv) Operational Risk - Operational risk is the risk of loss occuring as a result of inadequate system and control, deficiencies in information system, human error or a management failure. Derivative activities can pose challenging operational risk issue because of complexity of certain products and their continual evolution.

(v) Legal Risk - Legal risk is the risk of loss arising from contracts which are not legally enforceable or documented correctly.

(vi) Regulatory Risk - Regulatory risk is the risk of loss arising from failure to comply with regulatory or legal requirements.

38.3.2 Quantitative Disclosures

(₹ in Crores)

	Particulars	Currency Derivatives *		Interest Rate Derivatives **	
		As at 31.03.16	As at 31.03.15	As at 31.03.16	As at 31.03.15
(i)	Derivatives (Notional Principal Amount)				
	For hedging	17,876.79	17,433.40	6,893.80	7,143.80
(ii)	Marked to Market Positions				
a)	Asset (+)	1,487.63	2,569.44	41.49	92.83
b)	Liability (-)	131.57	294.66	174.16	194.46
(iii)	Credit Exposure	17,876.79	17,433.40	6,893.80	7,143.80
(iv)	Unhedged Exposures	4,046.93	6,594.80	N.A.	N.A.

* Includes Full Hedge, Principal only Swap and Call Spread.

** Includes Interest Rate Derivatives as a strategy of cost reduction

39. The outstanding position of Foreign Currency Exposure as at 31st March, 2016 is as under:

(Foreign Currency amounts in Millions, INR amounts in Crores)

Currency	Total		Hedged Portion (Currency & Interest rate)		Unhedged	
	Foreign Currency	INR Equivalent	Foreign Currency	INR Equivalent *	Foreign Currency	INR Equivalent *
JPY	30,014.85	1,795.17	27,940.48	1,672.66	2,074.37	122.51
Previous Year	33,084.61	1,944.22	31,895.82	1,882.28	1,188.79	61.94
EURO	150.47	1,059.01	125.02	867.91	25.45	191.10
Previous Year	153.82	1,083.03	150.70	1,061.94	3.12	21.09
USD $	2,855.00	17,691.04	2,500.00	15,336.22	355.00	2,354.82
Previous Year	3,555.00	19,715.51	2,720.00	14,489.18	835.00	5,226.33
CHF (Swiss Franc)	200.00	1,378.50	-	-	200.00	1,378.50
Previous Year	200.00	1,285.44	-	-	200.00	1,285.44
Total		21,923.72		17,876.79		4,046.93
Previous Year		24,028.20		17,433.40		6,594.80

* The portion of the foreign currency borrowings swapped into Indian Rupee is stated at the rate fixed in the swap transactions, and not translated at the year end rate. The unhedged portion of the foreign currency borrowings has been translated at the year end rate.

39.1 In terms of Accounting Policy 14.1, the foreign currency monetary items as at the reporting date have been translated at the following rates:

Exchange Rates	USD/INR	JPY/INR	Euro/INR	CHF/INR
As at 31st March, 2016	66.3329	0.5906	75.0955	68.9249
As at 31st March, 2015	62.5908	0.5211	67.5104	64.2719

40. Related Party Disclosures :

(1) Key Managerial Personnel

Sh. Rajeev Sharma	Chairman & Managing Director
Sh. Ajeet Kumar Agarwal	Director (Finance)
Sh. P.J. Thakkar	Director (Technical) (ceased w.e.f. 12.10.2015)
Sh. Sanjeev Kumar Gupta	Director (Technical) (appointed w.e.f. 16.10.2015)
Sh. J.S. Amitabh	GM & Company Secretary

(2) Other Related Parties

1. Subsidiary Companies

REC Transmission Projects Company Limited (RECTPCL)
REC Power Distribution Company Limited (RECPDCL)

2. Wholly owned Subsidiaries of REC Transmission Projects Company Limited

Nellore Transmission Limited - Incorporated on 04.12.2012
Baira Siul Sarna Transmission Limited - Incorporated on 24.01.2013
Gadarwara (B) Transmission Limited - Incorporated on 30.07.2014 and transferred to Power Grid Corporation of India Limited (PGCIL) on 24.04.2015, substantially upon the terms and conditions as detailed in the Share Purchase Agreement executed between RECTPCL, Gadarwara (B) Transmission Limited and PGCIL.
Gadarwara (A) Transco Limited - Incorporated on 05.08.2014 and transferred to Power Grid Corporation of India Limited (PGCIL) on 24.04.2015, substantially upon the terms and conditions as detailed in the Share Purchase Agreement executed between RECTPCL, Gadarwara (A) Transco Limited and PGCIL.
Maheshwaram Transmission Limited - Incorporated on 14.08.2014 and transferred to Sterlite Grid 3 Limited (SGL) on 20.08.2015, substantially upon the terms and conditions as detailed in the Share Purchase Agreement executed between RECTPCL, Maheshwaram Transmission Limited and SGL.
Vemagiri II Transmission Limited - Incorporated on 06.04.2015 and transferred to Power Grid Corporation of India Limited (PGCIL) on 04.12.2015, substantially upon the terms and conditions as detailed in the Share Purchase Agreement executed between RECTPCL, Vemagiri II Transmission Limited and PGCIL.
Alipurduar Transmission Limited - Incorporated on 13.04.2015 and transferred to Kalpataru Power Transmission Limited (KPTL) on 06.01.2016, substantially upon the terms and conditions as detailed in the Share Purchase Agreement executed between RECTPCL, Alipurduar Transmission Limited and KPTL.
NER II Transmission Limited - Incorporated on 21.04.2015
NRSS XXXVI Transmission Limited - Incorporated on 18.08.2015
North Karanpura Transco Limited - Incorporated on 27.11.2015
Khargone Transmission Limited - Incorporated on 28.11.2015
Dinchang Transmission Limited - Incorporated on 02.12.2015

3. Joint Ventures

Energy Efficiency Services Limited (EESL)

Details of amount due from/ to the related parties :

(₹ in Crores)

Particulars	As at 31.03.2016	As at 31.03.2015
Long-term Debt		
RECTPCL	60.00	60.00
RECPDCL	10.44	7.00
Key Managerial Personnel	0.10	0.17
Loans & Advances		
RECTPCL	0.22	2.04
RECPDCL	0.73	-
Key Managerial Personnel	0.83	0.29
Other Current Liabilities		
RECPDCL	5.37	2.27
RECTPCL	-	1.05

Details of Transactions with the related parties :

(₹ in Crores)

Particulars	For the year ended 31.03.2016	For the year ended 31.03.2015
Long Term Debt - Amount Invested		
RECPDCL	3.44	-
Key Managerial Personnel	0.01	-
Loans & Advances		
Key Managerial Personnel	0.53	0.04
Sale of Fixed Assets		
RECPDCL	0.01	-
Investment in Share Capital (including applied for)		
EESL	124.00	-
Disbursement from Subsidy/ Grant Received from Govt. of India		
RECPDCL	6.90	-
Dividend from Subsidiaries		
RECTPCL	9.51	0.10
RECPDCL	0.50	0.25
Interest Income - Loans & Advances		
Key Managerial Personnel	0.04	0.06
Apportionment of Employee Benefit and Other Expenses		
RECTPCL	2.35	2.58
RECPDCL	4.32	2.20
Finance Cost		
Interest Paid to RECTPCL	4.70	4.70
Interest Paid to RECPDCL	0.64	0.54
Interest Paid to Key Managerial Personnel	0.01	0.01
Employee Benefits Expense - Managerial Remuneration	2.33	1.91
CSR Expenses		
RECPDCL	91.77	19.04
EESL	0.28	1.59
Other Expenses		
RECPDCL	2.22	7.31

41. Disclosures for Employee Benefits as required under AS 15:

(1) Defined Contribution Plans

A. Provident Fund

Company pays fixed contribution of Provident Fund at pre-determined rates to a separate trust which invests the funds in permitted securities. The trust fixes the rate of interest on contribution to the members of the trust.

B. Defined Contribution Superannuation Scheme

The Company pays fixed contribution towards superannuation scheme at pre-determined rates to a separate trust which invests the funds with the Insurers. The Insurers fix the rate of interest on the balance standing to the credit of the accounts of the members of the trust. When the pension becomes payable to the member, the Insurers shall appropriate the member's accumulation towards various annuities, as opted for by the member.

Amount recognised as expenses towards defined contribution plans:

(₹ in Crores)

	Particulars	For the year ended 31.03.2016	For the year ended 31.03.2015
(i)	Provident Fund	6.88	6.52
(ii)	Defined Contribution Superannuation Scheme	5.10	4.77
	Total	**11.98**	**11.29**

(2) Defined Benefit Plans - Post-Employment Benefits

A. Gratuity

The Company has a defined benefit gratuity plan. Every employee is entitled to gratuity as per the provisions of the Payment of Gratuity Act, 1972. The scheme is funded by the Company and is managed by separate trust. The liability of Gratuity is recognized on the basis of actuarial valuation.

B. Post Retirement Medical Facility (PRMF)

The Company has Post Retirement Medical Facility under which the entitled retired employees (including his/her spouse) are covered as per Company Rules. The expenditure is recognized in the Statement of Profit & Loss on the basis of actuarial valuation.

C. Other Defined Retirement Benefit (ODRB)

The Company has a scheme for settlement of the employee and their dependents at the time of superannuation at home town. The expenditure is recognized in the Statement of Profit & Loss on the basis of actuarial valuation.

The summarized position of various defined benefits recognized in the Statement of Profit & Loss, Balance Sheet and the funded status is as under:

Expense recognised in Statement of Profit & Loss:

(₹ in Crores)

Particulars	Gratuity		PRMF		ODRB	
	31.03.2016	31.03.2015	31.03.2016	31.03.2015	31.03.2016	31.03.2015
Current Service Cost	2.02	1.93	1.45	1.23	0.05	0.05
Interest Cost	3.05	3.24	6.21	5.66	0.10	0.10
Expected Return on Plan Assets	3.03	3.24	-	-	-	-
Actuarial (Gain)/ Loss	(1.51)	(1.33)	7.67	9.50	(0.03)	0.05
Expense recognized	0.53	0.60	15.33	16.39	0.12	0.20

Amounts recognised in Balance Sheet:

(Amounts below in 'Gratuity' columns denotes respective amounts in the Balance Sheet of gratuity trust)

(₹ in Crores)

Particulars	Gratuity		PRMF		ODRB	
	31.03.2016	31.03.2015	31.03.2016	31.03.2015	31.03.2016	31.03.2015
Present value of obligation as at the end of the year	37.34	38.16	86.62	77.61	1.22	1.20
Fair value of Plan Assets as at the end of the year	35.48	36.25	-	-	-	-
Net Assets/ (Liability) recognized	(1.86)	(1.91)	(86.62)	(77.61)	(1.22)	(1.20)

Changes in the Present value of defined benefit/ Obligation:

(₹ in Crores)

Particulars	Gratuity		PRMF		ODRB	
	31.03.2016	31.03.2015	31.03.2016	31.03.2015	31.03.2016	31.03.2015
Present value of obligation as at the beginning of the year	38.16	38.07	77.61	66.64	1.20	1.16
Interest Cost	3.05	3.24	6.21	5.66	0.10	0.10
Current Service Cost	2.02	1.93	1.45	1.23	0.05	0.05
Benefit Paid	4.42	3.89	6.32	5.42	0.10	0.16
Actuarial (Gain)/ Loss on obligation	(1.47)	(1.19)	7.67	9.50	(0.03)	0.05
Present Value of defined benefit obligation at the end of the year	37.34	38.16	86.62	77.61	1.22	1.20

Changes in the Fair Value of Plan Assets:

(Amounts below in 'Gratuity' columns denotes respective amounts for the gratuity trust)

(₹ in Crores)

Particulars	Gratuity		PRMF		ODRB	
	31.03.2016	31.03.2015	31.03.2016	31.03.2015	31.03.2016	31.03.2015
Fair value of Plan Assets as at the beginning of the year	36.25	35.94	-	-	-	-
Return on Plan Assets	3.03	3.24	-	-	-	-
Contributions	0.62	0.82	-	-	-	-
Benefit Paid	4.42	3.89	-	-	-	-
Actuarial Gain/ (Loss) on Plan Assets	-	0.14	-	-	-	-
Fair value of Plan Assets as at the end of the year	35.48	36.25	-	-	-	-

Funded Status and Experience adjustments for liability towards Gratuity:

(₹ in Crores)

Particulars	31.03.2016	31.03.2015	31.03.2014	31.03.2013	31.03.2012
Present value of obligation at year end	37.34	38.16	38.07	37.85	36.46
Fair value of Plan Assets at year end	35.48	36.25	35.94	35.14	31.24
Funded Status	(1.86)	(1.91)	(2.13)	(2.71)	(5.22)
Experience adjustment; Gain/(Loss):					
Experience adjustment on plan liabilities	(0.76)	(0.01)	0.68	1.17	1.51
Experience adjustment on plan assets	0.14	0.58	(0.30)	(0.40)	(0.23)

The effect of an increase/ decrease of one percent point in inflation rate on PRMF:

(₹ in Crores)

Particulars	1% (+)		1% (-)	
	31.03.2016	31.03.2015	31.03.2016	31.03.2015
Service & Interest Cost	1.25	0.64	(0.84)	(1.09)
PBO (Closing)	11.93	11.09	(8.45)	(7.81)

Actuarial Assumptions:

Particulars	Gratuity		PRMF		ODRB	
	31.03.2016	31.03.2015	31.03.2016	31.03.2015	31.03.2016	31.03.2015
Method Used	Projected Unit Credit (PUC)	Projected Unit Credit (PUC)	Projected Unit Credit (PUC)	Projected Unit Credit (PUC)	Projected Unit Credit (PUC)	Projected Unit Credit (PUC)
Discount Rate	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%
Expected Rate of Return on Plan Assets	8.36%	9.00%	-	-	-	-
Future Salary Increase	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%

- The Expected Rate of Return on Assets is the assumed rate of return (annualised).
- The Principle assumptions are the discount rate and salary growth rate. The discount rate is generally based on the market yields available on govt. bonds at the reporting date with a term that matches the liabilities and the salary growth rate takes account of inflation, seniority, promotions and other relevant factors as long term basis. The above information is certified by the Actuary.

42. Status of Documentation Subsequent to Unbundling of SEBs

Some of the erstwhile State Electricity Boards (SEBs) against whom loans were outstanding or on whose behalf guarantees were given, were restructured by the respective State Governments and new entities were formed in the past. Consequently, the liabilities of the erstwhile SEBs stand transferred to new entities. However, transfer agreements in the case of Chhattisgarh State Electricity Board (CSEB), Kerala State Electricity Board (KSEB) and Meghalaya State Electricity Board (MSEB) are yet to be executed amongst the Company, new entities and the State Governments.

Agreements in case of Tamil Nadu State Electricity Board have been executed based on the provisional provisions of the Tamil Nadu Electricity (Re-organisation and Reforms) Transfer Scheme, 2010. However, further transfer agreements in this regard shall be executed, if required, on finalization of the Transfer Scheme.

Status of Documentation Subsequent to Reorganisation of the State of Andhra Pradesh

Subsequent to the reorganisation of erstwhile State of Andhra Pradesh, the state of Telangana has been formed on 2nd June, 2014. However, the assets and liabilities are yet to be transferred to the respective power utilities through a formal Gazette Notification.

Status of Documentation is as under:

(i) Where ever the loans have been sanctioned to erstwhile APCPDCL, APNPDCL and APGENCO prior to bifurcation and documentation has not been done, these schemes have been re-sanctioned in the name of newly formed utilities and documentation formalities completed and accordingly the charge has been registered with the Ministry of Corporate Affairs (MCA).

(ii) Where ever the loans sanctioned in the name of erstwhile APCPDCL, APNPDCL prior to bifurcation and documentation formalities completed and drawls have been made, in these schemes an undertaking has been obtained from the name changed / newly formed utility and disbursements have been made to the newly formed utility by changing the name of the borrower in the name of new / name changed utility.

(iii) Where ever the Loan is sanctioned in the name of erstwhile APCPDCL, APNPDCL prior to bifurcation and documentation formalities completed with Government Guarantee and drawls have been made, further documentation for these schemes shall be done on Gazette Notification.

(iv) Once the final transfer scheme is notified through Gazette Notification by Govt, duly indicating the transfer of assets and liabilities among the power utilities, action for execution of documentation formalities will be taken up in respect of all the outstanding loans with the new / name changed utilities. Till that time, the demand for payment of interest / principal is being segregated by the Utilities and the respective portions are being paid by Utilities in Telangana and Andhra Pradesh.

43. The Ministry of Power launched a scheme ‘Ujwal DISCOM Assurance Yojana’ (UDAY) for achieving financial turnaround of the DISCOMs which are reeling under burden of heavy debt and losses. As per the OM dated 20th November, 2015 issued by MoP on the UDAY scheme, States shall take over 75% of the DISCOM debt as on 30th September, 2015 over 2 years - 50% to be taken over in FY 2015-16 and 25% in FY 2016-17.

The States of Uttar Pradesh, Rajasthan, Punjab, Haryana, Bihar and Chhattisgarh have signed MoU with MoP for participation in the scheme. The DISCOMs of Punjab, Uttar Pradesh and Chhattisgarh have pre-paid their outstanding loan amounting to ₹ 10,003.69 Crores out of which ₹ 1,214.14 crore was received in April 2016, as a result of takeover of their debt by the respective States under the scheme. An amount of ₹ 19,640.22 Crores is further expected to be prepaid by the DISCOMs during the financial year 2016-17.

44. 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.

45. Capital to Risk-weighted Assets Ratio (CRAR)

Being an Infrastructure Finance Company (IFC), REC is required to maintain a Capital to Risk Weighted Assets Ratio (CRAR) of 15% (with a minimum Tier I Capital of 10%).

	Particulars	As at / For the year ended 31.03.2016	As at / For the year ended 31.03.2015
(i)	CRAR (%)	20.38%	19.56%
(ii)	CRAR - Tier I Capital (%)	17.48%	16.52%
(iii)	CRAR - Tier II Capital (%)	2.90%	3.04%
(iv)	Amount of subordinated debt raised as Tier-II capital (₹ in crore)	-	-
(v)	Amount raised by issue of Perpetual Debt Instruments (₹ in crore)	-	-

46. Asset Liability Management - Maturity pattern of certain items of Assets and Liabilities :

(₹ in Crores)

As at 31.03.2016	Advances	Investments	Borrowings		Foreign Currency Items	
			Domestic Borrowings	Foreign Currency Borrowings	Assets	Liabilities (Other than Borrowings)
Upto 30/31 days	2,798	-	2,118	-	-	-
Over 1 month upto 2 months	1,971	-	2,999	-	-	-
Over 2 months upto 3 months	6,610	-	2,366	97	-	-
Over 3 month & upto 6 months	21,395	-	8,239	1,473	-	-
Over 6 months & upto 1 year	10,543	149	11,446	1,579	-	-
Over 1 year & upto 3 years	36,506	189	36,540	7,815	-	-
Over 3 years & upto 5 years	34,735	94	27,305	10,691	-	-
Over 5 years	86,720	2,035	56,170	269	-	-
Total	**2,01,278**	**2,467**	**1,47,183**	**21,924**	**-**	**-**

(₹ in Crores)

As at 31.03.2015	Advances	Investments	Borrowings		Foreign Currency Items	
			Domestic Borrowings	Foreign Currency Borrowings	Assets	Liabilities (Other than Borrowings)
Upto 30/31 days	745	-	1,036	-	-	-
Over 1 month upto 2 months	664	-	355	-	-	-
Over 2 months upto 3 months	1,449	-	666	97	-	-
Over 3 month & upto 6 months	3,307	-	1,068	2,712	-	-
Over 6 months & upto 1 year	9,065	439	6,196	7,726	-	-
Over 1 year & upto 3 years	38,350	189	34,344	4,629	-	-
Over 3 years & upto 5 years	35,891	189	26,942	8,623	-	-
Over 5 years	90,176	796	56,389	241	-	-
Total	**1,79,647**	**1,613**	**1,26,996**	**24,028**	**-**	**-**

47. There are no Off-Balance Sheet SPVs sponsored by the Company, which need to be consolidated as per accounting norms.

48. No penalties have been levied on the Company by any regulator during the year ended 31st March, 2016 (Previous year Nil).

However, the Company has received a notice from National Stock Exchange of India Ltd. (NSE) vide its letter No. Fines/2015-16/45075 dated 5th October, 2015 and from BSE Ltd. (BSE) vide its letter No. LIST/COMP/49-Woman Dir/126/2015-16 dated 6th October, 2015 in pursuance of SEBI Circular No. CIR/CFD/CMD/1/2015 dated April 8, 2015 for payment of fine of ₹ 1,42,000 and ₹ 1,47,000 (inclusive of service tax) respectively for non-compliance of Clause 49(II)(A)(1) of the listing agreement regarding non-appointment of woman director on the Board as on 30th September, 2015.

The Company has requested the Stock Exchanges to waive the fine amounts since the power to appoint Woman Director/Independent Directors is vested with President of India through the administrative Ministry as per Articles of Association of the Company and the Board of Directors or the Company cannot appoint Woman Director/Independent Directors on the Board of the Company and there is no violation on the part of the Company in the appointment of Woman Director/Independent Directors. The reply of the Stock Exchanges is still awaited.

49. No complaints have been received by the Company from the borrowers under the Fair Practices Code during the year ended 31st March, 2016 (Previous year Nil).

50. Previous year figures have been reclassified/ regrouped to conform to the current classification.

51. Figures in Rupees have been rounded off to the nearest crores with two decimals, unless expressly stated.

The Significant Accounting Policies and Notes to Accounts 1 to 51 are an integral part of Balance Sheet and Statement of Profit & Loss.

NOTES TO ACCOUNTS FOR THE YEAR 31.03.2015

1. Share Capital

(₹ in Crores)

Particulars	As at 31.03.2015		As at 31.03.2014	
	No. of Shares	Amount	No. of Shares	Amount
Authorised : Equity shares of ₹ 10 each	1,20,00,00,000	1,200.00	1,20,00,00,000	1,200.00
Issued, Subscribed and Paid up : Fully paid up Equity shares of ₹ 10 each	98,74,59,000	987.46	98,74,59,000	987.46
Total	**98,74,59,000**	**987.46**	**98,74,59,000**	**987.46**

1.1 The holders of the equity shares of the Company are entitled to receive dividends as and when declared by the Company and enjoy proportionate voting rights in case any resolution is put to vote. Further, the shareholders have all such rights, as may be available to a shareholder of a listed public company, under the Companies Act, 1956 (to the extent applicable), Companies Act, 2013 (to the extent notified), the terms of the listing agreements executed with the Stock Exchanges (i.e. National Stock Exchange of India Limited and BSE Limited), and Memorandum of Association and Articles of Association of the Company.

1.2 Shareholders holding more than 5% of fully paid-up equity shares :

Name	As at 31.03.2015		As at 31.03.2014	
	No. of Shares	Percentage	No. of Shares	Percentage
The President of India	64,81,68,218	65.64%	64,81,68,218	65.64%
Life Insurance Corporation of India	3,08,77,781	3.13%	5,93,52,864	6.01%

Pursuant to the Offer for Sale of 5% shareholding by Govt. of India through stock exchanges on 8th April, 2015 and an off-market transaction for the Central Public Enterprises Exchange Traded Fund (CPSE ETF) Loyalty Units on 10th April, 2015, the shareholding of The President of India as on the date of signing of the financial statements is 60.64% (59,87,67,680 shares).

2. Reserves and Surplus

(₹ in Crores)

Particulars	As at 31.03.2015		As at 31.03.2014	
Capital Reserve		**105.00**		**105.00**
Securities Premium Account (Refer Note 2.1)				
Balance as at the beginning of the year		3,223.72		3,222.48
Add: Additions during the year		-		1.24
Balance as at the end of the year		**3,223.72**		**3,223.72**
Debenture Redemption Reserve (Refer Note 2.2)				
Balance as at the beginning of the year		345.98		160.19
Add: Amount transferred from Surplus Account		185.79		185.79
Balance as at the end of the year		**531.77**		**345.98**
Special Reserve created u/s 36(1) (viii) of the Income Tax Act, 1961				
Balance as at the beginning of the year		6,820.64		5,529.64
Add: Amount transferred from Surplus Account		1,629.00		1,291.00
Balance as at the end of the year		**8,449.64**		**6,820.64**
Reserve for Bad and doubtful debts u/s 36(1)(viia) of the Income Tax Act, 1961				
Balance as at the beginning of the year		1,268.97		980.97
Add: Amount transferred from Surplus Account		353.00		288.00
Balance as at the end of the year		**1,621.97**		**1,268.97**
Foreign Currency Monetary Item Translation Difference Account (Refer Note 2.3)				
Balance as at the beginning of the year		-532.65		-160.28
Add: Foreign Currency Translation Gain/ Loss (-) on long term monetary items during the year		-62.80		-676.64
Amortisation during the year		259.99		304.27
Balance as at the end of the year		**-335.46**		**-532.65**
General Reserve				
Balance as at the beginning of the year		3,581.40		3,111.40
Add: Amount transferred from Surplus Account		526.00		470.00
Balance as at the end of the year		**4,107.40**		**3,581.40**
Surplus Account				
Balance as at the beginning of the year		4,868.94		3,517.52
Less: Transfer of Depreciation in accordance with provisions of Companies Act, 2013 (Refer Note 2.4)		0.74		-
Add: Profit during the year		5,259.87		4,683.70
Less : Appropriations				
- Transfer to Special Reserve u/s 36(1)(viii) of the Income Tax Act, 1961	1,629.00		1,291.00	
- Transfer to Reserve for Bad & Doubtful Debts u/s 36(1)(viia) of the Income Tax Act, 1961	353.00		288.00	
- Dividend				
- Interim Dividend	789.97		765.28	
- Proposed Dividend (Final) (Refer Note 2.5)	266.61		172.81	
- Dividend Distribution Tax				
- Interim Dividend	157.89		130.06	
- Proposed Dividend (Final)	54.28		29.34	
- Transfer to Debenture Redemption Reserve	185.79		185.79	
- Transfer to General Reserve	526.00	3,962.54	470.00	3,332.28
Balance as at the end of the year		**6,165.53**		**4,868.94**
Total Reserves and Surplus		**23,869.57**		**19,682.00**

2.1 Additions in Securities Premium Account for the year ended 31st March, 2014 represent the premium of ₹ 1.24 Crores received on issue of Tax Free Bonds through private placement.

2.2 Debenture Redemption Reserve (DRR)

In accordance with provisions of Section 71(4) of the Companies Act, 2013 as further clarified by the Companies (Share Capital and Debentures) Rules, 2014 issued by Ministry of Corporate Affairs, Govt. of India, the company creates Debenture Redemption Reserve (DRR) upto 25% of the value of debentures issued through public issue as per present SEBI (Issue and Listing of Debt Securities) Regulations, 2008 during the maturity period of such debentures, and no DRR is required in the case of privately placed debentures.

Accordingly, during the year, the company has created DRR amounting to ₹ 185.79 Crores (Previous year ₹ 185.79 Crores).

2.3 Foreign Currency Monetary Item Translation Difference Account

The company has opted towards an irrevocable option 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 Para 46A of Accounting Standard 11 'The Effects of Changes in Foreign Exchange Rates'. Amount remaining to be amortised in 'Foreign Currency Monetary Item Translation Difference Account' as on 31st March, 2015 is ₹ 335.46 Crores (Previous year ₹ 532.65 Crores).

2.4 Draw down from Reserves

An amount of ₹ 0.74 crores (net of tax ₹ 0.38 crores) has been adjusted in the retained earnings in respect of fixed assets, where the remaining useful life of such assets was Nil as at 1st April, 2014 in line with the provisions of the Schedule-II to the Companies Act, 2013.

2.5 Proposed Dividend

The final dividend proposed for the year is as follows :

Particulars	Year ended 31.03.2015	Year ended 31.03.2014
On Equity Shares of ₹ 10 each		
- Amount of Dividend proposed (₹ in Crores)	266.61	172.81
- Rate of Dividend	27.00%	17.50%
- Dividend per equity share (₹)	2.70	1.75

3. Long-Term Debt

Non-current portion of the long term debt has been classified as 'Long-term borrowings' and the current portion of the long term debt has been classified as "Current Maturities of Long-term debt' in Note-8 'Other Current Liabilities'.

(₹ in Crores)

	Particulars	As at 31.03.2015		As at 31.03.2014	
		Non-Current	Current	Non-Current	Current
(A)	**Secured Long-Term Debt**				
(a)	Bonds				
	- Institutional Bonds	35,446.70	2,992.80	24,974.50	2,925.88
	- 54EC Capital Gain Tax Exemption Bonds	10,687.69	4,903.25	10,253.16	5,239.36
	- Tax Free Bonds	11,648.41	-	11,648.41	-
(b)	Term Loans				
	- from Banks	-	-	-	19.40
	- from Financial Institutions	1,100.00	350.00	2,645.00	350.00
	Total Secured Long-Term Debt (a+b)	**58,882.80**	**8,246.05**	**49,521.07**	**8,534.64**
(B)	**Unsecured Long-Term Debt**				
(a)	Bonds				
	- Institutional Bonds	57,714.20	-	41,979.20	4,565.80
	- Infrastructure Bonds	162.98	213.34	376.32	-
	- Zero Coupon Bonds	914.48	-	844.08	-
(b)	Term Loans				
	- from Banks	-	125.00	125.00	125.00
	- from Govt. of India	-	3.07	3.07	4.86
(c)	Other Loans & Advances				
	- Foreign Currency Borrowings	13,493.86	10,534.34	17,313.56	307.59
	Total Unsecured Long-Term Debt (a+b+c)	**72,285.52**	**10,875.75**	**60,641.23**	**5,003.25**
	Total Long-Term Debt (A+B)	**1,31,168.32**	**19,121.80**	**1,10,162.30**	**13,537.89**
	Total Long-Term Debt (Non-Current + Current)	**1,50,290.12**		**1,23,700.19**	

Details of Long-term Debt :

3.1 Details of secured long-term debt :

(Refer Note 3.3 for details of the security)

3.1.1 Bonds

(₹ in Crores)

Particulars	As at 31.03.2015		As at 31.03.2014	
	Non-Current	Current	Non-Current	Current
3.1.1.1 Institutional Bonds				
123-IIIB Series 9.34% Redeemable at par on 25.08.2024	1,955.00	-	-	-
123-I Series 9.40% Redeemable at par on 17.07.2021	1,515.00	-	-	-
92-II Series 8.65% Redeemable at par on 22.01.2020	945.30	-	945.30	-
91-II Series 8.80% Redeemable at par on 17.11.2019	995.90	-	995.90	-
90-C-II Series 8.80% Redeemable at par on 06.10.2019	1,040.00	-	1,040.00	-
90-B-II Series 8.72% Redeemable at par on 04.09.2019	868.20	-	868.20	-
90th Series 8.80% Redeemable at par on 03.08.2019	2,000.00	-	2,000.00	-
122nd Series 9.02% Redeemable at par on 18.06.2019	1,700.00	-	-	-
119th Series 9.63% Redeemable at par on 05.02.2019	2,090.00	-	2,090.00	-
88th Series 8.65% Redeemable at par on 15.01.2019	1,495.00	-	1,495.00	-
118th Series 9.61% Redeemable at par on 03.01.2019	1,655.00	-	1,655.00	-
117th Series 9.38% Redeemable at par on 06.11.2018	2,878.00	-	2,878.00	-
87-A-III Series 11.15% Redeemable at par on 24.10.2018	61.80	-	61.80	-
116-II Series 9.24% Redeemable at par on 17.10.2018	850.00	-	850.00	-
87-II Series 10.85% Redeemable at par on 30.09.2018	657.40	-	657.40	-
86-B-III Series 10.85% Redeemable at par on 14.08.2018	432.00	-	432.00	-
86-A Series 10.70% Redeemable at par on 29.07.2018	500.00	-	500.00	-
85th Series 9.68% Redeemable at par on 13.06.2018	500.00	-	500.00	-
83rd Series 9.07% Redeemable at par on 28.02.2018	685.20	-	685.20	-
82nd Series 9.85% Redeemable at par on 28.09.2017	883.10	-	883.10	-
124-I Series 9.06% Redeemable at par on 23.09.2017	2,610.00	-	-	-
123-IIIA Series 9.25% Redeemable at par on 25.08.2017	1,275.00	-	-	-
121st Series 9.52% Redeemable at par on 25.03.2017	1,600.00	-	1,600.00	-
120th Series 9.67% Redeemable at par on 10.03.2017	1,100.00	-	1,100.00	-
81st Series 8.85% Redeemable at par on 20.01.2017	314.80	-	314.80	-
116-I Series 9.05% Redeemable at par on 17.10.2016	430.00	-	430.00	-
123-IV Series 8.97% Redeemable at par on 08.09.2016	2,750.00	-	-	-
123-II Series 9.27% Redeemable at par on 08.08.2016	1,660.00	-	-	-
80th Series 8.20% Redeemable at par on 20.03.2016	-	500.00	500.00	-

(₹ in Crores)

	Particulars	As at 31.03.2015		As at 31.03.2014	
		Non-Current	Current	Non-Current	Current
	79th Series	-	500.00	500.00	-
	7.85% Redeemable at par on 14.03.2016				
	78th Series	-	1,795.70	1,795.70	-
	7.65% Redeemable at par on 31.01.2016				
	77th Series	-	197.10	197.10	197.10
	7.30% Redeemable at par on 30.06.2015				
	75th Series	-	-	-	100.00
	7.20% Redeemed at par on 17.03.2015				
	93-II Series	-	-	-	443.10
	8.45% Redeemed at par on 19.02.2015				
	73rd Series	-	-	-	46.78
	6.90% Redeemed at par on 08.10.2014				
	90-B-I Series	-	-	-	883.90
	8.35% Redeemed at par on 04.09.2014				
	90-A-II Series	-	-	-	1,000.00
	8.00% Redeemed at par on 05.08.2014				
	89-II Series	-	-	-	255.00
	7.70% Redeemed at par on 02.06.2014				
	Total - Institutional Bonds	**35,446.70**	**2,992.80**	**24,974.50**	**2,925.88**
3.1.1.2	**54EC Capital Gain Tax Exemption Bonds**				
	Series IX (2014-15)	5,337.78	-	-	-
	6.00% Redeemable at par during financial year 2017-18				
	Series IX (2013-14)	5,349.91	-	5,349.91	-
	6.00% Redeemable at par during financial year 2016-17				
	Series VIII (2012-13)	-	4,903.25	4,903.25	-
	6.00% Redeemable at par during financial year 2015-16				
	Series VIII (2011-12)	-	-	-	5,239.36
	6.00% Redeemed at par during financial year 2014-15				
	Total - 54EC Capital Gain Tax Exemption Bonds	**10,687.69**	**4,903.25**	**10,253.16**	**5,239.36**

(₹ in Crores)

	Particulars	As at 31.03.2015		As at 31.03.2014	
		Non-Current	Current	Non-Current	Current
3.1.1.3	**Tax Free Bonds**				
	Series 2013-14 Tranche 2 Redeemable at par. Bonds amounting to ₹ 419.32 Crores are redeemable on 24.03.2024, ₹ 530.42 Crores are redeemable on 24.03.2029 and ₹ 109.66 Crores are redeemable on 24.03.2034 with interest rates varying from 8.19% to 8.88% payable annually	1,059.40	-	1,059.40	-
	Series 2013-14 Series 4A & 4B Redeemable at par. Bonds amounting to ₹ 105.00 Crores are redeemable on 11.10.2023 and ₹ 45.00 Crores are redeemable on 11.10.2028 with interest rates varying from 8.18% to 8.54% payable annually	150.00	-	150.00	-
	Series 2013-14 Tranche 1 Redeemable at par. Bonds amounting to ₹ 575.06 Crores are redeemable on 24.09.2023, ₹ 2,810.26 Crores are redeemable on 24.09.2028 and ₹ 55.28 Crores are redeemable on 24.09.2033 with interest rates varying from 8.01% to 8.77% payable annually	3,440.60	-	3,440.60	-
	Series 2013-14 Series 3A & 3B Redeemable at par. Bonds amounting to ₹ 209.00 Crores are redeemable on 29.08.2023 and ₹ 1,141.00 Crores are redeemable on 29.08.2028 with interest rates varying from 8.01% to 8.46% payable annually	1,350.00	-	1,350.00	-
	Series 2012-13 Tranche 2 Redeemable at par. Bonds amounting to ₹ 81.35 Crores are redeemable on 25.03.2023 and bonds amounting to ₹ 49.71 Crores are redeemable on 25.03.2028 with interest rates varying from 6.88% to 7.54% payable annually	131.06	-	131.06	-
	Series 2012-13 Tranche 1 Redeemable at par. Bonds amounting to ₹ 1,165.31 Crores are redeemable on 19.12.2022 and bonds amounting to ₹ 852.04 Crores are redeemable on 19.12.2027 with interest rates varying from 7.22% to 7.88% payable annually	2,017.35	-	2,017.35	-
	Series 2012-13 Series 2A & 2B Redeemable at par. Bonds amounting to ₹ 255.00 Crores are redeemable on 21.11.2022 and bonds amounting to ₹ 245.00 Crores are redeemable on 21.11.2027 with interest rates of 7.21% and 7.38% respectively payable annually	500.00	-	500.00	-
	Series 2011-12 Redeemable at par. Bonds amounting to ₹ 839.67 Crores are redeemable on 27.03.2022 and bonds amounting to ₹ 2,160.33 Crores are redeemable on 27.03.2027 with interest rates varying from 7.93% to 8.32% payable annually	3,000.00	-	3,000.00	-
	Total - Tax Free Bonds	**11,648.41**	**-**	**11,648.41**	**-**

3.1.2 Term Loans

(₹ in Crores)

Particulars	As at 31.03.2015		As at 31.03.2014	
	Non-Current	Current	Non-Current	Current
Term Loan from Banks				
- State Bank of Saurashtra	-	-	-	19.40
Term Loan from Financial Institutions				
- Life Insurance Corporation of India (LIC) The Loan of ₹1500 Crores (present outstanding ₹ 300 Crores @ 6.242% and ₹ 150 Crores @ 6.231%) & ₹ 2,000 Crores (present outstanding ₹ 1,000 Crores @ 7.35%) repayable in 10 equal annual installments commencing from 01.10.2008 and 01.10.2010 respectively .	1,100.00	350.00	1,450.00	350.00
- India Infrastructure Finance Company Ltd. (IIFCL)	-	-	1,195.00	-
Total - Term Loans	**1,100.00**	**350.00**	**2,645.00**	**369.40**

3.2 Details of Unsecured long-term debt :

3.2.1 Bonds

(₹ in Crores)

Particulars	As at 31.03.2015		As at 31.03.2014	
	Non-Current	Current	Non-Current	Current
3.2.1.1 **Institutional Bonds**				
95-II Series 8.75% Redeemable at par on 12.07.2025	1,800.00	-	1,800.00	-
94th Series 8.75% Redeemable at par on 08.06.2025	1,250.00	-	1,250.00	-
131st Series 8.35% Redeemable at par on 22.02.2025	2,285.00	-	-	-
130th Series 8.27% Redeemable at par on 06.02.2025	2,325.00	-	-	-
129th Series 8.23% Redeemable at par on 23.01.2025	1,925.00	-	-	-
128th Series 8.57% Redeemable at par on 21.12.2024	2,250.00	-	-	-
115th Series - Subordinate Tier-II Bonds 8.06% Redeemable at par on 31.05.2023	2,500.00	-	2,500.00	-
114th Series 8.82% Redeemable at par on 12.04.2023	4,300.00	-	4,300.00	-
111-II Series 9.02% Redeemable at par on 19.11.2022	2,211.20	-	2,211.20	-
107th Series 9.35% Redeemable at par on 15.06.2022	2,378.20	-	2,378.20	-
132nd Series 8.27% Redeemable at par on 09.03.2022	700.00	-	-	-
127th Series 8.44% Redeemable at par on 04.12.2021	1,550.00	-	-	-
105th Series 9.75% Redeemable at par on 11.11.2021	3,922.20	-	3,922.20	-
101-III Series 9.48% Redeemable at par on 10.08.2021	3,171.80	-	3,171.80	-
100th Series 9.63% Redeemable at par on 15.07.2021	1,500.00	-	1,500.00	-
98th Series 9.18% Redeemable at par on 15.03.2021	3,000.00	-	3,000.00	-
97th Series 8.80% Redeemable at par on 29.11.2020	2,120.50	-	2,120.50	-
96th Series 8.80% Redeemable at par on 25.10.2020	1,150.00	-	1,150.00	-
113th Series 8.87% Redeemable at par on 08.03.2020	1,542.00	-	1,542.00	-
111-I Series 9.02% Redeemable at par on 19.11.2019	452.80	-	452.80	-
126th Series 8.56% Redeemable at par on 13.11.2019	1,700.00	-	-	-
125th Series 9.04% Redeemable at par on 12.10.2019	3,000.00	-	-	-
108-II Series 9.39% Redeemable at par on 20.07.2019	960.00	-	960.00	-
95-I Series 8.70% Redeemable at par on 12.07.2019	200.00	-	200.00	-
112th Series 8.70% Redeemable at par on 01.02.2018	1,500.00	-	1,500.00	-
109th Series 9.25% Redeemable at par on 27.08.2017	1,734.70	-	1,734.70	-
108-I Series 9.40% Redeemable at par on 20.07.2017	2,125.00	-	2,125.00	-
106th Series 9.28% Redeemable at par on 15.02.2017	1,500.00	-	1,500.00	-
103-I Series 9.35% Redeemable at par on 19.10.2016	50.00	-	50.00	-
102nd Series 9.38% Redeemable at par on 06.09.2016	2,216.20	-	2,216.20	-
101-II Series 9.45% Redeemable at par on 10.08.2016	394.60	-	394.60	-

(₹ in Crores)

	Particulars	As at 31.03.2015		As at 31.03.2014	
		Non-Current	Current	Non-Current	Current
	74th Series	-	-	-	250.00
	7.22% Redeemed at par on 31.12.2014				
	110th Series	-	-	-	3,475.00
	8.84% Redeemed at par on 16.10.2014				
	101-I Series	-	-	-	395.60
	9.43% Redeemed at par on 10.08.2014				
	99-II Series	-	-	-	445.20
	9.75% Redeemed at par on 07.06.2014				
	Total - Institutional Bonds	**57,714.20**	**-**	**41,979.20**	**4,565.80**
3.2.1.2	**Infrastructure Bonds**				
	Series-II (2011-12)	157.59	-	157.59	-
	Redeemable at par. Refer Note 3.6				
	Series-I (2010-11)	5.39	213.34	218.73	-
	Redeemable at par. Refer Note 3.6				
	Total - Infrastructure Bonds	**162.98**	**213.34**	**376.32**	**-**
3.2.1.3	**Zero Coupon Bonds**				
	ZCB - Series II	164.60	-	151.35	-
	(Net of unamortised discount, 89,510 bonds with face value of ₹ 30,000 each redeemable at par on 03.02.2021)				
	ZCB - Series I	749.88	-	692.73	-
	(Net of unamortised discount, 3,92,700 bonds with face value of ₹ 30,000 each redeemable at par on 15.12.2020)				
	Total - Zero Coupon Bonds	**914.48**	**-**	**844.08**	**-**

3.2.2 Term Loans

(₹ in Crores)

	Particulars	As at 31.03.2015		As at 31.03.2014	
		Non-Current	Current	Non-Current	Current
3.2.2.1	**Term Loans from Banks**				
	- Bank of Maharashtra	-	125.00	125.00	125.00
	8.00% Loan repayable on 30.06.2015				
3.2.2.2	**Loan from Govt. of India**	-	3.07	3.07	4.86
	Loans in various tranches with original tenor of 30 years with a moratorium of five years for the principal amount and repayable in 25 equal annual installments commencing from the sixth anniversary of the drawdown with interest rates varying from 6.75% to 7.75%				
	Total - Term Loans	**-**	**128.07**	**128.07**	**129.86**

3.2.3 Other Loans & Advances

(₹ in Crores)

Particulars	As at 31.03.2015		As at 31.03.2014	
	Non-Current	Current	Non-Current	Current
3.2.3.1 Foreign Currency Borrowings				
CHF Bonds - CHF 200 Mn	1,285.44	-	1,350.32	-
3.50% Redeemable at par on 07.03.2017				
Reg S Bonds - US $500 Mn	-	2,703.58	2,641.31	-
4.25% Redeemable at par on 25.01.2016				
JICA Loan - Guaranteed by Govt. of India	550.17	209.62	735.25	203.81
0.75% JICA-I loan repayable in equal half-yearly instalments of 982.33 Mn till 20.03.2021, next instalment falling due on 20.09.2015 and 0.65% JICA-II loan repayable in equal half-yearly instalments of 995.33 Mn till 20.03.2023, next instalment falling due on 20.09.2015				
KfW Loan - Guaranteed by Govt. of India	144.43	51.40	195.83	50.34
3.73% Loan repayable in equal half-yearly instalments of €3.68 Mn, next instalment due on 30.06.2015				
Syndicated Loan - US $400 Mn	-	1,788.96	1,788.96	-
Repayable on 22.09.2015				
Bilateral Term Loan - Mauritius - US $70 Mn	-	311.36	311.36	-
Repayable on 28.10.2015				
Bilateral Term Loan - Mizuho - US $100 Mn	-	446.50	446.50	-
Repayable on 30.03.2016				
Bilateral Term Loan - BTMU - US $100 Mn	-	446.50	446.50	-
Repayable on 30.03.2016				
Syndicated Loan- US $300 Mn	1,367.24	-	1,367.24	-
Repayable on 19.08.2016				
KfW-II Loan - Guaranteed by Govt. of India	267.22	53.44	320.66	53.44
2.89% Loan repayable in equal half-yearly instalments of €3.88 Mn, next instalment falling due on 30.06.2015				
Syndicated Loan- 12.525 Bn	1,184.43	-	1,184.43	-
Repayable on 27.03.2017				
Syndicated Loan- US $250 Mn	-	1,366.49	1,366.49	-
Loan of $150 Mn & $100 Mn repayable on 17.09.2015 and 19.11.2015 respectively				
KfW-III Loan - Guaranteed by Govt. of India	477.36	89.18	416.99	-
1.86% Loan repayable in equal half-yearly instalments of €5.26 Mn, first instalment falling due on 30.06.2015				
Syndicated Loan- US $250 Mn	-	1,544.42	1,488.37	-
Repayable on 05.02.2016				
Syndicated Loan- US $250 Mn	-	1,522.89	1,473.07	-
Repayable on 21.03.2016				
Syndicated Loan- US $285 Mn	1,780.28	-	1,780.28	-
Repayable on 02.12.2018				
Syndicated Loan- US $250 Mn	1,499.29	-	-	-
Repayable on 29.05.2019				
Syndicated Loan- US $400 Mn	2,435.78	-	-	-
Loan of US$ 230 Mn and US$ 170 Mn repayable on 24.07.2019 and 27.10.2019 respectively				
Syndicated Loan- US $400 Mn	2,502.22	-	-	-
Repayable on 12.03.2020				
Total - Foreign Currency Borrowings	**13,493.86**	**10,534.34**	**17,313.56**	**307.59**

3.3 Security Details of the Secured Borrowings

The Bond Series 77, 78, 79, 80, 81, 82, 83, 85, 86A, 86 B-III, 87-II, 87 A-III, 88, 90, 90 B-II, 90 C-II, 91-II, 92-II of Institutional Bonds and Series VIII of 54EC Capital Gain Tax Exemption Bonds are secured by a charge on (a) mortgage of Flat no. 640, Asiad Games Village, New Delhi and (b) pari passu charge on the receivables of our Company, both present and future, save and except receivables hypothecated to IL&FS Trust Company Limited on the basis of joint hypothecation agreement dated September 24, 2010 in favour of IDBI Trusteeship Services Ltd.

The Bond Series 116-I, 116-II, 117, 118, 119, 120, 121, 122 of Institutional Bonds are secured by a charge on first paripassu charge on the book debts of the issuer both present & future which are charged to other lenders / trustees and as may be agreed between the issuer and the trustee, pursuant to the terms of the Debenture /Bond Trust cum Hypothecation Deed with a minimum security cover of one time of the aggregate face value amount of the bonds outstanding at all times in favor of IDBI Trusteeship Services Ltd.

The Bond Series 123-I, 123-II, 123-IIIA, 123-IIIB, 123-IV, 124-I of Institutional Bonds are secured by way of first pari passu charge on the Specified Immovable Property and the book debts of the Issuer which are charged to other lender / trustee and as may be agreed between the Issuer and the Trustee, pursuant to the terms of the Bond Trust Deed with a minimum security cover of one time of the aggregate face value of amount of bonds outstanding at all times and amount of interest due thereon in favor of IDBI Trusteeship Services Ltd..

The Bond Series IX of 54EC Capital Gain Tax Exemption Bonds is secured by first pari passu charge on (a) mortgage of premises at Sub Plot No. 8, TPS No 2, FP No. 584P, situated at Village Subhanpura, Distt Vadodara and (b) hypothecation of receivables in favour of IDBI Trusteeship Services Ltd.

Tax Free Bonds issued during FY 2011-12 are secured by first pari passu charge on premises at Shop No. 12, Ground Floor, Block No. 35, Church Road, Mylapore, Chennai and hypothecation of receivables of ₹4,998.66 Crores of MSEDCL in favour of IL&FS Trust Company Ltd.

Tax Free Bonds issued during FY 2012-13 are secured by first pari passu charge on (a) mortgage of premises at Sub Plot No. 8, TPS No 2, FP No. 584P, situated at Village Subhanpura, Distt Vadodara and (b) hypothecation of receivables in favour of SBICap Trustee Company Ltd.

Tax Free Bonds issued during FY 2013-14 are secured by first pari passu charge on the book debts (other than those that are exclusively charged/earmarked to lenders / other Trustees) of the Company in favour of SBICap Trustee Company Ltd.

The term loans are secured by a charge on the receivables of our Company, both present and future, save and except certain specific receivables hypothecated to IL&FS Trust Company Limited on the basis of joint hypothecation agreement dated September 24, 2010 in favour of IDBI Trusteeship Services Ltd.

3.4 Foreign Currency Borrowings have been raised at interest rates ranging from a spread of 117 bps to 220 bps over 6 Months' USD/JPY LIBOR (London Inter Bank Offered Rate) except where rates have been stated above in Note No. 3.2.3.1.

3.5 Ratings assigned by credit rating agencies and migration of ratings during the year

Domestic and International Credit Rating

The domestic debt instruments of REC continue to enjoy "AAA" rating – the highest rating assigned by CRISIL, CARE, India Ratings & Research & ICRA-Credit Rating Agencies.

REC enjoys international credit rating equivalent to sovereign rating of India from International Credit Rating Agencies Moody's and FITCH which is "Baa3" and "BBB-" respectively.

There has been no migration of ratings during the year.

3.6 Details of Infrastructure Bonds Issued are as under :

Series I (2010-11) allotted on 31.03.2011

Rate of Interest	Amount (₹ in Crores)	Redemption Details
8.00%	61.60	Redeemable on the date falling 10 years from the date of allotment with buyback option by bondholders after 5 years
8.20%	151.74	
8.10%	1.61	Redeemable on the date falling 10 years from the date of allotment
8.20%	3.78	
Total	**218.73**	

Series II (2011-12) allotted on 15.02.2012

Rate of Interest	Amount (₹ in Crores)	Redemption Details
8.95% Cumulative	95.23	Redeemable on the date falling 10 years from the date of allotment with buyback option by bondholders after 5 years
8.95% Annual	32.85	
9.15% Cumulative	13.43	Redeemable on the date falling 15 years from the date of allotment with buyback option by bondholders after 7 years
9.15% Annual	5.01	
8.95% Cumulative	5.73	Redeemable on the date falling 10 years from the date of allotment
8.95% Annual	1.38	
9.15% Cumulative	2.83	Redeemable on the date falling 15 years from the date of allotment
9.15% Annual	1.13	
Total	**157.59**	

4. Deferred Tax Liabilities (Net)

(₹ in Crores)

Particulars	As at 31.03.2015	As at 31.03.2014
Deferred Tax Liabilities on account of:		
Depreciation	4.00	5.02
Foreign Currency Exchange Fluctuation Loss	116.10	181.04
Total	**120.10**	**186.06**
Deferred Tax Assets on account of:		
Provision for Leave Liability	7.95	7.79
Provision for Medical Leave	4.83	4.58
Total	**12.78**	**12.37**
Deferred Tax Liabilities (Net)	**107.32**	**173.69**

4.1 The Company has no intention to make withdrawal from the special reserve created and maintained under section 36(1)(viii) of the Income Tax Act 1961. Hence, the special reserve created and maintained is not capable of being reversed and thus, it becomes a permanent difference as per Accounting Standard 22. Accordingly, the Company is not creating any deferred tax liability on the said reserve.

5. Other Long-term Liabilities

(₹ in Crores)

Particulars	As at 31.03.2015	As at 31.03.2014
- Non-Current Portion of Interest accrued but not due on borrowings	36.16	23.52
Total	**36.16**	**23.52**

6. Long-term and Short-term Provisions

(₹ in Crores)

	Particulars	As at 31.03.2015		As at 31.03.2014	
		Non-Current	**Current**	**Non-Current**	**Current**
	Provisions for				
(A)	**Employee Benefits**				
	Earned Leave Liability	20.30	2.68	20.19	2.73
	Post Retirement Medical Benefits	73.80	3.81	63.43	3.21
	Medical Leave Liability	13.26	1.96	12.83	1.91
	Settlement Allowance	1.04	0.16	1.02	0.14
	Economic Rehabilitation Scheme	2.71	0.01	2.58	0.07
	Long Service Award	2.34	0.50	3.02	0.36
	Sub-total (A)	**113.45**	**9.12**	**103.07**	**8.42**
(B)	**Others**				
	Standard Loan Assets	446.13	44.79	339.17	31.21
	Restructured Standard Loans	447.51	4.26	-	-
	Incentive	-	16.71	-	15.42
	Wealth Tax	-	0.37	-	0.37
	Fringe Benefit Tax	-	0.36	-	0.36
	Proposed Dividend	-	266.61	-	172.81
	Corporate Dividend Tax	-	54.28	-	29.37
	CSR Expenses	-	57.21	-	-
	Sub-total (B)	**893.64**	**444.59**	**339.17**	**249.54**
	Total (A+B)	**1,007.09**	**453.71**	**442.24**	**257.96**

6.1 Details of Provisions as required under AS-29 are as under :

(₹ in Crores)

Provision for	Opening Balance	Additions During the Year	Paid/ Adjusted during the Year	Closing Balance
Earned Leave Liability	22.92	5.57	5.51	**22.98**
Previous year	23.32	6.17	6.57	22.92
Post Retirement Medical Benefits	66.64	16.39	5.42	**77.61**
Previous year	55.80	15.05	4.21	66.64
Medical Leave Liability	14.74	1.81	1.33	**15.22**
Previous year	13.40	2.64	1.30	14.74
Settlement Allowance	1.16	0.20	0.16	**1.20**
Previous year	1.16	0.10	0.10	1.16
Economic Rehabilitation Scheme	2.65	0.70	0.63	**2.72**
Previous year	2.23	0.89	0.47	2.65
Long Service Award	3.38	0.02	0.56	**2.84**
Previous year	3.06	0.94	0.62	3.38
Standard Loan Assets	370.38	120.54	-	**490.92**
Previous year	105.68	264.70	-	370.38
Restructured Standard Loans	-	451.77	-	**451.77**
Previous year	-	-	-	-
Rescheduled Loan Assets	-	-	-	**-**
Previous year	3.18	-	3.18	-
Incentive	15.42	13.30	12.01	**16.71**
Previous year	34.03	10.95	29.56	15.42
CSR Expenses	-	103.25	46.04	**57.21**
Previous year	-	-	-	-
Wealth Tax	0.37	0.37	0.37	**0.37**
Previous year	0.37	0.37	0.37	0.37
Fringe Benefit Tax	0.36	-	-	**0.36**
Previous year	0.36	-	-	0.36
Interim Dividend	-	789.97	789.97	**-**
Previous year	-	765.28	765.28	-
Proposed Dividend	172.81	266.61	172.81	**266.61**
Previous year	148.12	172.82	148.13	172.81
Corporate Dividend Tax	29.37	212.17	187.26	**54.28**
Previous year	25.17	159.40	155.20	29.37
Income Tax	3,988.96	2,234.54	973.67	**5,249.83**
Previous year	2,321.78	1,707.92	40.74	**3,988.96**

7. Short-term Borrowings

(₹ in Crores)

	Particulars	As at 31.03.2015	As at 31.03.2014
(A)	**Loans Repayable on Demand, unsecured**		
	- from Banks	734.00	-
(B)	**Commercial Paper, unsecured**	-	2,540.00
	Total (A+B)	**734.00**	**2,540.00**

8. Other Current Liabilities

(₹ in Crores)

	Particulars	As at 31.03.2015	As at 31.03.2014
(A)	**Current maturities of long-term debt** (Refer Note 3)	19,121.80	13,537.89
(B)	**Interest accrued but not due on borrowings**	5,265.43	4,400.95
(C)	**Interest accrued and due on borrowings**	1.10	1.10
(D)	**Income Received in Advance**	0.08	0.01
(E)	**Unpaid Dividends**	2.62	2.31
(F)	**Unpaid Principal & Interest on Bonds**		
	- Matured Bonds & Interest Accrued thereon	57.64	61.05
	- Interest on Bonds	14.33	11.38
(G)	**Other payables**		
	- Subsidy/ Grant Received from Govt. of India	33,641.80	30,260.46
	Add: Interest on Subsidy/ Grant (Refer Note 8.3)	51.38	11.55
	Less: Disbursed to Beneficiaries	-33,399.90	-29,760.21
	Undisbursed Subsidy/Grant	293.28	511.80
	- Overdraft in Current Account	0.38	-
	- Statutory Dues payable including PF and TDS	22.78	24.38
	- Payable towards funded staff benefits	0.62	0.82
	- Other Liabilities	31.34	32.04
	Sub-total (G)	**348.40**	**569.04**
	Total (A to G)	**24,811.40**	**18,583.73**

8.1 Subsidy Under Accelerated Generation & Supply Programme (AG&SP):

The Company is maintaining an Interest Subsidy Fund Account and was given AG&SP subsidy (for disbursement to the eligible borrowers) by Govt. of India at net present value calculated at indicative rates and year in accordance with GOI's letter vide D.O.No. 32024/17/97-PFC dated 23.09.1997 and O.M.No.32024/23/2001-PFC dated 07.03.2003 irrespective of the actual repayment schedule, moratorium year and duration of repayment of the eligible schemes. The impact of difference between the indicative rate and year considered at the time of drawl and the actual can be ascertained only after the end of the respective schemes.

Net amount of ₹ 2.22 Crores as at 31st March, 2015 (Previous year ₹ 3.53 Crores) represents the balance amount of interest subsidy fund, which is to be passed on to the borrowers against their interest liability arising in future, under Accelerated Generation & Supply Programme (AG&SP), which comprises of the following :-

(₹ in Crores)

Particulars	As at 31.03.2015	As at 31.03.2014
Opening Balance of Interest Subsidy Fund	3.53	5.20
Add: Interest earned during the year	0.13	0.22
Less: Interest subsidy passed on to the borrower	1.44	1.89
Closing Balance of Interest Subsidy Fund	**2.22**	**3.53**

8.2 Government of India has appointed Rural Electrification Corporation Ltd. as a nodal agency for implementation of Deen Dayal Upadhyaya Gram Jyoti Yojna (DDUGJY). The funds received for disbursement to various agencies under the scheme are kept in a separate bank account. The undisbursed funds for the scheme (including the funds received under erstwhile RGGVY Scheme) including interest earned thereto are classified under "Undisbursed Subsidy/ grant" under the head "Other Current Liabilities".

During the year, interest earned of ₹ 61.78 Crores (Previous year ₹ 38.00 Crores) has been taken to DDUGJY Subsidy account. Further, during the year, an amount of ₹ 22.07 crores (Previous year ₹ 29.51 crores) has been refunded back to MoP out of the total interest on subsidy.

8.3 The movement in Interest on Subsidy/ Grant is explained as under:

(₹ in Crores)

Particulars	As at 31.03.2015	As at 31.03.2014
Opening Balance	11.55	3.65
Add: Interest earned during the year	62.93	38.32
Less: Amount refunded to Govt. during the year	22.34	29.51
Less: Disbursement out of Interest earned on account of AG&SP Grant	0.76	0.91
Closing Balance	**51.38**	**11.55**

9. Fixed Assets as at 31st March, 2015

(₹ In Crores)

FIXED ASSETS	GROSS BLOCK				DEPRECIATION/ AMORTISATION				NET BLOCK	
	As at 01.04.2014	**Additions during the year**	**Sales/ adjustment during the year**	**Closing as on 31.03.2015**	**Upto 31.03.2014**	**During the year**	**Adjustment during the year**	**As on 31.03.2015**	**As at 31.03.2015**	**As at 31.03.2014**
Tangible Assets										
Freehold Land	34.75	-	-	34.75	-	-	-	-	34.75	34.75
Leasehold Land	1.45	-	-	1.45	0.21	0.01	-	0.22	1.23	1.24
Buildings	28.49	5.22	-	33.71	6.84	0.46	0.01	7.29	26.42	21.65
Furniture & Fixtures	6.74	0.44	0.13	7.05	4.07	0.54	0.03	4.58	2.47	2.67
Vehicles	0.45	0.19	0.18	0.46	0.37	0.03	0.18	0.22	0.24	0.08
EDP Equipments	15.83	3.66	2.87	16.62	9.95	3.67	2.33	11.29	5.33	5.88
Office Equipments	5.97	0.44	0.09	6.32	2.57	1.02	-0.67	4.26	2.06	3.40
Total	**93.68**	**9.95**	**3.27**	**100.36**	**24.01**	**5.73**	**1.88**	**27.86**	**72.50**	**69.67**
Previous year	89.70	5.92	1.94	93.68	22.11	2.84	0.94	24.01	69.67	
Intangible Assets										
Computer Software	6.96	0.01	-	6.97	4.51	1.03	-	5.54	1.43	2.45
Total	**6.96**	**0.01**	**-**	**6.97**	**4.51**	**1.03**	**-**	**5.54**	**1.43**	**2.45**
Previous year	6.85	0.11	-	6.96	3.14	1.37	-	4.51	2.45	
Capital Work-in-progress	**9.71**	**2.90**	**5.22**	**7.39**	**-**	**-**	**-**	**-**	**7.39**	**9.71**
Previous year	8.75	0.96	-	9.71	-	-	-	-	9.71	

9.1 The formalities regarding registration of one conveyance deed in respect of the Land & Building acquired by the Company amounting to ₹4.59 Crores (Previous year ₹4.59 Crores) are yet to be executed.

9.2 In the opinion of management, there is no impairment of the assets of the Company in terms of AS-28. Accordingly, no provision for impairment loss as required under Accounting Standard-28 'Impairment of Assets' has been made.

9.3 Disclosure in respect of Intangible Assets as required in AS-26 "Intangible Assets" :

Useful Life	5 years
Amortisation Rate	20%, 100% in case the total cost of the asset is ₹5,000 or less
Amortisation Method	Straight Line

10. Investments

(₹ in Crores)

Particulars	As at 31.03.2015		As at 31.03.2014	
	Number	Amount	Number	Amount
Valued at Cost				
(1) Non-Current Investments				
(A) Other Investments (Unquoted)				
(i) Investment in Equity Instruments				
- Subsidiaries				
- REC Power Distribution Company Limited Equity shares of ₹10 each, fully paid up	50,000	0.05	50,000	0.05
- REC Transmission Projects Company Limited Equity shares of ₹10 each, fully paid up	50,000	0.05	50,000	0.05
- Joint Ventures				
- Energy Efficiency Services Limited Equity shares of ₹10 each, fully paid up	2,25,00,000	22.50	2,25,00,000	22.50
- Others				
- India Energy Exchange Limited Equity shares of ₹10 each, fully paid up	12,50,000	1.25	12,50,000	1.25
- Universal Commodity Exchange Limited Equity shares of ₹10 each, fully paid up	1,60,00,000	16.00	1,60,00,000	16.00
(ii) Investment in Government Securities				
- 8% Government of Madhya Pradesh Power Bonds-II Maturing in equal half yearly Instalments of one bond each, next instalment due on 01.10.2015 (Bonds of Face Value of ₹ 47.16 Crores each)*	8	377.28	10	471.60
(iii) Investment in Venture Capital Funds				
- KSK Energy Ventures Limited Units of 'Small is Beautiful' Fund at face value of ₹ 10.00 per unit	76,82,816	7.68	76,82,816	7.68
(iv) Investment in Debentures **9.68% Bonds of UP Power Corporation Ltd.** Bonds of Face Value of ₹ 0.01 Crores each	75,000	750.00	1,14,150	1,141.50
Total - Non-Current Investments (1)		**1,174.81**		**1,660.63**
(2) Current Investments				
(A) Investment in Government Securities (Quoted)				
- 8.57%-8.73% Government of Uttar Pradesh Special Bonds Maturing in annual Instalments of Rs. 39.15 crores, first maturity due on 31.12.2019 **		391.50		-
(B) Investment in Government Securities (Unquoted)				
- 8% Government of Madhya Pradesh Power Bonds-II Maturing in equal half yearly Instalments of one bond each, next instalment due on 01.10.2015 (Bonds of Face Value of ₹ 47.16 Crores each)*	1	47.16	1	47.16
Total - Current Investments (2)		**438.66**		**47.16**
Total (1+2)		**1,613.47**		**1,707.79**

* The number of bonds and the amount of the investment in current portion represents the investments maturing within the next 12 months and the balance is the non-current portion.

** The investment has been classified as current investment in terms of Schedule III to the Companies Act, 2013, since the Management intends to dispose off the investment in the next 12 months.

10.1 Additional disclosures required in respect of the investments :

(₹ in Crores)

	Particulars	As at 31.03.2015		As at 31.03.2014	
		Non-Current	Current	Non-Current	Current
(1)	**Value of Investments**				
(i)	Gross Value of Investments				
(a)	In India	1,174.81	438.66	1,660.63	47.16
(b)	Outside India,	-	-	-	-
(ii)	Provisions for Depreciation				
(a)	In India	-	-	-	-
(b)	Outside India,	-	-	-	-
(iii)	Net Value of Investments				
(a)	In India	1,174.81	438.66	1,660.63	47.16
(b)	Outside India.	-	-	-	-
(2)	**Movement of provisions held towards depreciation on investments.**				
(i)	Opening balance	-	-	-	-
(ii)	Add : Provisions made during the year	-	-	-	-
(iii)	Less : Write-off / write-back of excess provisions during the year	-	-	-	-
(iv)	**Closing balance**	-	-	-	-
(3)	**Aggregate amount of Quoted Investments**	**-**	**391.50**	**-**	**-**
	Market Value of Quoted Investments	**-**	**405.63**	**-**	**-**
(4)	**Aggregate amount of Unquoted Investments**	**1,174.81**	**47.16**	**1,660.63**	**47.16**
(5)	**Aggregate provision for diminution in value of investments**	**-**	**-**	-	-

10.2 Investments include ₹ 7.68 Crores (Previous year ₹ 7.68 Crores) representing company's contribution in the units of 'Small is Beautiful (SIB) Venture Capital fund' promoted by KSK Energy Ventures Limited.

Name of the Company	Contribution towards Fund	Country of Residence	Percentage of Share
SIB Fund of KSK Energy Ventures Ltd	₹ 7.68 Crores	India	9.74%

The face value of the fund is ₹ 10 per unit. The NAV as on 31.03.2015 is ₹ 9.70 per unit (as on 31.03.2014 ₹ 9.70 per unit). As Investment in 'Small is Beautiful' Fund is long term investment, the fluctuation in NAV in the current scenario is considered as temporary.

10.3 Information in relation to the interest of the Company in Joint Ventures (JVs):

1. Energy Efficiency Services Ltd.

Proportion of Interest in Equity	25%
Country of Incorporation	India
Area of Operation	India
JV Partners (% share)	1. NTPC Limited (25%) 2. Power Grid Corporation of India Limited (25%) 3. Power Finance Corporation Limited (25%)

The Company's share of assets, liabilities, contingent liabilities and capital commitments as at 31.03.2015 and income and expenses for the year in respect of joint venture are given below :

(₹ in Crores)

	Particulars	As at / For the year ended 31.03.2015 (Unaudited)	As at / For the year ended 31.03.2014 (Unaudited)	As at / For the year ended 31.03.2014 (Audited)
(i)	Total Assets	78.94	31.62	31.44
(ii)	Total Liabilities	50.21	4.90	5.3
(iii)	Total Reserves & Surplus	6.23	4.22	3.64
(iv)	Contingent Liabilities	Nil	Nil	Nil
(v)	Capital Commitments	Nil	5.52	5.18
(vi)	Total Income	17.57	8.39	6.61
(vii)	Total Expenses	14.37	7.13	5.4

The consolidated financial statements of the Company for the financial year 2013-14 had been prepared considering the unaudited financial statements of the joint venture, Energy Efficiency Services Limited (EESL). However, the financial statements of EESL were subsequently audited on 27th September, 2014. The change in the unaudited and audited figures in the assets and liabilities has already been adjusted in the balance sheet figures of EESL for the FY 2014-15. Further, the change in profit after tax has been adjusted in the opening balance of Surplus Account.

11. Long-term Loans & Advances

(₹ in Crores)

	Particulars	As at 31.03.2015	As at 31.03.2014
(A)	**Capital Advances (Unsecured, considered good)**	**20.20**	**20.20**
(B)	**Security Deposits (Unsecured, considered good)**	**0.94**	**7.45**
(C)	**Loans & Advances to Related Parties**		
	- To Key Managerial Personnel (KMP)	0.21	0.06
		0.21	**0.06**
(D)	**Other Loans & Advances**		
	- Staff Loans & Advances (except to KMP)	40.40	15.85
	- Loan Assets	1,64,152.03	1,35,855.41
		1,64,192.43	**1,35,871.26**
	Total (A to D)	**1,64,213.78**	**1,35,898.97**

Details of Staff Loans & Advances and Loan Assets :

11.1 Staff Loans & Advances

Non-current portion of the staff loans & advances has been classified under 'Long-term Loans & Advances' above and the current portion of the staff loans & advances has been classified under Note-15 'Other Current Assets'.

(₹ in Crores)

	Particulars	As at 31.03.2015		As at 31.03.2014	
		Non-Current	**Current**	**Non-Current**	**Current**
(A)	**Secured Staff Loans & Advances**				
(A1)	**To Key Managerial Personnel**				
	(a) Considered Good	0.04	0.02	0.01	-
(A2)	**To Others**				
	(a) Considered Good	2.82	1.08	4.13	0.69
	(b) Classified Doubtful	-	0.07	0.02	0.05
	Less: Allowance for bad & doubtful debts	-	0.07	0.02	0.05
		-	-	-	-
	Sub-total (A1+ A2)	**2.86**	**1.10**	**4.14**	**0.69**
(B)	**Unsecured Staff Loans & Advances**				
(B1)	**To Key Managerial Personnel**				
	(a) Considered Good	0.17	0.06	0.05	0.03
(B2)	**To Others**				
	(a) Considered Good	37.58	9.56	11.72	4.51
	Sub-total (B1+ B2)	**37.75**	**9.62**	**11.77**	**4.54**
	Grand Total (A+B)	**40.61**	**10.72**	**15.91**	**5.23**

11.2 Loan Assets

Non-current portion of the loan assets has been classified under 'Long-term Loans & Advances' above and the current portion of the loan assets has been classified under Note-15 'Other Current Assets'.

(₹ in Crores)

	Particulars	As at 31.03.2015		As at 31.03.2014	
		Non-Current	Current	Non-Current	Current
(A)	<u>**Secured Loans**</u>				
(A1)	**Loans to State Power Utilities/ State Electricity Boards/Corpn. (Secured by hypothecation and/or mortgage of materials/ tangible assets)**				
	(a) Considered Good	95,970.62	8,981.75	82,521.17	7,670.75
(A2)	**Loans to Others (Secured by hypothecation and/or mortgage of tangible assets)**				
	(a) Considered Good	28,393.85	1,201.89	22,027.26	1,160.66
	(b) Classified Doubtful	849.53	429.66	308.02	182.38
	Less: Allowance for bad & doubtful debts	208.67	100.59	119.64	17.22
		640.86	329.07	188.38	165.16
	Sub-total (A1+ A2)	**1,25,005.33**	**10,512.71**	**1,04,736.81**	**8,996.57**
(B)	**Unsecured Loans**				
(B1)	**Loans Guaranteed by respective State Governments**				
	(a) Considered good	35,334.41	2,651.53	27,201.58	2,363.27
(B2)	**Loans to State Governments**				
	(a) Considered good	2,878.29	377.24	2,860.78	340.09
(B3)	**Loans - Others**				
	(a) Considered Good	934.00	490.99	1,056.24	572.29
	(b) Classified Doubtful	56.19	-	-	-
	Less: Allowance for bad & doubtful debts	56.19	-	-	-
		-	-	-	-
	Sub-total (B1+ B2+B3)	**39,146.70**	**3,519.76**	**31,118.60**	**3,275.65**
	Grand Total (A+B)	**1,64,152.03**	**14,032.47**	**1,35,855.41**	**12,272.22**

11.2.1 Loan balance confirmations for around 85% of total loan assets as on 31st March, 2015 have been received from the borrowers.

11.2.2 Loan Assets also include amount financed by the Company as per the Scheme for Financial Restructuring of State Distribution Companies (Discoms).

11.2.3 As at 31st March 2015, 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'. Tariff order awarded by State Regulator in November 2013 and the concerned Appellate Tribunal in November 2014 for additional revenue in favour of the borrower had been challenged by the concerned Discom in Hon'ble Supreme Court. Since the matter was sub-judice in the Hon'ble Supreme Court, the borrower failed to pay the dues to the Company.

Hon'ble Supreme Court vide order dated 24th April 2015 quashed the appeal of the concerned discom and consequently, the State Regulator in its order dated 13th May, 2015 directed the Discom to pay the dues to the borrower at the earliest. Subsequently, the entire dues of the Company amounting to ₹ 54.15 crore have been cleared on 15th May 2015 i.e. before the date of signing of balance sheet. Therefore, in accordance with the provisions of Accounting Standard 4 ' ', the classification of the borrower has been retained as 'Standard Asset'. Due to the treatment as specified above in compliance of AS-4, the Profit before Tax for the year 2014-15 is higher by ₹ 66.73 crores.

11.2.4 Alaknanda Hydro Power Company Limited (AHPCL) Shrinagar HEP is located at Uttarakhand. Ministry of Finance, considering the natural disaster in June 2013 at Uttarakhand had taken a decision that Banks should announce a moratorium on repayment of loan and interest for a period of one year in respect of all project loans that are outstanding in Uttarakhand. Ministry of Power vide their letter dated 6th December 2013 extended such benefit to AHPCL. Accordingly, REC sanctioned Funded Interest Term Loan (FITL) to AHPCL in June 2014.

RBI had issued circular dated 23rd January 2014, on "Norms on restructuring of advance by NBFCs". In response to applicability of above circular, REC represented vide letter dated 28th April 2014 to RBI requesting amongst other that, "Hydro projects in Himalayan region and power projects affected by natural disaster may be kept outside the restructuring norms".

In response to the above request, RBI Vide letter dated 11th June 2014, allowed that the Transmission & Distribution, Renovation & Modernization and Life Extension projects as also the Hydro projects in Himalayan region or affected by natural disaster (new loans and outstanding stock of loans as on March 31, 2014) may be regulated by the REC's existing restructuring norms till March 31, 2017.

Hence, the Management is of the view that the above project of AHPCL, being a Hydro project in Himalayan region and affected by natural disaster is outside the preview of circular dated 23rd January 2014 and shall continue to be governed by the existing REC's existing prudential norms, which states, "In case of funding of interest in respect of NPAs, where the interest funded is recognized as income, the interest funded shall be fully provided for."

As AHPCL is a standard asset in the books of REC, as such no provision on funded interest is required to be created.

Pending clarification from RBI for the above, 100% allowance has been created in the books of accounts for the FITL in respect of AHPCL for ₹ 86.42 crores and the same shall be reviewed on receipt of clarification from RBI.

11.2.5 M/s Teesta Urja Limited (TUL) is executing Hydro Electric Project in the North Eastern State of Sikkim. Substantial physical progress has been achieved in the project and as per the latest report of Lenders Independent Engineer, cumulative physical progress of the project is 91.6%. TUL had fully tied up the project cost till 1st cost overrun. Accordingly, the charge on assets has been created as per the security documents carried out in consortium.

All the lenders, except one have sanctioned their proportionate shares towards debt requirement of 2nd cost overrun. In the meantime, the project faced issue of infusion of equity from its promoters. The issue regarding equity infusion was discussed in detail among stakeholders/ lenders of the company. As per the understanding in the meeting, Sikkim Power Investment Corporation Ltd. (SPICL) would take over the project with 51% equity from its current holding of 26% equity. The stake of all other promoters is therefore likely to come down on prorata basis to enable SPICL to have 51% equity. As such, the joint documentation for the 2nd cost overrun could not take place, pending execution of the proposed change in the management/ shareholding pattern.

Meanwhile, some of the lenders, including REC, adjusted their outstanding interest dues on the basis of bilateral agreement with the Company, against the loan sanctioned towards 2nd cost overrun to TUL. All the disbursements towards the 2nd cost overrun will be secured, once the joint documentation is executed and security created on project assets for the enhanced loan. Pending documentation, an amount of ₹ 202.49 crores has been classified as Unsecured.

11.2.6 REC, as a lead lender had sanctioned ₹ 650 Crore (Senior Debt: ₹ 555 Crore and Sub-Debt: ₹ 95 Crore) as initial sanction to Corporate Power Limited for 540 MW Phase-I TPP at Chandwa, Jharkhand. The Senior Debt of ₹ 555 Crore is secured by way of first charge on all the Company's , present and future immovable properties, movables, all bank accounts, project documents, clearances, letter of credits, guarantees, insurance contracts and insurance proceeds etc. and pledge of shares representing 51% of the total paid up equity share capital of the Company. The Sub-Debt of ₹ 95 Crore is secured by second charge over the security given for Senior Debt and it is additionally secured by the Corporate Guarantee of Corporate Ispat and Alloys Limited (CIAL). Subsequently, REC, as lead lender, has sanctioned ₹ 196 Crore as additional loan towards funding of cost overrun.

The progress of Phase-I of the Project (where REC is Lead) as per last available Lender Independent Engineer's Report, is approximately 96%. However, the account has become NPA on 30th June, 2014. As per REC Prudential Norms, a provision of 10% is required to be created on the Outstanding Loan amount. Accordingly, a provision of ₹ 81.17 Crore i.e. 10% of ₹ 811.74 Crores had been created on 30 June 2014. Lenders are exploring various options for the revival of the project including change in the management. Pending outcome of such efforts, as a matter of prudence, 100% allowance of ₹ 133.02 crore (for adjusted IDC amount) has been created in the books of accounts and for the balance loan amount of ₹ 678.72 crores, 10% allowance is created in the books as per REC Prudential Norms.

11.2.7

REC has sanctioned ₹ 1,150 Crore to Jas Infrastructure & Power Limited (JIPL). An expenditure of about ₹ 2,700 Cr has been incurred in the project, wherein REC's disbursement is only ₹ 33.24 Crore. As project has been delayed considerably, lenders have constituted a Core-Committee to evaluate the further implementation strategy for the project, including change in management.

The account has become NPA on 30-06-2014. As per REC Prudential Norms, an allowance of 10% is required to be created on the outstanding loan amount. Accordingly, an allowance of ₹ 3.32 Cr i.e. 10% of ₹ 33.24 Crore been created on 30th June 2014. However, depending upon the further developments, REC may approach the lead lender for independent valuation of the project assets.

However, as a matter of prudence, 100% allowance of ₹ 2.29 crore (for adjusted IDC amount) for JIPL has been created in the accounts. Further, the allowance shall be reviewed on the basis of outcome of the measures explained above.

12. Other Non-Current Assets

(₹ in Crores)

	Particulars	As at 31.03.2015	As at 31.03.2014
(A)	**Non-Current Portion of Interest Accrued on Staff Advances**	5.01	4.03
(B)	**Interest Accrued on Rescheduled Loans**	-	2.11
(C)	**Advance Income-tax & TDS**	5,321.81	4,010.81
	Less : **Provision for Income Tax**	5,249.83	3,988.96
	Advance Income-tax & TDS (Net)	71.98	21.85
(D)	**Non-current Portion of Unamortized Expenses :**		
	- Discount on Issue of Bonds	0.14	4.13
	Total (A to D)	**77.13**	**32.12**

13. Cash and Bank Balances

(₹ in Crores)

	Particulars	As at 31.03.2015	As at 31.03.2014
(A)	**Cash & Cash Equivalents**		
	- Balances with Banks	189.25	117.94
	- Others		
	- Short-term Deposits with Scheduled Banks	333.29	1,075.00
	Sub-total (A)	**522.54**	**1,192.94**
(B)	**Others**		
	- Term Deposits with Scheduled Banks	**0.36**	-
	Total (A+B)	**522.90**	**1,192.94**

Balances with Banks include:		
- Earmarked Balances with Banks in separate accounts		
- For unpaid dividends	2.62	2.31
- For DDUGJY grants	31.68	0.20
- For AG & SP grant	2.22	3.97
- For NEF grant	1.00	-
- For other grants	20.04	1.75
- Tax Free Bonds Public Issue Account	-	5.96
- Amount set aside for grants disbursement	2.15	2.38

Further, Short-term Deposits with Scheduled Banks include ₹ 236.19 Crores (Previous year ₹ 503.50 Crores) earmarked towards DDUGJY grant. Figure in (B) Others - Term Deposits with Scheduled Banks includes the deposit for ₹ 0.36 Crores (Previous year Nil) made and earmarked in compliance of a Court order.

13.1 The Company had made public issue of Tax Free Bonds of face value of ₹1,000/- each aggregating to ₹ 4,500 Crores during the financial year 2013-14 in addition to private placement of the Tax Free Bonds of ₹ 1,500 Crores. The issue proceeds of ₹ 5.96 Crores remaining unutilised as on 31st March, 2014 have since been utilised for the purposes as mentioned in the Offer document.

14. Short-term Loans & Advances

(₹ in Crores)

	Particulars	As at 31.03.2015	As at 31.03.2014
(A)	**Loans & Advances to Related Parties (Unsecured, considered good)**	**2.04**	**3.63**
(B)	**Others**		
(i)	**Advances recoverable in cash or in kind or value to be received (Unsecured)**		
	(a) Considered Good	1.21	1.34
	(b) Classified Doubtful	2.06	-
	Less: Allowance for bad & doubtful debts	2.06	-
		-	-
	Total (i)	**1.21**	**1.34**
(ii)	**Loan Assets**		
(a)	Secured Loans		
	- Loans to State Power Utilities/ State Electricity Boards/Corpn. (Secured by hypothecation and/or mortgage of materials/ tangible assets)		
	- Considered Good	485.88	259.94
	Sub-total (a)	**485.88**	**259.94**
(b)	Unsecured Loans		
	- Loans Guaranteed by respective State Governments		
	- Considered Good	500.00	116.67
	- Loans - Others		
	- Considered Good	111.11	-
	Sub-total (b)	**611.11**	**116.67**
	Total (ii)	**1,096.99**	**376.61**
	Grand Total	**1,100.24**	**381.58**

15. Other Current Assets

(₹ in Crores)

	Particulars	As at 31.03.2015	As at 31.03.2014
(A)	**Current recoverable of Long-term Loan Assets (Net)** (Refer Note 11.2)	14,032.47	12,272.22
(B)	**Current recoverable of Staff Advances (Net)** (Refer Note 11.1)	10.72	5.23
(C)	**Interest Accrued & Not Due on:**		
	- Govt. Securities	7.89	-
	- Long Term Investments	30.25	43.06
	- Term Deposits	0.25	4.41
	Sub-total	38.39	47.47
(D)	**Interest Accrued & Due on Loan Assets**	1,019.94	547.49
(E)	**Interest Accrued & Not Due on Loan Assets**	444.30	561.70
(F)	**Current Portion of Interest Accrued on Staff Advances**	0.28	0.08
(G)	**Recoverable from GOI**		
	- RGGVY/ DDUGJY Expenses	8.49	8.49
	- NEF Expenses	0.29	-
	- DDUGJY/ UNDP Agency Charges	-	3.30
	Sub-total	8.78	11.79
(H)	**Recoverable from SEBs/ Govt. Deptt/Others**	7.32	3.29
(I)	**Income Tax Recoverable**	-	9.28
(J)	**Prepaid Financial Charges on Commercial Paper**	-	94.29
(K)	**Current Portion of Unamortized Expenses**		
	- Discount on Issue of Bonds	3.99	4.83
	Total (A to K)	**15,566.19**	**13,557.67**

16. Revenue from Operations

(₹ in Crores)

	Particulars	Year ended 31.03.2015		Year ended 31.03.2014	
(A)	**Interest on Loan Assets**				
(i)	Long term financing	19,904.21		16,413.47	
	Less: Rebate for timely payments/ completion etc.	2.70	19,901.51	3.18	16,410.29
(ii)	Short term financing		170.57		396.10
	Sub-total (A)		**20,072.08**		**16,806.39**
(B)	**Revenue from Other Financial Services**				
(i)	Processing, Upfront, Lead fees, LC Commission etc.		51.93		52.90
(ii)	Prepayment Premium		11.23		17.19
(iii)	Agency/ handling charges for RGGVY/ DDUGJY Implementation/ others		15.29		28.76
	Sub-total (B)		**78.45**		**98.85**
(C)	**Income from Short-term Investment of Surplus Funds**				
(i)	Interest from Deposits		69.46		98.07
(ii)	Gain on Sale of Mutual Funds		9.54		14.67
	Sub-total (C)		**79.00**		**112.74**
	Total (A to C)		**20,229.53**		**17,017.98**

17. Other Income

(₹ in Crores)

	Particulars	Year ended 31.03.2015	Year ended 31.03.2014
(A)	**Interest Income (Other than Operating Income)**		
	- Interest from Govt. Securities	47.51	47.16
	- Interest from Long Term Investments	101.67	43.06
	- Interest from Income Tax Refund	-	4.56
	- Interest from Staff Advances	1.72	1.25
	- Interest from Subsidiary Companies	-	0.35
	Sub-Total (A)	**150.90**	**96.38**
(B)	**Dividend Income**		
	- Dividend from Subsidiary Companies	0.35	0.15
	- Dividend from Long-Term Investments	3.63	0.38
	Sub-Total (B)	**3.98**	**0.53**
(C)	**Other Non-Operating Income**		
	- Profit on sale of assets	0.02	-
	- Provision Written Back	0.57	3.18
	- Miscellaneous Income	3.05	2.73
	Sub-Total (C)	**3.64**	**5.91**
	Total (A to C)	**158.52**	**102.82**

18. Finance Costs

(₹ in Crores)

	Particulars	Year ended 31.03.2015	Year ended 31.03.2014
(A)	**Interest Expense**		
	- On Govt. Loans	0.43	0.90
	- On REC Bonds	9,508.65	7,881.47
	- On Loans from Banks/ Financial Institutions	207.25	415.78
	- On External Commercial Borrowings	1,358.86	1,064.92
	- On Commercial Paper	300.03	230.88
	- On AREP Subsidy	0.08	0.22
	- Interest on Advance Income Tax	1.38	2.96
	Sub-Total (A)	**11,376.68**	**9,597.13**
(B)	**Other Borrowing Costs**		
	- Guarantee Fee	18.31	18.66
	- Public Issue Expenses	-	30.37
	- Bonds Handling Charges	1.05	1.11
	- Bonds Brokerage	20.48	16.35
	- Stamp Duty on Bonds	4.03	3.73
	- Debt Issue and Other Finance Charges	168.73	59.08
	Sub-Total (B)	**212.60**	**129.30**
(C)	**Net Translation/ Transaction Exchange Loss**	**255.33**	**312.03**
	Total (A to C)	**11,844.61**	**10,038.46**

19. Employee Benefits Expense

(₹ in Crores)

Particulars	Year ended 31.03.2015	Year ended 31.03.2014
- Salaries and Allowances	92.46	88.81
- Contribution to Provident Fund and Other Funds	11.38	10.95
- Gratuity	0.60	0.82
- Expenses towards Post Retirement Medical Facility	16.39	15.05
- Staff Welfare Expenses	13.11	14.28
Total	**133.94**	**129.91**

20. Other Expenses

(₹ in Crores)

Particulars	Year ended 31.03.2015		Year ended 31.03.2014	
- Corporate Social Responsibility Expenses		103.25		38.40
- Travelling and Conveyance		9.97		10.12
- Publicity & Promotion Expenses		5.97		6.46
- Repairs and Maintenance				
- Building	2.69		1.64	
- ERP & Data Centre	3.75		3.95	
- Others	0.63	7.07	0.59	6.18
- Rent & Hiring Charges		3.66		3.43
- Rates and Taxes		0.88		1.04
- Power & Fuel		1.32		1.12
- Insurance Charges		0.04		0.04
- Postage and Telephone		2.24		1.81
- Auditors' Remuneration		0.62		0.66
- Consultancy Charges		2.74		2.26
- Loss on Sale of Assets		0.11		0.69
- Allowance on Staff Advances		-		0.07
- Miscellaneous Expenses		34.87		33.19
Total		**172.74**		**105.47**

20.1 Disclosure in respect of CSR Expenses:

(a) Gross Amount required to be spent by the Company during the year was ₹ 103.25 Crores (Previous year ₹ 38.18 Crores).

(b) Amount spent during the year (₹ in Crores) :

	Particulars	FY 2014-15			FY 2013-14		
		In Cash	Yet to be paid*	Total	In Cash	Yet to be paid*	Total
(i)	Construction/ acquisition of any asset	-	-	-	-	-	-
(ii)	On purpose other than (i) above	46.04	57.21	103.25	38.40	-	38.40

* denotes amount provided for.

20.2 Auditors' Remuneration includes :

(₹ in Crores)

Particulars	Year ended 31.03.2015	Year ended 31.03.2014
- Audit Fees	0.40	0.32
- Tax Audit Fees	0.06	0.06
- Limited Review Fees	0.09	0.06
- Payment for Other Services #	0.04	0.22
- Reimbursement of Expenses	0.03	-
Total	**0.62**	**0.66**

The figure above also includes service tax credit reversal of ₹ 0.03 crores (Previous year ₹ 0.04 crores) done as per Service Tax Rules.

Inclusive of Certification Fee of Nil (Previous year ₹ 0.18 Crores) for Certification of Prospectus for Tax Free Bonds Public Issue during the year.

20.3 **Earnings and Expenditure in Foreign Currency :**

(₹ in Crores)

Particulars	Year ended 31.03.2015	Year ended 31.03.2014
Earnings	**-**	**-**
Expenditure		
- Royalty, Know-how, Professional, Consultation Fees	-	0.21
- Interest	455.29	388.23
- Finance Charges	149.36	47.67
- Other Expenses	3.18	1.70
Total	**607.83**	**437.81**

20.4 The Company has taken office space, accommodations for staff and space for ERP Data Centre on lease. These are classified as operating lease. Lease payments in respect of office space and data centre amounting to ₹ 4.30 Crores (Previous year ₹ 4.43 Crores) is shown under the head 'Other Expenses'. Lease payments in respect of accommodations for staff amounting to ₹ 2.50 Crores (Previous year ₹ 2.23 Crores) form part of 'Employees Benefit Expense.' Future lease payments in respect of these lease agreements are as under:

(₹ in Crores)

Future minimum lease rent payments	Year ended 31.03.2015		Year ended 31.03.2014	
	Data Centre	Office & Accomodations	Data Centre	Office & Accomodations
Not later than one year	0.29	3.53	0.39	3.98
Later than one year and not later than 5 years	-	6.52	0.18	9.60
Later than 5 years	-	0.66	-	0.69
Total	**0.29**	**10.71**	**0.57**	**14.27**

21. Provisions and Contingencies

(₹ in Crores)

Particulars	Year ended 31.03.2015	Year ended 31.03.2014
Allowance for bad & doubtful debts	230.65	47.32
Contingent Allowance against Standard Loan Assets	120.54	264.70
Allowance against Restructured Standard Loans	451.77	-
Total	**802.96**	**312.02**

22. Earnings per Share

Particulars	Year ended 31.03.2015	Year ended 31.03.2014
Numerator		
Profit after Tax as per Statement of Profit and Loss (₹ in Crores)	5,259.87	4,683.70
Denominator		
Weighted average Number of equity shares	98,74,59,000	98,74,59,000
Basic & Diluted Earnings per share of ₹10 each (in ₹)	53.27	47.43

23. Contingent Liabilities and Commitments :

23.1 Contingent Liabilities not provided for in respect of:

(₹ in Crores)

	Particulars	As at 31.03.2015	As at 31.03.2014
(A)	Claims against the Company not acknowledged as debts	55.71	56.16
(B)	Others		
	- Letters of Comfort	260.84	1,273.81

The amount referred to in 'A' above includes ₹ 3.75 Crores (Previous year ₹ 5.24 Crores) is in respect of cases pending in various courts including arbitration cases and is dependent upon the outcome of settlement of court/arbitration cases and also includes ₹ 51.96 Crores (Previous year ₹ 50.92 Crores) against various demands raised by the Income Tax Department/ Service Tax Department including the cases pending in Delhi High Court/ Supreme Court.

23.2 Commitments not provided for in respect of:

(₹ in Crores)

Particulars	As at 31.03.2015	As at 31.03.2014
- Contracts remaining to be executed on capital account		
- Towards Tangible Assets	16.06	11.69
- Towards Intangible Assets	4.32	4.75
- Other Commitments		
- Undisbursed CSR Commitments	182.73	34.42

24. Details of Registration/ License/ authorisation obtained from financial sector regulators:

	Particulars	Regulator Name	Registration Details
(i)	Corporate Identification No.	Ministry of Corporate Affairs	L40101DL1969GOI005095
(ii)	Registration Number	Reserve Bank of India	14.000011

25. The Company is registered with the Reserve Bank of India (RBI) as a Non-Banking Financial Company (NBFC) since 1997-98. As per notification No.DNBS(PD).CC No.12/02.01/99-2000 dated 13.1.2000 of RBI, Govt. companies as defined under Section 617 of the Companies Act, 1956 have been exempted from applicability of the provisions of Reserve Bank of India Act, 1934 relating to maintenance of liquid assets and creation of Reserve Funds and the Directions relating to acceptance of public deposits and Prudential Norms. The said notification is also applicable to REC, being a Govt. company as defined under Section 2 (45) of the Companies Act, 2013 (Section 617 of the erstwhile Companies Act, 1956). Accordingly, the Reserve Fund is not created.

Further, as per Para No. 1 (3) (iv) of RBI's Master Circular No. DNBS (PD) CC No. 381/03.02.001/2014-15 dated July 1, 2014, REC being a Government Company continues to be exempted from the applicability of Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007. However, 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 January 23, 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 March 31, 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 01st April 2015, the provisioning requirement would be 5% and for stock of loans as on 31st March 2015 of such projects, the provisioning shall commence with a provision of 2.75% w.e.f 31st March 2015 and reaching 5% by 31st March 2018.

26. RBI, vide its letter dated September 17, 2010 had categorized REC as an Infrastructure Finance Company (IFC) in terms of instructions contained in RBI Circular CC No.168 dated February 12, 2010. As an IFC, the total permissible exposure for lending in the private sector is 25% of owned funds in case of single borrower and 40% in case of a single group of borrowers and exposure for lending and investing taken together can be upto 30% and 50% of owned funds, respectively.

In respect of Central/State Government entities, RBI vide its letter DNBS.CO.ZMD-N. No. 4868/55.18.014/2013-14 dated 4th April, 2014 has exempted REC from RBI Prudential Exposure limits till 31st March, 2016. In view of the exemption granted by RBI, our maximum credit exposure limits to Central and State power Utilities vary from 50% to 250% of owned funds, depending upon entity appraisal.

In respect of Private Sector entities, the Company's credit exposure to single borrowers and group borrowers did not exceed the RBI prudential exposure limits as at 31st March, 2015 and 31st March 2014.

27. <u>Changes in Accounting Policies</u>

Consequent to the notification of Companies Act, 2013, modifications have been made in Significant Accounting Policy No. 1(a) and 7. Further, modifications have been made in Significant Accounting Policy No. 2, 6. However, there is no financial impact of such modifications.

The Company has also changed its Significant Accounting Policy 4.1 regarding depreciation on fixed assets in alignment with Schedule-II to the Companies Act, 2013 which has become applicable from 1st April, 2014. If the company had followed the earlier policy, profit before tax for the year would have been higher by ₹ 2.89 Crores.

Further, the accounting policy on Provisioning against Loans has been amended to create provision @ 2.75% on stock of restructured loans. Thus, during the year, a provision has been made amounting to ₹ 451.77 Crores (Previous year Nil) on qualifying loans(comprising of loans to Public sector ₹ 11,682.23 Crores and loans to Private sector ₹ 4,745.92 Crores). Due to this change in accounting policy , the profit before tax is lower by ₹ 410.70 Crores after considering the existing provision on standard loan assets on theses restructured loans.

28. Quality of Loan Assets

28.1 The Classification of Loan Assets of the Company (classified in Note No. 11 and 14) as per REC Prudential Norms is as under:

(₹ in Crores)

	Asset Classification	As at 31.03.2015		As at 31.03.2014	
		Loan Balance	Allowance created against Loan Assets	Loan Balance	Allowance created against Loan Assets
(i)	Standard Assets				
(a)	Restructured Standard Loan Assets (Refer Note below)	16,428.15	451.77	-	-
(b)	Other than (a) above	1,61,883.41	490.92	1,48,150.70	370.38
(ii)	Sub-standard Assets	844.98	206.28	-	-
(iii)	Doubtful Assets	473.18	141.95	473.18	119.64
(iv)	Loss Assets	17.22	17.22	17.22	17.22
	Total	**1,79,646.94**	**1,308.14**	**1,48,641.10**	**507.24**

Note : Loan assets as mentioned in (i)(a) refer to restructured standard loan assets as specified in Accounting Policy No. 2.3(iv).

As a matter of prudence, 100% allowance for ₹ 86.42 Crores (Previous year Nil) has been created in respect of a standard loan asset classified under (i)(b) above as disclosed in Note No. 11.2.4. Further, an additional allowance for ₹ 121.77 Crores (Previous year Nil) has been created over and above as required under REC Prudential Norms in respect of certain borrowers classified under (ii) above.

28.2 Sector-wise NPAs - Percentage of NPAs to Total Advances in that sector

Particulars	As at 31.03.2015	As at 31.03.2014
Power Sector	0.74%	0.33%

28.3 Movement of NPAs

(₹ in Crores)

	Particulars	As at 31.03.2015	As at 31.03.2014
(i)	**Net NPAs to Net Advances (%)**	**0.54%**	**0.24%**
(ii)	**Movement of NPAs (Gross)**		
(a)	Opening balance	490.40	490.40
(b)	Additions during the year	844.98	-
(c)	Reductions during the year	-	-
(d)	Closing balance	**1,335.38**	**490.40**
(iii)	**Movement of NPAs (Net)**		
(a)	Opening balance	353.54	400.86
(b)	Additions during the year	616.39	(47.32)
(c)	Reductions during the year	-	-
(d)	Closing balance	**969.93**	**353.54**
(iv)	**Movement of provisions for NPAs**		
(a)	Opening balance	136.86	89.54
(b)	Provisions made during the year	228.59	47.32
(c)	Write-off / write-back of excess provisions	-	-
(d)	Closing balance	**365.45**	**136.86**

29. Exposure Related Disclosures

29.1 Exposure to Real Estate Sector

The Company has no exposure to real estate sector as on 31.03.2015 (Previous year Nil).

29.2 Exposure to Capital Market

(₹ in Crores)

	Particulars	As at 31.03.2015	As at 31.03.2014
(i)	Direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	39.85	39.85
(ii)	Advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	-	-
(iii)	Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	-	-
(iv)	Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds 'does not fully cover the advances;	-	-
(v)	Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	-	-
(vi)	Loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	-	-
(vii)	Bridge loans to companies against expected equity flows/ issues;	-	-
(viii)	All exposures to Venture Capital Funds (both registered and unregistered)	7.68	7.68
	Total Exposure to Capital Market	**47.53**	**47.53**

29.3 Unsecured Advances against Intangible Assets

There are no such advances outstanding as on 31st March, 2015 (Previous year Nil) for which intangible collaterals such as rights, licenses, authority, etc. are charged in favour of the Company in respect of projects financed by the Company.

30. Concentration of Advances, Exposures and NPAs

	Particulars	As at 31.03.2015	As at 31.03.2014
(i)	**Concentration of Advances**		
	Total Advances to twenty largest borrowers (₹ in Crores)	1,08,066.67	94,703.76
	Percentage of Advances to twenty largest borrowers to Total Advances of the Company	60.16%	63.71%
(ii)	**Concentration of Exposures**		
	Total Exposure to twenty largest borrowers (₹ in Crores)	1,71,024.07	1,56,408.59
	Percentage of Exposures to twenty largest borrowers to Total Exposure of the Company on borrowers	57.49%	46.91%
(iii)	**Concentration of NPAs**		
	Total Outstanding to top four NPA Accounts (₹ in Crores)	1,318.16	485.53
	Total Exposure to the above four NPA Accounts (₹ in Crores)	1,318.16	485.53

31. The Company has not entered into any securitisation/ assignment transactions during the FY 2014-15. Further, no assets have been sold to securitisation/ reconstruction company for asset reconstruction.

32. In accordance with the provisions of AS 9 'Revenue Recognition', the commitment fee of ₹ 4.84 Crores (Previous year ₹ 3.90 Crores) is not recognised in the books of accounts on account of the uncertainity of the receipt involved due to change in the drawal schedule etc. by the borrowers.

33. The National Electricity Fund (NEF), an interest subsidy scheme, has become operational during the year 2012-13. The scheme has been introduced by Govt. of India to promote the capital investment in the distribution sector. The scheme shall provide interest subsidy linked with reform measures, on the loans taken by public and private distribution power utilities for various capital works under Distribution sector. NEF would provide interest subsidy aggregating to ₹ 8,466 Crores (including interest subsidy to the borrowers, service charges to the nodal agency, payments to independent evaluators and other incidental expenses) spread over 13 years for loan disbursement against projects approved during 2012-13 and 2013-14. REC has been nominated as Nodal Agency for operationalisation of the NEF scheme in entire country.

34. Government of India has launched Deen Dayal Upadhyaya Gram Jyoti Yojana (DDUGJY) with the following components:

(i) Separation of agriculture and non-agriculture feeders facilitating judicious rostering of supply to agriculture & non-agriculture consumers in the rural areas;

(ii) Strengthening and augmentation of sub-transmission & distribution infrastructure in rural areas, including metering of distribution transformers/feeders/consumers

(iii) Rural electrification, as per CCEA approval dated 01.08.2013 for completion of the targets laid down under RGGVY for 12th and 13th Plans by carrying forward the approved outlay for RGGVY to DDUGJY.

The components at (i) and (ii) of the above scheme will have an estimated outlay of ₹ 43,033 crore including budgetary support of ₹ 33,453 crore from Government of India during the entire implementation period. The scheme of RGGVY as approved by CCEA for continuation in 12th and 13th plan will get subsumed in this scheme as a separate Rural Electrification (RE) component. REC has been nominated as nodal agency for operationalization of this scheme.

35. In the opinion of the management, the current assets, loans and advances appearing in the balance sheet have a value equivalent to the amount stated therein if realized during the ordinary course of business and all known liabilities have been provided.

36. As per the information available with the Company, there have been no reported cases of delayed payments of the principal amount or interest due thereon to Micro, Small & Medium enterprises.

37. Derivatives Related Disclosures

37.1 Forward Rate Agreements/ Interest Rate Swaps

(₹ in Crores)

	Particulars	As at 31.03.2015	As at 31.03.2014
(i)	The notional principal of swap agreements	24,577.20	19,376.35
(ii)	Losses which would be incurred if counterparties failed to fulfill their obligations under the agreements	2,662.28	2,638.47
(iii)	Collateral required by the NBFC upon entering into swaps	Nil	Nil
(iv)	Concentration of credit risk arising from the swaps	Refer Note Below	Refer Note Below
(v)	The fair value of the swap book	2,173.16	2,020.52

Note : REC, being NBFC has entered into swap agreements with Category-I , Authorized Dealers Banks only, in accordance with the RBI guidelines. All the swap agreements entered into with banks are well with in the credit risk limit defined in the Board approved Risk Management Policy.

37.2 The Company has not entered into any exchange traded Interest Rate (IR) derivatives.

37.3 Disclosure on Risk Exposure in Derivatives

37.3.1 Qualitative Disclosures

REC has Risk Management Policy duly approved by the Board.The policy covers the currency risk of the company. This policy provides the guiding parameters within which the Company can take decisions for managing the Currency Risk that it is exposed to on account of foreign currency loan. The purpose of the policy is to provide a framework to the Company for management of its foreign currency risk.

Risk Management Structure

An Asset Liability Management Committee (ALCO) is currently functioning under the chairmanship of CMD, Director (Finance), Director (Technical) and one Part-time Non Official Independent Director, Executive Directors and General Managers from Finance and Operating Divisions as its members. ALCO monitors Foreign currency risk with exchange rate and interest rate managed through various derivative instruments.

Derivative transactions include forwards, interest rate swaps, cross currency swaps and currency and cross currency options to hedge assets and liabilities. These derivative transactions are done for hedging purpose and not for trading or speculative purpose. These are accounted for on accrual basis and are not marked to market.

Type of Risks Involved

(i) **Credit Risk -** Credit risk is the risk of loss due to counterparty's failure to perform on an obligation to the Company.

(ii) **Market Risk -** Market risk is the risk of loss due to adverse changes in the market value (the price) of an instrument or portfolio of instruments. Such exposures occurs with respect to derivative instruments when changes occur in market factors such as underlying interest rates, exchange rates etc or in the volitality of these factors.

(iii) **Liquidity Risk -** Liquidity risk is the risk of loss due to failure of the institution to meet its funding requirments or execute a transaction at a reasonable price. This may be market liquidity risk or funding liquidity risk.

(iv) **Operational Risk -** Operational risk is the risk of loss occuring as a result of inadequate system and control, deficiencies in information system, human error or a management failure. Derivative activities can pose challenging operational risk issue because of complexity of certain products and their continual evolution.

(v) **Legal Risk -** Legal risk is the risk of loss arising from contracts which are not legally enforceable or documented correctly.

(vi) **Regulatory Risk -** Regulatory risk is the risk of loss arising from failure to comply with regulatory or legal requirements.

37.3.2 Quantitative Disclosures

(₹ in Crores)

	Particulars	Currency Derivatives *		Interest Rate Derivatives **	
		As at 31.03.15	As at 31.03.14	As at 31.03.15	As at 31.03.14
(i)	Derivatives (Notional Principal Amount)				
	For hedging	17,433.40	11,948.55	7,143.80	7,427.80
(ii)	Marked to Market Positions				
a)	Asset (+)	2,569.44	2,590.43	92.83	48.04
b)	Liability (-)	294.66	119.89	194.46	498.05
(iii)	Credit Exposure	17,433.40	11,948.55	7,143.80	7,427.80
(iv)	Unhedged Exposures	6,594.80	5,672.61	N.A.	N.A.

* Includes Full Hedge, Principal only Swap and Call Spread.

** Includes Interest Rate Derivatives as a strategy of cost reduction

38. The outstanding position of Foreign Currency Exposure on 31st March, 2015 is as under:

(Foreign Currency amounts in Millions, INR amounts in Crores)

Currency	Total		Hedged Portion (Currency & Interest rate)		Unhedged	
	Foreign Currency	INR Equivalent	Foreign Currency	INR Equivalent *	Foreign Currency	INR Equivalent *
JPY	33,084.61	1,944.22	31,895.82	1,882.28	1,188.79	61.94
Previous year	36,483.43	2,123.49	35,851.15	2,086.30	632.28	37.19
EURO	153.82	1,083.03	150.70	1,061.94	3.12	21.09
Previous year	141.28	1,037.26	113.63	808.90	27.65	228.36
USD $	3,555.00	19,715.51	2,720.00	14,489.18	835.00	5,226.33
Previous year	2,505.00	13,110.08	1,830.00	9,053.34	675.00	4,056.74
CHF (Swiss Franc)	200.00	1,285.44	-	-	200.00	1,285.44
Previous year	200.00	1,350.32	-	-	200.00	1,350.32
Total		24,028.20		17,433.40		6,594.80
Previous year		17,621.15		11,948.54		5,672.61

* The portion of the foreign currency borrowings swapped into Indian Rupee is stated at the rate fixed in the swap transactions, and not translated at the year end rate. The unhedged portion of the foreign currency borrowings has been translated at the year end rate.

38.1 In terms of Accounting Policy 14.1, the foreign currency monetary items as at the year end have been translated at the following rates:

Exchange Rates	USD/INR	JPY/INR	Euro/INR	CHF/INR
As at 31st March, 2015	62.5908	0.5211	67.5104	64.2719
As at 31st March, 2014	60.0998	0.5883	82.5765	67.5159

39. Related Party Disclosures :

(1) Key Managerial Personnel

Sh. Rajeev Sharma	Chairman & Managing Director
Sh. Ajeet Kumar Agarwal	Director (Finance)
Sh. P.J. Thakkar	Director (Technical)
Sh. J.S. Amitabh	GM & Company Secretary *

* Company Secretary has been designated as Key Managerial Personnel w.e.f. 1st April, 2014 in accordance with the provisions of the Companies Act, 2013.

(2) Other Related Parties

1. Subsidiary Companies

REC Transmission Projects Company Limited (RECTPCL)
REC Power Distribution Company Limited (RECPDCL)

2. Wholly owned Subsidiaries of REC Transmission Projects Company Limited

Nellore Transmission Limited - Incorporated on 04.12.2012

Baira Siul Sarna Transmission Limited - Incorporated on 24.01.2013

NRSS XXIX Transmission Limited- Incorporated on 29.07.2013 and transferred to Sterlite Display Technologies Private Limited (SDTPL), an investing affiliate of Sterlite Grid Limited, on 04.08.2014, substantially upon the terms and conditions as detailed in the Share Purchase Agreement executed between RECTPCL, NRSS XXIX Transmission Limited and SDTPL.

NRSS XXXI (A) Transmission Limited- Incorporated on 29.07.2013 and transferred to Power Grid Corporation of India Limited (PGCIL) on 12.05.2014, substantially upon the terms and conditions as detailed in the Share Purchase Agreement executed between RECTPCL, NRSS XXXI (A) Transmission Limited and PGCIL.

NRSS XXXI (B) Transmission Limited- Incorporated on 29.07.2013 and transferred to M/s Essel Infraprojects Limited (EIL) on 12.05.2014, substantially upon the terms and conditions as detailed in the Share Purchase Agreement executed between RECTPCL, NRSS XXXI (B) Transmission Limited and EIL.

Gadarwara (B) Transmission Limited - Incorporated on 30.07.2014 and transferred to Power Grid Corporation of India Limited (PGCIL) on 24.04.2015, substantially upon the terms and conditions as detailed in the Share Purchase Agreement executed between RECTPCL, Gadarwara (B) Transmission Limited and PGCIL.

Gadarwara (A) Transco Limited - Incorporated on 05.08.2014 and transferred to Power Grid Corporation of India Limited (PGCIL) on 24.04.2015, substantially upon the terms and conditions as detailed in the Share Purchase Agreement executed between RECTPCL, Gadarwara (A) Transco Limited and PGCIL.

Maheshwaram Transmission Limited - Incorporated on 14.08.2014

Vindhyachal Jabalpur Transmission Limited - Incorporated on 14.08.2014 and and transferred to Power Grid Corporation of India Limited (PGCIL) on 26.02.2015, substantially upon the terms and conditions as detailed in the Share Purchase Agreement executed between Vindhyachal Jabalpur Transmission Limited and PGCIL.

3. Joint Ventures

Energy Efficiency Services Limited (EESL)

Details of amount due from/ to the related parties :

(₹ in Crores)

Particulars	As at 31.03.2015	As at 31.03.2014
Long-term Debt		
RECTPCL	60.00	60.00
RECPDCL	7.00	7.00
Key Managerial Personnel	0.17	0.08
Loans & Advances		
RECTPCL	2.04	3.32
RECPDCL	-	0.31
Key Managerial Personnel	0.29	0.09
Other Current Liabilities		
RECPDCL	2.27	2.57
RECTPCL	1.05	-

Details of Transactions with the related parties :

(₹ in Crores)

Particulars	For the year ended 31.03.2015	For the year ended 31.03.2014
Long Term Debt - Amount Invested		
RECTPCL	-	25.00
RECPDCL	-	7.00
Key Managerial Personnel	-	0.04
Loans & Advances		
Key Managerial Personnel	0.04	0.09
Sale of Fixed Assets		
RECTPCL	-	0.05
Dividend from Subsidiaries		
RECTPCL	0.10	0.10
RECPDCL	0.25	0.05
Interest Income - Loans & Advances		
RECTPCL	-	0.34
Key Managerial Personnel	0.06	0.01
Apportionment of Employee Benefit and Other Expenses		
RECTPCL	2.58	4.96
RECPDCL	2.20	3.04
Finance Cost		
Interest Paid to RECTPCL	4.70	2.95
Interest Paid to RECPDCL	0.54	0.10
Interest Paid to Key Managerial Personnel	0.01	-
Employee Benefits Expense - Managerial Remuneration	1.91	1.56
CSR Expenses		
RECPDCL	19.04	0.17
EESL	1.59	3.98
Other Expenses		
RECPDCL	7.31	6.30

40. Disclosures for Employee Benefits as required under AS 15:

(1) Defined Contribution Plans

A. Provident Fund

Company pays fixed contribution of Provident Fund at pre-determined rates to a separate trust which invests the funds in permitted securities. The trust fixes the rate of interest on contribution to the members of the trust.

B. Defined Contribution Superannuation Scheme

The Company pays fixed contribution towards superannuation scheme at pre-determined rates to a separate trust which invests the funds with the Insurers. The Insurers fix the rate of interest on the balance standing to the credit of the accounts of the members of the trust. When the pension becomes payable to the member, the Insurers shall appropriate the member's accumulation towards various annuities, as opted for by the member.

Amount recognised as expenses towards defined contribution plans:

(₹ in Crores)

	Particulars	For the year ended 31.03.2015	For the year ended 31.03.2014
(i)	Provident Fund	6.52	6.17
(ii)	Defined Contribution Superannuation Scheme	4.77	4.68
	Total	**11.29**	**10.85**

(2) Defined Benefit Plans - Post-Employment Benefits

A. Gratuity

The Company has a defined benefit gratuity plan. Every employee is entitled to gratuity as per the provisions of the Payment of Gratuity Act, 1972. The scheme is funded by the Company and is managed by separate trust. The liability of Gratuity is recognized on the basis of actuarial valuation.

B. Post Retirement Medical Facility (PRMF)

The Company has Post Retirement Medical Facility under which the entitled retired employees (including his/her spouse) are covered as per Company Rules. The expenditure is recognized in the Statement of Profit & Loss on the basis of actuarial valuation.

C. Other Defined Retirement Benefit (ODRB)

The Company has a scheme for settlement of the employee and their dependents at the time of superannuation at home town. The expenditure is recognized in the Statement of Profit & Loss on the basis of actuarial valuation.

The summarized position of various defined benefits recognized in the Statement of Profit & Loss, Balance Sheet and the funded status is as under:

Expense recognised in Statement of Profit & Loss:

(₹ in Crores)

Particulars	Gratuity		PRMF		ODRB	
	31.03.2015	31.03.2014	31.03.2015	31.03.2014	31.03.2015	31.03.2014
Current Service Cost	1.93	1.85	1.23	1.20	0.05	0.05
Interest Cost	3.24	3.03	5.66	4.46	0.10	0.09
Expected Return on Plan Assets	3.24	3.69	-	-	-	-
Actuarial (Gain)/ Loss	(1.33)	(0.37)	9.50	9.39	0.05	(0.04)
Expense recognized	0.60	0.82	16.39	15.05	0.20	0.10

Amounts recognised in Balance Sheet:

(Amounts below in 'Gratuity' columns denotes respective amounts in the Balance Sheet of gratuity trust)

(₹ in Crores)

Particulars	Gratuity		PRMF		ODRB	
	31.03.2015	31.03.2014	31.03.2015	31.03.2014	31.03.2015	31.03.2014
Present value of obligation as at the end of the year	38.16	38.07	77.61	66.64	1.20	1.16
Fair value of Plan Assets as at the end of the year	36.25	35.94	-	-	-	-
Net Assets/ (Liability) recognized	(1.91)	(2.13)	(77.61)	(66.64)	(1.20)	(1.16)

Changes in the Present value of defined benefit/ Obligation:

(₹ in Crores)

Particulars	Gratuity		PRMF		ODRB	
	31.03.2015	31.03.2014	31.03.2015	31.03.2014	31.03.2015	31.03.2014
Present value of obligation as at the beginning of the year	38.07	37.85	66.64	55.80	1.16	1.16
Interest Cost	3.24	3.03	5.66	4.46	0.10	0.09
Current Service Cost	1.93	1.85	1.23	1.20	0.05	0.05
Benefit Paid	3.89	3.99	5.42	4.21	0.16	0.10
Actuarial (Gain)/ Loss on obligation	(1.19)	(0.67)	9.50	9.39	0.05	(0.04)
Present Value of defined benefit obligation at the end of the year	38.16	38.07	77.61	66.64	1.20	1.16

Changes in the Fair Value of Plan Assets:

(Amounts below in 'Gratuity' columns denotes respective amounts for the gratuity trust)

(₹ in Crores)

Particulars	Gratuity		PRMF		ODRB	
	31.03.2015	31.03.2014	31.03.2015	31.03.2014	31.03.2015	31.03.2014
Fair value of Plan Assets as at the beginning of the year	35.94	35.14	-	-	-	-
Return on Plan Assets	3.24	3.69	-	-	-	-
Contributions	0.82	1.40	-	-	-	-
Benefit Paid	3.89	3.99	-	-	-	-
Actuarial Gain/ (Loss) on Plan Assets	0.14	(0.30)	-	-	-	-
Fair value of Plan Assets as at the end of the year	36.25	35.94	-	-	-	-

The effect of an increase/ decrease of one percent point in inflation rate on PRMF:

(₹ in Crores)

Particulars	1% (+)		1% (-)	
	31.03.2015	31.03.2014	31.03.2015	31.03.2014
Service & Interest Cost	0.64	1.17	(1.09)	(0.46)
PBO (Closing)	11.09	8.56	(7.81)	(7.21)

Actuarial Assumptions:

Particulars	Gratuity		PRMF		ODRB	
	31.03.2015	31.03.2014	31.03.2015	31.03.2014	31.03.2015	31.03.2014
Method Used	Projected Unit Credit (PUC)	Projected Unit Credit (PUC)	Projected Unit Credit (PUC)	Projected Unit Credit (PUC)	Projected Unit Credit (PUC)	Projected Unit Credit (PUC)
Discount Rate	8.00%	8.50%	8.00%	8.50%	8.00%	8.50%
Expected Rate of Return on Plan Assets	9.00%	10.50%	-	-	-	-
Future Salary Increase	6.00%	6.50%	6.00%	6.50%	6.00%	6.50%

- The Expected Rate of Return on Assets is the assumed rate of return (annualised).
- The Principle assumptions are the discount rate and salary growth rate. The discount rate is generally based on the market yields available on govt. bonds at the reporting date with a term that matches the liabilities and the salary growth rate takes account of inflation, seniority, promotions and other relevant factors as long term basis. The above information is certified by the Actuary.

41. Status of Documentation Subsequent to Unbundling of SEBs

Some of the erstwhile State Electricity Boards (SEBs) against whom loans were outstanding or on whose behalf guarantees were given, were restructured by the respective State Governments and new entities were formed in the past. Consequently, the liabilities of the erstwhile SEBs stand transferred to new entities. However, transfer agreements in the case of Chhattisgarh State Electricity Board (CSEB), Kerala State Electricity Board (KSEB) and Meghalaya State Electricity Board (MSEB) are yet to be executed amongst the Company, new entities and the State Governments.

Agreements in case of Tamil Nadu State Electricity Board have been executed based on the provisional provisions of the Tamil Nadu Electricity (Re-organisation and Reforms) Transfer Scheme, 2010. However, further transfer agreements in this regard shall be executed, if required, on finalization of the Transfer Scheme.

Status of Documentation Subsequent to Reorganisation of the State of Andhra Pradesh

Subsequent to the reorganisation of erstwhile State of Andhra Pradesh, the state of Telangana has been formed on 2nd June, 2014. However, the assets and liabilities are yet to be transferred to the respective power utilities through a formal Gazette Notification.

Status of Documentation is as under:

(i) Where ever the loans have been sanctioned to erstwhile APCPDCL, APNPDCL and APGENCO prior to bifurcation and documentation has not been done, these schemes have been re-sanctioned in the name of newly formed utilities and documentation formalities completed and accordingly the charge has been registered with the Ministry of Corporate Affairs (MCA).

(ii) Where ever the loans sanctioned in the name of erstwhile APCPDCL, APNPDCL prior to bifurcation and documentation formalities completed and drawls have been made, in these schemes an undertaking has been obtained from the name changed / newly formed utility and disbursements have been made to the newly formed utility by changing the name of the borrower in the name of new / name changed utility.

(iii) Where ever the Loan is sanctioned in the name of erstwhile APCPDCL, APNPDCL prior to bifurcation and documentation formalities completed with Government Guarantee and drawls have been made, further documentation for these schemes shall be done on Gazette Notification.

(iv) Once the final transfer scheme is notified through Gazette Notification by Govt, duly indicating the transfer of assets and liabilities among the power utilities, action for execution of documentation formalities will be taken up in respect of all the outstanding loans with the new / name changed utilities. Till that time, the demand for payment of interest / principal is being segregated by the Utilities and the respective portions are being paid by Utilities in Telangana and Andhra Pradesh.

42. 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.

43. Capital to Risk-weighted Assets Ratio (CRAR)

Being an Infrastructure Finance Company (IFC), REC is required to maintain a Capital to Risk Weighted Assets Ratio (CRAR) of 15% (with a minimum Tier I Capital of 10%).

	Particulars	**As at / For the year ended 31.03.2015**	**As at / For the year ended 31.03.2014**
(i)	CRAR (%)	19.56%	19.35%
(ii)	CRAR - Tier I Capital (%)	16.52%	16.02%
(iii)	CRAR - Tier II Capital (%)	3.04%	3.33%
(iv)	Amount of subordinated debt raised as Tier-II capital (₹ in crore)	-	-
(v)	Amount raised by issue of Perpetual Debt Instruments (₹ in crore)	-	-

44. Asset Liability Management - Maturity pattern of certain items of Assets and Liabilities :

(₹ in Crores)

As at 31.03.2015	**Advances**	**Investments**	**Borrowings**		**Foreign Currency Items**	
			Domestic Borrowings	**Foreign Currency Borrowings**	**Assets**	**Liabilities (Other than Borrowings)**
Upto 30/31 days	745	-	1,036	-	-	-
Over 1 month upto 2 months	664	-	355	-	-	-
Over 2 months upto 3 months	1,449	-	666	97	-	-
Over 3 month & upto 6 months	3,307	-	1,068	2,712	-	-
Over 6 months & upto 1 year	9,065	439	6,196	7,726	-	-
Over 1 year & upto 3 years	38,350	189	34,344	4,629	-	-
Over 3 years & upto 5 years	35,891	189	26,942	8,623	-	-
Over 5 years	90,176	796	56,389	241	-	-
Total	**1,79,647**	**1,613**	**1,26,996**	**24,028**	**-**	**-**

(₹ in Crores)

As at 31.03.2014	Advances	Investments	Borrowings		Foreign Currency Items	
			Domestic Borrowings	Foreign Currency Borrowings	Assets	Liabilities (Other than Borrowings)
Upto 30/31 days	630	-	319	-	-	-
Over 1 month upto 2 months	807	-	366	-	-	-
Over 2 months upto 3 months	1,248	-	1,137	52	-	-
Over 3 month & upto 6 months	2,735	-	6,256	101	-	-
Over 6 months & upto 1 year	7,246	47	7,692	155	-	-
Over 1 year & upto 3 years	31,156	189	22,021	13,487	-	-
Over 3 years & upto 5 years	30,875	189	18,616	3,619	-	-
Over 5 years	73,944	1,283	52,212	207	-	-
Total	**1,48,641**	**1,708**	**1,08,619**	**17,621**	**-**	**-**

45. There are no Off-Balance Sheet SPVs sponsored by the Company, which need to be consolidated as per accounting norms.

46. No penalties have been levied on the Company by any regulator during the financial year 2014-15 (Previous year Nil).

47. No complaints have been received by the Company from the borrowers under the Fair Practices Code during the financial year 2014-15 (Previous year Nil).

48. Previous year figures have been reclassified/ regrouped to conform to the current classification.

49. Figures in Rupees have been rounded off to the nearest crores with two decimals, unless expressly stated.

The Significant Accounting Policies and Notes to Accounts 1 to 49 are an integral part of Balance Sheet and Statement of Profit & Loss.

Annexure VI- Statement of Accounting Ratios - Standalone

Figures (₹ in Crores)

Particulars	As at / For the year ended 31-03-2018	As at / For the year ended 31-03-2017	As at / For the year ended 31-03-2016	As at / For the year ended 31-03-2015
Basic and Diluted Earnings per share (₹) (Annualised)	**23.53**	**31.63**	**28.50**	**26.63**
[Net Profit after Tax/ Weighted average number of equity shares outstanding during the year]				
(a) Net Profit after Tax (₹ in Crore)	4,647.00	6,245.76	5,627.66	5,259.87
b) Weighted average number of equity shares outstanding during the year	1,97,49,18,000	1,97,49,18,000	1,97,49,18,000	1,97,49,18,000
Return on Average Net Worth (%) (Annualised)	**13.51%**	**20.17%**	**21.05%**	**23.11%**
[Net Profit after Tax/ Average Net Worth X 100]				
(a) Net Profit after Tax (₹ in Crore)	4,647.00	6,245.76	5,627.66	5,259.87
(b) Net Worth (Shareholders' Funds) (₹ in Crore)	35,490.51	33,325.59	28,617.76	24,857.03
(c) Average Net Worth (₹ in Crore)	34,408.05	30,971.68	26,737.40	22,763.25
Net Asset Value per share (₹)	**179.71**	**168.74**	**144.91**	**125.86**
[Net Worth/ Number of equity shares as at the end of the period]				
(a) Net Worth (Shareholders' Funds) (₹ in Crore)	35,490.51	33,325.59	28,617.76	24,857.03
(b) Number of equity shares as at the end of the period	1,97,49,18,000	1,97,49,18,000	1,97,49,18,000	1,97,49,18,000
Debt To Equity Ratio (Times)	**5.60**	**5.03**	**5.91**	**6.08**
(Total Debt/ Net Worth)				
(a) Total debt outstanding (₹ in Crore)	1,98,791.51	1,67,517.39	1,69,106.38	1,51,024.12
(b) Net Worth (Shareholders' Funds) (₹ in Crore)	35,490.51	33,325.59	28,617.76	24,857.03
Long Term Debt to Eauity Ratio	**5.45**	**5.03**	**5.69**	**6.05**
(Long Term Debt/ Net Worth)				
(a) Long term debt outstanding (₹ in Crore)	1,93,264.97	1,67,517.39	1,62,756.45	1,50,290.12
(b) Net Worth (Shareholders' Funds) (₹ in Crore)	35,490.51	33,325.59	28,617.76	24,857.03

Note: The Company has allotted 98,74,59,000 Equity Shares as fully paid up by way of bonus shares during FY 2016-17 in the ratio of 1:1.

Annexure VII - Statement of Dividend - Standalone

Figures (` in Crores)

Particulars	For the year ended 31-03-2018	For the year ended 31-03-2017	For the year ended 31-03-2016	For the year ended 31-03-2015
Equity Share Capital (As at Period End)	**1,974.92**	**1,974.92**	**987.46**	**987.46**
Amount of Dividend				
Interim Dividend	1,461.44	1,382.44	1,184.95	789.97
Final Dividend	345.61	523.35	503.60	266.61
Total	**1,807.05**	**1,905.79**	**1,688.55**	**1,056.58**
Rate of Dividend (Amount of Dividend/Equity Share Capital)	**91.50%**	**96.50%**	**171.00%**	**107.00%**
Corporate Dividend Tax	**358.11**	**378.57**	**341.71**	**212.17**

W.e.f. FY 2016-17 the appropriation for Final Dividend were made as per Revised AS 4 as amended vide the Companies (Accounting Standards) Amendment Rules, 2016 i.e. in the year of dividend proposed by BoD was approved in AGM.

Annexure VIII- Capitalization statement - Standalone

Figures (` in Crores)

Particulars	As at 31-03-2018	As at 31-03-2017	As at 31-03-2016	As at 31-03-2015
Debt				
Short Term Debt*	5,526.54	-	6,349.93	734.00
Long Term Debt	1,93,264.97	1,67,517.39	1,62,756.45	1,50,290.12
Total Debt (A)	**1,98,791.51**	**1,67,517.39**	**1,69,106.38**	**1,51,024.12**
Shareholders' Funds				
Share Capital	1,974.92	1,974.92	987.46	987.46
Reserves & Surplus	33,515.59	31,350.67	27,630.30	23,869.57
Total Shareholders'Funds (B)	**35,490.51**	**33,325.59**	**28,617.76**	**24,857.03**
Long Term Debt to Equity Ratio (Times)	**5.45**	**5.03**	**5.69**	**6.05**
(Long Term Debt/ Shareholders'Funds)				
Debt To Equity Ratio (Times)	**5.60**	**5.03**	**5.91**	**6.08**
(Total Debt/ Shareholders'Funds)				

* Short term debt includes Cash Credits, Commercial Paper and Other Short term Loan from Banks/FI.

S.K. Mittal & Co.
Chartered Accountants
E-29, South Extension Part-II
New Delhi - 110049

O.P. Bagla & Co. LLP
Chartered Accountants
8/12, Kalkaji Extension
New Delhi - 110019

EXAMINATION REPORT ON REFORMATTED CONSOLIDATED FINANCIAL INFORMATION

Date: 16th October 2019

To,
The Board of Directors
REC Limited
Core 4, SCOPE Complex,
7 Lodi Road,
New Delhi - 110 003
India

Dear Sir,

Sub: Proposed public issue of secured, rated, listed, redeemable, non-convertible debentures ("NCDs") of face value of ₹1,000 (Rupees One Thousand) each aggregating up to ₹10,000 crores (Rupees Ten Thousand Crores only) by REC Limited (Formerly known as Rural Electrification Corporation Limited) ("Company") in one of more tranches from time to time ("Issue")

1. The Board of Directors have approved the Reformatted Consolidated Financial Information of the Company and its subsidiary/associate (the Company and its Subsidiary / associate together referred to as "**the Group**"), as at and for the years ended on March 31, 2018, 2017, 2016, and 2015 comprising of Reformatted Consolidated Information of Assets and Liabilities, Reformatted Consolidated Information of Profit and Loss, Reformatted Consolidated Cash Flow Information as on and for the years ended March 31, 2018, 2017, 2016 and 2015, the Summary Statement of Significant Accounting Policies and Notes to Accounts, (collectively referred to as "**Reformatted Consolidated Financial Information under IGAAP**") annexed to this report , In accordance with the requirements of:
   (a) Section 26 of Part I of Chapter Ill of the Companies Act, 2013 ("**the Act**");
   (b) the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008, as amended from time to time ("**SEBI Regulations**"), issued by the Securities and Exchange Board of India, in pursuance of the Securities and Exchange Board of India Act, 1992;
   (c) the Guidance Note issued by the Institute of Chartered Accountants of India ("**ICAI**"), as amended from time to time (the "**Guidance Note**").

S. K. MITTAL & Co. CHARTERED ACCOUNTANTS New Delhi

O P BAGLA & CO LLP FRN: 000018N/N500091 New Delhi Chartered Accountants

to be included In the Draft Shelf Prospectus and Shelf Prospectus (hereinafter collectively referred to as the "**Prospectuses**"), in connection with the proposed public issue of NCDs by the Company.

2. These Reformatted Consolidated Financial Information have been compiled by the Management from the audited Consolidated Financial Statements of the Group as at and for the years ended March 31, 2018, 2017, 2016, and 2015 prepared in accordance with Indian Accounting principles generally accepted in India (IGAAP) as prescribed under Section 133 of the Act, read with relevant rules thereunder which have been approved by the Board of Directors.

3. We have examined the Consolidated Financial Information under IGAAP as stated in para 1 & 2 above.

4. Based on our examination and according to the information and explanation given to us, we report that, the Reformatted Consolidated Financial Information and other Consolidated Financial Information of the Group mentioned above, as at and for the years ended March 31, 2018, 2017, 2016, and 2015 have been prepared in accordance with Section 26 of the Act and the SEBI Regulations and the Guidance Notes. We further state that:

   The information in the Reformatted Financial Information has been extracted from the to Audited Financial Statements as follows-

   - For the FY 2017-18, based on the Audited Financial Statements for FY 2017-18
   - For the FYs 2016-17, 2015-16, and 2014-15, based on the Audited Financial Statements for the immediate succeeding years respectively

5. We have complied with the relevant applicable requirement of the Standard on Quality Control (SQC) 1, Quality Control for the Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Service Engagements

6. This report should not, in any way, be construed as a re-issuance or re-dating of any of the previous audit reports, nor should this be construed as a new opinion on any of the Financial Statements/information referred to herein.

7. Since we have not Audited any of the Financial Statements of the Company for any of the period(s), prior to the date of issue of this letter, thus, we have relied upon the audit report and Financial Statements duly audited by the then statutory auditors appointed by C&AG. The data in the "Consolidated Financial Information" has been extracted from the Audited Financial Statements of the Company, duly audited by the then Statutory Auditors of the Company appointed by C&AG.

S. K. MITTAL & Co. CHARTERED ACCOUNTANTS New Delhi

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8. For the purpose of our examination we have relied on:

(a) Auditors' report issued by M/s. A.R. & Co., Chartered Accountants & M/s. G.S. Mathur & Co., Chartered Accountants, dated May 28th, 2018 on the Consolidated Financial Statements of the Group as at and for the year ended March 31, 2018 as referred in paragraph 4 above;

(b) Auditors' report issued by M/s. Raj Har Gopal & Co. , Chartered Accountants & M/s. A.R. & Co. , Chartered Accountants dated July 17th, 2017 and May 27th, 2016 on the Consolidated Financial Statements of the Group as at and for the year ended March 31, 2017 and 2016 as referred in paragraph 4 above.

(c) Auditors' report issued by M/s. Raj Har Gopal & Co. , Chartered Accountants & M/s. P. K Chopra & Co. , Chartered Accountants, dated July 27th, 2015 on the Consolidated Financial Statements of the Group as at and for the year ended March 31, 2015 as referred in paragraph 4 above.

9. There is no qualification in the auditor's report on the Financial Statements for the year ended 31st March, 2018, 2017, 2016 and 2015. However, there are observations/Emphasis of matter in the annexure to the auditor's reports which have been included in Annexure-A. These observations do not have any quantifiable impact on the Consolidated Reformatted Financial Information.

10. We have examined such Reformatted Consolidated Financial Information taking into consideration:

(a) The term of reference and terms of our engagement agreed upon with you in accordance with our engagement letter dated 03rd August, 2019 in connection with the proposed public issue of NCDs of the Company;

(b) The Guidance Note also requires that we comply with the ethical requirements of the Code of Ethics Issued by the ICAI;

(c) Concepts of tests checks and materiality to obtain reasonable assurance based on verification of evidence supporting the Reformatted Consolidated Financial Information under IGAAP; and

(d) The requirements of Section 26 of the Act and SEBI Regulations. Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the Act, the Regulations and the Guidance Note in connection with the proposed public issue of NCDs.

7. At the Company's request, we have also examined the following other Consolidated Financial information of the Company as at and for the years ended on March 31, 2018, 2017, 2016 and 2015 (Collectively referred to as "**Other Consolidated Financial Information**") proposed to be included in the Prospectuses as approved by the Board of

S. K. MITTAL & Co. New Delhi CHARTERED ACCOUNTANTS

O P BAGLA & CO LLP FRN: 000018N/N500091 New Delhi Chartered Accountants

Directors or any other Committee thereto, annexed to this report:

I. Statements of Accounting Ratios (Consolidated), as at and for the Financial years ended March 31, 2018, 2017, 2016 and 2015.

II. Statement of Dividends (Consolidated), as at for the Financial years ended March 31, 2018, 2017, 2016, and 2015.

III. Capitalization Statement (Consolidated), as at years ended March 31, 2018, 2017, 2016, and 2015.

11. We have no responsibility to update our report for events and circumstances occurring after the date of this report.

12. Our report is intended solely for the use of Board of Directors for inclusion In the Prospectuses to be filed by the Company with the Stock Exchanges and the Securities and Exchange Board of India, and Registrar of Companies, National Capital Territory of Delhi and Haryana in connection with the Proposed Issue of NCDs and is not to be used, referred to or distributed for any other purpose without our prior written consent. Accordingly we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or in, to whose hands it may come without our prior consent in writing.

M/s S.K. Mittal & Co. Chartered Accountants, ICAI Firm Registration: *001135N*	**M/s O.P. Bagla & Co. LLP.** Chartered Accountants, ICAI Firm Registration: 000018N/N500091
Signature S. K. MITTAL & Co. New Delhi CHARTERED ACCOUNTANTS	Signature O.P. BAGLA & CO LLP FRN: 000018N/N500091 New Delhi Chartered Accountants
Name: Gaurav Mittal Designation: Partner Membership Number: 099387 Date: 16 October 2019 UDIN: 19099387AAAADF5820	Name: Rakesh Kumar Designation: Partner Membership Number: 087537 Date: 16 October 2019 UDIN: 19087537AAAADV5511

Cc to-

1) Lead Managers to the issue

ANNEXURE A (CONSOLIDATED)

Observation for the year ended on 31st March 2018:

In our opinion, the Group and its jointly controlled entity has, in all material aspects, an adequate internal Financial controls system except (i) improvement in ERP system relating to determination of nonperforming assets, revalidation of the sanctions of loans and recording of non-entertaining/rejection/disposal of applications of the loans, (ii) strengthening of procedures for monitoring of utilization of funds disbursed to the borrowers, (iii) procedure for processing of the claims of service providers, (iv) rotation of duties amongst staff as per HR Policy to be implemented in letter and spirit, over Financial reporting and such internal Financial controls over Financial reporting were operating effectively as of 31st March 2018, based on the internal control over Financial reporting criteria established by the Group and its jointly controlled entity considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

Observation for the year ended on 31st March 2017:

In our opinion, the Group and its jointly controlled entity has, in all material aspects, an adequate internal Financial controls system except (i) improvement in ERP system relating to classification of loans & advances as secured or unsecured, determination of nonperforming assets in the ERP system, shift in the moratorium period due to structuring/restructuring, revalidation of the sanctions of loans and recording of non-entertaining/rejection/disposal of applications of the loans, (ii) strengthening of procedures for monitoring of utilization of funds disbursed to the borrowers, (iii) procedure for processing of the claims of travel agent over Financial reporting and such internal Financial controls over Financial reporting were operating effectively as of March 31, 2017, based on the internal control over Financial reporting criteria established by the Group and its jointly controlled entity considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

Observation for the year ended on 31st March 2016:

In our opinion, the Group and its jointly controlled entity has, in all material aspects, an adequate internal Financial controls system except improvement in ERP system relating to classification of loans & advances as secured or unsecured, determination of nonperforming assets in the ERP system, shift in the moratorium period due to structuring/restructuring, revalidation of the sanctions of loans and recording of non-entertaining/rejection/disposal of

S. K. MITTAL & CO. CHARTERED ACCOUNTANTS New Delhi

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applications of the loans and time frame for furnishing replies of Internal audit reports by concerned offices, over Financial reporting and such internal Financial controls over Financial reporting were operating effectively as of March 31, 2016, based on the internal control over Financial reporting criteria established by the Group and its jointly controlled entity considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

Emphasis of Matter

We draw attention to the following matter in the Notes to the Consolidated Financial Statements: -

(a) Note No. 13.2.7 in respect of classification of one of the borrower accounts as standard asset in view of ad-interim order of Hon'ble High Court of Madras. Our opinion is not modified in respect of above matter.

"As at 31st March 2016, the dues of one of the borrowers amounting to Rs. 366.30 Crores 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 and the classification of the borrower has been retained as 'Standard Asset' pending fi nal decision of the Court. Accordingly, 10% provision as applicable for sub-standard loans on the loan outstanding Rs. 1,875.71 Crores has not been created and interest income of Rs. 366.30 Crores has also been recognized on accrual basis in accordance with the accounting policy of the Company for recognition of income on standard assets. However, since the account is currently into Restructured Standard Loan Assets category, a provision of 5% amounting to Rs. 93.79 Crores has been created in full in respect of the loan as against creating the same in phased manner in accordance with Significant Accounting Policy B-2.3(iv)."

Observation for the year ended on 31st March 2015:

In our opinion and according to information & explanations given to us, internal controls for purchase of fixed assets and for the Financial services are generally commensurate with the size of the Company and the nature of its business. However, in certain areas internal control needs further strengthening like monitoring and supervision of loans given to various SEBs/ DISCOMS/ TRANSCOS/ GENCOS including obtaining search reports for charges created against the loans given and physical verification of assets charged to REC as security after Commercial Operations Date. During the course of audit, we have not come across any major failure in internal control system.

Emphasis of Matter

In respect of one of the subsidiaries in the Group, REC Power Distribution Company Limited, attention is drawn that adequate confirmations from receivables have not been obtained. However, our opinion is not modified in this respect.

S. K. MITTAL & Co. * CHARTERED ACCOUNTANTS * New Delhi

O P BAGLA & CO LLP * FRN : 000018N/N500091 * Chartered Accountants * New Delhi

Annexure I

CONSOLIDATED REFORMATTED STATEMENT OF ASSETS & LIABILITIES

(₹ in Crores)

	Particulars		As at 31.03.2018	As at 31.03.2017	As at 31.03.2016	As at 31.03.2015
I.	**EQUITY AND LIABILITIES**					
(1)	**Shareholders' Funds**					
	(a) Share Capital	**A**	1,974.92	1,974.92	987.46	987.46
	(b) Reserves and Surplus	**B**	33,897.38	31,695.64	27,905.94	24,085.12
	(c) Money received against Share Warrants				-	-
	Sub-total (1)		**35,872.30**	**33,670.56**	**28,893.40**	**25,072.58**
(2)	**Share Application Money pending Allotment**		**31.39**	**-**	-	-
(3)	**Non-current Liabilities**					
	(a) Long-term Borrowings	**C**	1,61,434.78	1,49,680.89	1,38,783.85	1,31,123.26
	(b) Deferred Tax Liability (Net)	**D**	65.73	39.92	47.54	105.80
	(c) Other Long-term Liabilities	**E**	4,038.46	13.42	10.01	36.18
	(d) Long-term Provisions	**F**	1,340.57	1,849.47	1,295.54	1,007.39
	Sub-total (2)		**1,66,879.54**	**1,51,583.70**	**1,40,136.94**	**1,32,272.63**
(4)	**Current Liabilities**					
	(a) Short-term Borrowings	**G**	5,727.90	110.98	6,460.77	734.00
	(b) Trade Payables	**H**	448.64	160.39	117.96	30.83
	(c) Other current liabilities	**I**	39,426.54	24,524.99	30,477.43	24,887.16
	(d) Short-term Provisions	**F**	252.40	194.30	858.42	458.71
	Sub-total (3)		**45,855.48**	**24,990.66**	**37,914.58**	**26,110.70**
	Total (1+2+3)		**2,48,638.71**	**2,10,244.92**	**2,06,944.92**	**1,83,455.91**
II.	**ASSETS**					
(1)	**Non-current Assets**					
	(a) Fixed assets	**J**				
	(i) Tangible Assets		424.14	354.11	253.05	108.50
	(ii) Intangible Assets		10.16	0.74	1.03	1.47
	(iii) Capital work-in-progress		530.07	164.13	76.84	9.81
	(iv) Intangible Assets under Development		1.46	1.46	1.21	-
			965.83	520.44	332.13	119.78
	(b) Non-current Investments	**K**	2,396.87	2,432.57	2,202.14	1,157.21
	(c) Long-term Loans & Advances	**L**	2,06,495.28	1,77,351.58	1,57,796.82	1,64,215.25
	(d) Other Non-current Assets	**M**	4,743.92	394.07	109.26	85.11
	Sub-total (1)		**2,14,601.90**	**1,80,698.66**	**1,60,440.35**	**1,65,577.35**
(2)	**Current Assets**					
	(a) Current Investments	**K**	183.85	184.36	149.41	438.81
	(b) Inventories	**N**	102.48	51.18	66.79	-
	(c) Trade Receivables	**O**	541.86	438.40	231.89	120.28
	(d) Cash & Bank Balances	**P**	2,368.24	4,650.79	1,864.08	645.71
	(e) Short-term Loans & Advances	**Q**	5,702.07	3,618.72	809.37	1,100.45
	(f) Other Current Assets	**R**	25,138.31	20,602.81	43,383.03	15,573.31
	Sub-total (2)		**34,036.81**	**29,546.26**	**46,504.57**	**17,878.56**
						-
	Total (1+2)		**2,48,638.71**	**2,10,244.92**	**2,06,944.92**	**1,83,455.91**

Annexure II

CONSOLIDATED REFORMATTED STATEMENT OF PROFIT AND LOSS

(₹ in Crores)

	Particulars	Notes No.	Year ended 31.03.2018	Year ended 31.03.2017	Year ended 31.03.2016	Year ended 31.03.2015
I.	Revenue from Operations	S	**23,054.42**	24,194.92	24,110.86	20,540.53
II.	Other Income	T	**46.98**	166.31	19.07	9.36
III.	**Total Revenue (I+II)**		**23,101.40**	**24,361.23**	**24,129.93**	**20,549.89**
IV.	**Expenses**					
(i)	Finance Costs	U	13,859.59	13,461.59	14,282.35	11,839.59
(ii)	Employee Benefits Expense	V	198.46	192.75	143.19	136.75
(iii)	Depreciation & Amortization		69.59	40.33	19.67	8.32
(iv)	Corporate Social Responsibility Expenses	W	50.94	68.94	120.29	102.07
(v)	Other Expenses	W	285.29	220.58	164.39	104.10
(vi)	Provisions and Contingencies	X	1,421.06	1,110.31	1,096.18	806.18
(vii)	Purchases of Stock-in-Trade		328.53	273.12	223.60	0.44
(viii)	Changes in inventories of Stock-in-Trade & Work-in-Progress	Y	-53.32	22.76	-66.79	-
	Total Expenses (IV)		**16,160.14**	**15,390.38**	**15,982.88**	**12,997.45**
V.	**Profit before Prior Period Items & Tax (III-IV)**		6,941.26	8,970.85	8,147.05	7,552.44
VI.	Prior Period Items		0.02	-1.51	0.39	0.10
VII.	**Profit before Tax (V-VI)**		**6,941.24**	**8,972.36**	**8,146.66**	**7,552.34**
VIII.	Extraordinary Items		-	-	-	-
IX.	**Profit before Tax (V-VI)**		**6,941.24**	**8,972.36**	**8,146.66**	**7,552.34**
X.	Tax Expense :					
(i)	Current Year		2,212.17	2,648.37	2,516.85	2,273.93
(ii)	Earlier Years/ (Refunds)		12.21	-27.79	-2.77	0.75
(iii)	Deferred Tax		27.40	38.41	-58.84	-66.76
	Total Tax Expense (i+ii+iii)		**2,251.78**	**2,658.99**	**2,455.24**	**2,207.92**
XI.	**Profit for the year from Continuing Operations (VII-VIII)**		**4,689.46**	**6,313.37**	**5,691.42**	**5,344.42**
XII.	Profit from Discontinuing Operations				-	
XIII.	Tax Expense of Discontinuing Operations				-	
XII.	**Profit from Discontinuing Operations (after tax)**		-	-	-	
XIII.	**Profit for the year (IX+X)**		**4,689.46**	**6,313.37**	**5,691.42**	**5,344.42**
XIV.	**Earnings per Equity Share (in ₹ for an equity share of ₹ 10 each)**					
	(1) Basic		**23.75**	**31.97**	**28.82**	**27.06**
	(2) Diluted		**23.75**	**31.97**	**28.82**	**27.06**

Note: The Company has allotted 98,74,59,000 Equity Shares as fully paid up by way of bonus shares during FY 2016-17 in the ratio of 1:1.

Annexure III

CONSOLIDATED REFORMATTED STATEMENT OF CASH FLOWS

(₹ in Crores)

	PARTICULARS	YEAR ENDED 31.03.2018	YEAR ENDED 31.03.2017	YEAR ENDED 31.03.2016	YEAR ENDED 31.03.2015
	A. Cash Flow from Operating Activities :				
	Net Profit before Tax	**6,941.24**	**8,972.36**	**8,146.66**	**7,552.34**
	Adjustments for:				
1	Profit / Loss on Sale of Fixed Assets	0.56	0.52	0.38	0.10
2	Depreciation & Amortization	69.59	39.69	19.67	8.32
3	Provisions and Contingencies	1,415.83	1,110.31	1,096.18	806.08
4	Interest on Commercial Paper	135.60	300.46	285.91	300.03
5	Interest Expense on Misc. Borrowings	29.91	15.79	3.90	0.19
6	Excess Provision written back	-0.71	-1.42	-0.09	0.03
7	Gain on Changes in Fair Value of Interest Rate Swaps		-324.77		
8	Profit on sale/redemption of investments	-	-79.75	-12.29	-
9	Loss/ Gain(-) on Exchange Rate fluctuation	61.65	47.37	666.13	259.99
10	Dividend from Investments	-26.85	-63.15	-2.37	-3.63
11	Interest on Long-term Investments/ Govt. Securities	-231.87	-239.22	-95.76	-154.47
12	Provision made for Interest on Advance Income Tax	5.53	2.82	-	1.38
13	Provision in respect of Amounts recoverable	6.19	-	-	-
14	Discount on Bonds written off	1.66	0.14	3.99	4.83
15	Interest Accrued on Zero Coupon Bonds	89.50	82.45	76.17	70.39
16	Provision for Diminution in value of Investment	-	-		0.10
	Operating profit before Changes in Operating Assets & Liabilities:	**8,497.83**	**9,863.60**	**10,188.48**	**8,845.68**
	Increase / Decrease :				
1	Loan Assets	-37,474.64	-650.38	-21,733.35	-31,005.84
2	Other Operating Assets	-4,366.37	147.43	-229.95	-435.35
3	Operating Liabilities	4,876.43	13.87	1,029.90	1,027.56
	Cash flow from Operations	**-28,466.75**	**9,374.52**	**-10,744.92**	**-21,567.95**
1	Income Tax Paid (including TDS)	-2,213.77	-2,592.07	-2,575.09	-2,330.28
2	Income Tax refund	2.57	22.07	42.00	-
	Net Cash Flow from Operating Activities	**-30,677.95**	**6,804.52**	**-13,278.01**	**-23,898.23**
	B. Cash Flow from Investing Activities				
1	Sale of Fixed Assets	0.14	0.06	0.85	0.18
2	Purchase of Fixed Assets (incl	-506.29	-203.19	-259.41	-45.34
3	Investment in shares of Energypro Assets Limited	-56.54	-0.60	-	-
4	Investment in 11.15% Additional Tier-1 Perpetual Bonds of Indian Bank	-	-	-500.00	-
5	Investment in 11.25% Additional Tier-1 Perpetual Bonds of Vijaya Bank	-	-	-500.00	-
6	Investment in 11.25% Additional Tier-1 Perpetual Bonds of Syndicate Bank	-	-	-500.00	-
7	Investment in shares of NHPC Ltd (net of sale)	-	-400.80	-	-
8	Investment in shares of HUDCO Ltd	-2.08	-	-	-
9	Redemption of 8% Government of Madhya Pradesh Power Bonds-II	94.32	94.32	94.32	94.32
10	Sale of Long-term Investments	-	76.65	762.53	-
11	Profit on sale/redemption of investments	-	79.75	12.29	-
12	Interest on Long term Investments/ Govt Securities	232.49	242.43	114.96	158.41
13	Dividend from Investments	39.77	66.54	3.05	3.63
14	Investment in Shares of Fellow Subsidiary Companies	0.10	0.05	-0.10	-
15	Investment in Tax Free Bonds/Others	-	-	-26.28	-
16	Fixed Deposit made during the year	-212.58	-38.12	-1.25	-84.49
17	Fixed Deposit matured during the year	46.40	16.95	43.34	24.38
18	Investments in CP/CDs (Net)	-29.00	-35.00	-	-
	Net Cash Flow from Investing Activities	**-393.27**	**-100.96**	**-755.70**	**151.09**
	C. Cash Flow from Financing Activities				
1	Issue of Shares including Share Application Money	31.39	31.39	-	-
2	Issue of Bonds (Net of redemptions)	19,558.55	5,871.66	14,969.28	21,806.74
3	Raising of Term Loans/ STL from Banks/ FIs (Net of repayments)	18.27	-881.04	-308.65	-955.40
4	Raising of Foreign Currency Loan (Net of redemptions and inclusive	8,360.41	-833.33	-2,607.56	6,366.18
5	Funds received from GOI for further disbursement as Subsidy/ Grant including intere	10,635.24	8,027.15	4,436.52	3,421.17
6	Disbursement of grants	-10,563.91	-8,039.66	-4,691.45	-3,639.69
7	Repayment of Govt Loan	-	-	-3.07	-4.86
8	Payment of Dividend on equity shares	-1,997.71	-1,889.43	-1,451.56	-962.78
9	Payment of Corporate Dividend Tax	-404.94	-384.66	-295.51	-187.32
10	Interst Paid on Misc Borrowings	-29.91	-15.73	-3.90	-0.19
11	Premium on issue of securities	-	-	0.28	-
12	Issue of Commercial Paper (Net of repayments)	3,014.84	-5,833.16	5,246.79	-2,745.74
	Net Cash flow from Financing Activities	**28,622.23**	**-3,946.81**	**15,291.17**	**23,098.11**
	Net Increase/Decrease in Cash & Cash Equivalents	**-2,448.99**	**2,756.75**	**1,257.46**	**-649.03**
	Cash & Cash Equivalents as at the beginning of the year	4,580.28	1,823.59	559.10	1,207.95
	Cash & Cash Equivalents as at the end of the year	2,131.29	4,580.34	1,816.56	558.92

Annexure IV

Note A - Share Capital

(₹ in Crores)

Particulars	As at 31.03.2018	As at 31.03.2017	As at 31.03.2016	As at 31.03.2015
Authorised :				
No of shares	5,00,00,00,000	5,00,00,00,000	1,20,00,00,000	1,20,00,00,000
Equity shares of ₹ 10 each	5,000.00	5,000.00	1,200.00	1,200.00
Issued, Subscribed and Paid up :				
No of shares	1,97,49,18,000	1,97,49,18,000	98,74,59,000	98,74,59,000
Fully paid up Equity shares of ₹ 10 each	1,974.92	1,974.92	987.46	987.46
Total	**1,974.92**	**1,974.92**	**987.46**	**987.46**

Note B - Reserves and Surplus

(₹ in Crores)

Particulars	As at 31.03.2018	As at 31.03.2017	As at 31.03.2016	As at 31.03.2015
Capital Reserve	**105.00**	**105.00**	**105.00**	**105.00**
Securities Premium Account				
Balance as at the beginning of the year	2,236.54	3,224.00	3,223.72	3,223.72
Add: Additions / (Deductions/ Adjustments) during the year	-	-987.46	0.28	-
Balance as at the end of the year	**2,236.54**	**2,236.54**	**3,224.00**	**3,223.72**
Debenture Redemption Reserve				
Balance as at the beginning of the year	929.56	728.36	531.77	345.98
Add: Amount transferred from Surplus Account	212.64	201.20	196.59	185.79
Balance as at the end of the year	**1,142.20**	**929.56**	**728.36**	**531.77**
Special Reserve created u/s 36(1) (viii) of the Income Tax Act, 1961				
Balance as at the beginning of the year	12,230.70	10,349.64	8,449.64	6,820.64
Add: Amount transferred from Surplus Account	1,582.49	1,881.06	1,900.00	1,629.00
Balance as at the end of the year	**13,813.19**	**12,230.70**	**10,349.64**	**8,449.64**
Reserve for Bad and doubtful debts u/s 36(1)(viia) of the Income Tax Act, 1961				
Balance as at the beginning of the year	2,425.30	2,011.97	1,621.97	1,268.97
Add: Amount transferred from Surplus Account	335.80	413.33	390.00	353.00
Balance as at the end of the year	**2,761.10**	**2,425.30**	**2,011.97**	**1,621.97**
Foreign Currency Monetary Item Translation Difference Account				
Balance as at the beginning of the year	36.31	-172.41	-335.46	-532.65
Add: Foreign Currency Translation Gain/ Loss (-) on long term monetary items during the year	-145.16	153.63	-503.08	-62.80
Less: Amortisation during the year	45.75	55.09	666.13	259.99
Balance as at the end of the year	**-63.10**	**36.31**	**-172.41**	**-335.46**
General Reserve				
Balance as at the beginning of the year	4,730.54	4,727.04	4,154.15	3,623.39
Add: Amount transferred from Surplus Account	500.00	3.50	572.89	530.76
Balance as at the end of the year	**5,230.54**	**4,730.54**	**4,727.04**	**4,154.15**
Surplus Account				
Balance as at the beginning of the year	9,001.69	6,932.34	6,334.33	4,959.99
Less: Transfer of Dep. in accordance with provisions of Companies Act, 2013	-	-	-	0.74
Less: Adjustment of MTM in respect of Interest Rate Swaps as at 31 March 2016	-	86.75	-	-
Add: Profit during the year	4,689.46	6,313.37	5,691.42	5,344.42
Add: Reversal of Deferred Tax Liability	-	-	0.30	-
Add: Adjustments during the year (Refer Note 3.5)	2.26	1.72	-	-
Less : Appropriations				
- Transfer to Special Reserve u/s 36(1)(viii) of the Income Tax Act, 1961	1,582.49	1,881.06	1,900.00	1,629.00
- Transfer to Res. u/s for Bad & Doubtful Debts u/s 36(1)(viia) of the IT Act, 1961	335.80	413.33	390.00	353.00
- Dividend				
- Interim Dividend	1,461.44	1,382.44	1,184.95	789.97
- Proposed Dividend (Final)*	523.35	-	503.60	266.61
- Dividend Distribution Tax				
- Interim Dividend	296.77	277.46	239.19	157.89
- Proposed Dividend (Final)	109.01	-	106.49	56.32
- Transfer to Debenture Redemption Reserve	212.64	201.20	196.59	185.79
- Transfer to General Reserve	500.00	3.50	572.89	530.76
Balance as at the end of the year	**8,671.91**	**9,001.69**	**6,932.34**	**6,334.33**
Total Reserves and Surplus	**33,897.38**	**31,695.64**	**27,905.94**	**24,085.12**

*w.e.f. FY 2016-17 the appropriation for Final Dividend were made as per Revised AS 4 as amended vide the Companies (Accounting Standards) Amendment Rules, 2016 i.e. in the year of dividend proposed by BoD was approved in AGM.

Note C - Long-Term Borrowings (Non Current)

(₹ in Crores)

Particulars	As at 31.03.2018	As at 31.03.2017	As at 31.03.2016	As at 31.03.2015
(A) Secured Borrowings				
(a) Bonds				
- Institutional Bonds	11,177.95	22,297.15	27,591.90	35,446.70
- 54EC Capital Gain Tax Exemption Bonds	15,759.19	14,139.62	11,814.48	10,687.69
- Infrastructure Bonds	-	-	12,577.97	-
- Tax Free Bonds	12,577.97	12,577.97	-	11,581.41
- Bond Application Money	1,469.23	-	-	-
(b) Term Loans				
- from Banks	-	-	-	-
- from Financial Institutions	200.00	400.00	750.00	1,100.00
Total Secured Long-Term Borrowings (a+b+c)	**41,184.34**	**49,414.74**	**52,734.35**	**58,815.80**
(B) Unsecured Borrowings				
(a) Bonds				
- Institutional Bonds	99,140.45	79,424.70	66,184.40	57,714.20
- Infrastructure Bonds	16.46	34.89	34.90	162.98
- Zero Coupon Bonds	1,162.59	1,073.09	990.64	914.48
(b) Term Loans				
- Foreign Currency Borrowings	19,930.94	19,733.47	18,839.56	13,515.80
Total Unsecured Long-Term Borrowings (a+b+c)	**1,20,250.44**	**1,00,266.15**	**86,049.50**	**72,307.46**
Total Long-Term Borrowings (A+B)	**1,61,434.78**	**1,49,680.89**	**1,38,783.85**	**1,31,123.26**

Note D - Deferred Tax Liabilities (Net)

(₹ in Crores)

Particulars	As at 31.03.2018	As at 31.03.2017	As at 31.03.2016	As at 31.03.2015
Deferred Tax Liabilities				
Depreciation	2.56	4.57	4.48	4.15
Foreign Currency Exchange Fluctuation Loss	21.84	-	59.67	116.10
MTM on Interest Rate Swap	52.49	66.48	-	-
Total	**76.89**	**71.05**	**64.15**	**120.25**
Deferred Tax Assets				
Provision for Earned Leave Liability	3.77	10.85	8.13	7.98
Provision for Medical Leave	6.84	6.67	5.49	4.83
Foreign Currency Exchange Fluctuation Loss	-	12.57	-	-
Provision for Gratuity	0.16	0.03	0.03	-
Provision for Doubtful Debts	0.16	0.88	2.03	0.86
Provision for Contingencies of Project Cost Revisions	-	-	0.79	0.72
Provision for Employee benefits	0.12	0.09	0.11	0.06
Operating lease liabilities	0.11	0.04	0.03	-
Total	**11.16**	**31.13**	**16.61**	**14.45**
Deferred Tax Liabilities (Net)	**65.73**	**39.92**	**47.54**	**105.80**

Note E - Other Long-term Liabilities

(₹ in Crores)

Particulars	As at 31.03.2018	As at 31.03.2017	As at 31.03.2016	As at 31.03.2015
- Non-Current Portion of Interest accrued but not due on borrowings	15.50	12.38	9.50	36.16
- Payables towards Bonds Fully serviced by Govt. of India - Non Current	4,000.00	-	-	-
- Others	22.96	1.04	0.51	0.02
Total	**4,038.46**	**13.42**	**10.01**	**36.18**

Note F - Long-term & Short-term Provisions

(₹ in Crores)

Particulars	As at 31.03.2018	As at 31.03.2017	As at 31.03.2016	As at 31.03.2015
- Non-Current (Long-term) Provisions				
(A) Provisions for Employee Benefits	133.75	145.08	124.48	113.75
(B) Others	1,206.82	1,704.39	1,171.06	893.64
Total (A+B)	**1,340.57**	**1,849.47**	**1,295.54**	**1,007.39**
- Current (Short-term) Provisions				
(A) Provisions for Employee Benefits	10.10	11.02	9.02	9.12
(B) Others	242.30	183.28	849.40	449.59
Total (A+B)	**252.40**	**194.30**	**858.42**	**458.71**

Note G - Short-term Borrowings

(₹ in Crores)

Particulars	As at 31.03.2018	As at 31.03.2017	As at 31.03.2016	As at 31.03.2015
(A) Other Loans and Advances				
- from Banks				
Secured	-	-	71.97	-
Unecured	-	-	10.08	-
- from Financial Institutions, secured	-	-	28.79	-
(B) Loans Repayable on Demand, unsecured				
- from Banks	-	-	749.93	734.00
Secured	172.82	110.98	-	-
Unecured	28.54	-	-	-
(C) Commercial Paper, unsecured	3,250.00	-	5,600.00	-
(D) FCNR (B) Loans, unsecured	2,276.54	-	-	-
Total (A+B+C)	**5,727.90**	**110.98**	**6,460.77**	**734.00**

Note H - Trade Payables

(₹ in Crores)

Particulars	As at 31.03.2018	As at 31.03.2017	As at 31.03.2016	As at 31.03.2015
- Trade Payables	448.64	160.39	117.96	30.83
Total	**448.64**	**160.39**	**117.96**	**30.83**

Note I - Other Current Liabilities

(₹ in Crores)

Particulars	As at 31.03.2018	As at 31.03.2017	As at 31.03.2016	As at 31.03.2015
(A) Current maturities of long-term debt				
Secured				
- Institutional Bonds	11,119.20	5,453.30	7,854.80	2,992.80
- 54EC Capital Gain Tax Exemption Bonds	6,476.70	5,337.78	5,349.91	4,903.25
- Term Loans from Banks & Others	200.00	381.71	350.00	350.00
Unsecued				
- Institutional Bonds	6,675.00	5,359.70	7,055.80	-
- Infrastructure Bonds	94.01	76.75	207.49	213.34
- Term Loans from Banks & GoI	-	-	-	128.07
- Foreign Currency Borrowings	7,765.55	1,450.53	3,149.02	10,534.34
Sub-total (A)	**32,330.46**	**18,059.77**	**23,967.02**	**19,121.80**
(B) Interest accrued but not due on borrowings	6,161.80	6,025.45	6,227.74	5,263.67
(C) Interest accrued and due on borrowings	-	-	-	1.10
(D) Income Received in Advance	5.27	8.41	21.50	24.17
(E) Unpaid Dividends	3.49	2.75	2.73	2.62
(F) Unpaid Interest & Principal on Bonds				
- Matured Debentures & Interest Accrued thereon	47.03	51.54	44.83	57.64
- Interest on Bonds	14.27	15.19	12.57	14.33
(G) Other payables				
- Subsidy/ Grant Received from Govt. of India	57,141.98	46,154.67	38,111.60	33,641.80
Add: Interest on Subsidy/ Grant	24.21	2.18	18.10	51.38
Less: Disbursed to Beneficiaries	-56,699.85	-46,131.01	-38,091.35	-33,399.90
Undisbursed Subsidy/Grant	**466.34**	**25.84**	**38.35**	**293.28**
- Payables towards interest on Bonds Fully serviced by Govt. of India	7.17	-	-	-
- *Sundry Liabilities Account (Interest Capitalisation)*	24.00	-	-	-
- Overdraft in Current Account	-	-	-	0.38
- *Statutory Dues payable including PF and TDS*	71.42	53.33	36.37	28.65
- *Payable towards funded staff benefits*	2.84	13.63	0.53	0.62
- *Other Liabilities*	292.45	269.08	125.79	78.90
Sub-total (G)	**864.22**	**361.88**	**201.04**	**401.83**
Total (A+B+C+D+E+F+G)	**39,426.54**	**24,524.99**	**30,477.43**	**24,887.16**

Note J - Fixed Assets (Net Block)

(₹ in Crores)

Particulars	As at 31.03.2018	As at 31.03.2017	As at 31.03.2016	As at 31.03.2015
Tangible Assets				
Freehold Land	82.92	82.92	80.62	34.75
Leasehold Land	5.85	6.18	1.65	1.23
Buildings	23.65	23.97	25.41	26.42
Furniture & Fixtures	4.24	2.96	3.00	2.70
Vehicles	0.13	0.15	0.19	0.24
EDP Equipments	5.64	5.26	5.02	5.79
Office Equipments	301.71	232.67	137.16	37.37
Total	**424.14**	**354.11**	**253.05**	**108.50**
Intangible Assets				
Computer Software	10.16	0.74	1.03	1.47
Total	**10.16**	**0.74**	**1.03**	**1.47**
Capital WIP	**530.07**	**164.13**	**76.84**	**9.81**
Intangible Assets under Development	**1.46**	**1.46**	**1.21**	-

Note K - Investments

(₹ in Crores)

	Particulars	As at 31.03.2018	As at 31.03.2017	As at 31.03.2016	As at 31.03.2015
	Valued at Cost				
	(1) Non-Current Investments				
(A)	**Trade Investments**				
(i)	**Investment in Equity Instruments - Quoted**				
	- NHPC Ltd.	400.80	400.80	-	-
	Equity shares of ₹10 each, fully paid up				
	- Housing and Urban Development Corporation Ltd.	2.08	-	-	-
	Equity shares of ₹10 each, fully paid up				
	- Indian Energy Exchange Limited	1.25	1.25	-	
	Equity shares of ₹10 each, fully paid up				
(ii)	**Investment in Equity Instruments - Unquoted**				
	- Controlled SPVs	-	-	-	-
	- Others				
	- Energypro Assets Limited	57.14	0.60	-	-
	Equity shares of £1 each, fully paid up				
	- Universal Commodity Exchange Limited	-	16.00	16.00	16.00
	Equity shares of ₹10 each, fully paid up				
	Less: Provision for Diminution in Investment	-	-16.00	-16.00	
	- Indian Energy Exchange Limited	-	-	1.25	1.25
	Equity shares of ₹10 each, fully paid up				
(iii)	**Investment in Government Securities - Unquoted**				
	- 8% Government of Madhya Pradesh Power Bonds-II	94.32	188.64	282.96	377.28
	Bonds of ₹ 47,16,00,000 each				
(iv)	**Investment in Venture Capital Funds - Unquoted**				
	- 'Small is Beautiful' Fund	6.15	6.15	6.15	7.68
	Units of ₹ 10 each				
(v)	**Investment in Debentures - Unquoted**				
	- 9.68% Bonds of UP Power Corporation Ltd.	303.85	303.85	380.50	750.00
	Bonds of ₹ 1,00,000 each				
(B)	**Other Investments**				
(i)	**Investment in Debentures - Quoted**				
	- 11.15% Additional Tier-1 Perpetual Bonds of Indian Bank	500.00	500.00	500.00	-
	Bonds of ₹ 10,00,000 each				
	- 11.25% Additional Tier-1 Perpetual Bonds of Vijaya Bank (Now Bank of Baroda)	500.00	500.00	500.00	-
	Bonds of ₹ 10,00,000 each				
	- 11.25% Additional Tier-1 Perpetual Bonds of Syndicate Bank	500.00	500.00	500.00	-
	Bonds of ₹ 10,00,000 each				
(ii)	**Investment in Tax Free Bonds - Quoted**				
	-8.76% Bonds of HUDCO Ltd.	5.00	5.00	5.00	5.00
	Bonds of Face Value of ₹ 1,000 each				
	-7.39% Bonds of HUDCO Ltd.	8.68	8.68	8.68	-
	Bonds of Face Value of ₹ 1,000 each				

	-7.35% Bonds of NHAI	4.29	4.29	4.29	-
	Bonds of Face Value of ₹ 1,000 each				
	-7.39% Bonds of NHAI	3.55	3.55	3.55	-
	Bonds of Face Value of ₹ 1,000 each				
	-7.49% Bonds of IREDA Ltd.	6.13	6.13	6.13	-
	Bonds of Face Value of ₹ 1,000 each				
	-7.35% Bonds of IRFC Ltd.	2.23	2.23	2.23	-
	Bonds of Face Value of ₹ 1,000 each				
	-7.35% Bonds of NABARD	1.40	1.40	1.40	-
	Bonds of Face Value of ₹ 1,000 each				
		2,396.87	**2,432.57**	**2,202.14**	**1,157.21**
	(2) Current Investments				
(A)	**Trade Investments**				
(i)	**Investment in Equity Instruments - Quoted**	-	-	-	-
(ii)	**Investment in Equity Instruments - Unquoted**	-	-	-	-
	- Controlled SPVs				
	- Dinchang Transmission Limited	0.05	0.05	0.05	-
	50,000 Equity shares of ₹10 each, fully paid up				
	- Ghatampur Transmission Limited	0.05	0.05	-	-
	50,000 Equity shares of ₹10 each, fully paid up				
	- ERSS XXI Transmission Limited	-	0.05	-	-
	50,000 Equity shares of ₹10 each, fully paid up				
	- WR-NR Power Transmission Limited	-	0.05	-	-
	50,000 Equity shares of ₹10 each, fully paid up				
	- NRSS XXXVI Transmission Limited	-	-	0.05	-
	Equity shares of ₹10 each, fully paid up				
	- North Karanpura Transco Limited	-	-	0.05	-
	Equity shares of ₹10 each, fully paid up				
	- Khargone Transmission Limited	-	-	0.05	-
	Equity shares of ₹10 each, fully paid up				
	- NER II Transmission Limited	-	-	0.05	-
	Equity shares of ₹10 each, fully paid up				
	- Gadarwara A Transco Limited	-	-	-	0.05
	Equity shares of ₹10 each, fully paid up				
	- Gadarwara B Transmission Limited	-	-	-	0.05
	Equity shares of ₹10 each, fully paid up				
	- Maheshwaram Transmission Limited	-	-	-	0.05
	Equity shares of ₹10 each, fully paid up				
	- Others				
	- Universal Commodity Exchange Limited	16.00	-	-	-
	Equity shares of ₹10 each, fully paid up				
	Less: Provision for Diminution in Investment	-16.00	-	-	-
	- Lanco Teesta Hydro Power Limited	102.00	102.00	102.00	-
	Equity shares of ₹10 each, fully paid up				
	Less: Provision for Diminution in Investment	-29.41	-	-	-
(iii)	**Investment in Government Securities - Quoted**				
	- 8.57%-8.73% Government of Uttar Pradesh Special Bonds	-	-	-	391.50
(v)	**Investment in Government Securities - Unquoted**				
	- 8% Government of Madhya Pradesh Power Bonds-II	47.16	47.16	47.16	47.16
	Bonds of ₹ 47,16,00,000 each				
(B)	**Other Investments**				
(i)	**Investment in Debentures - Quoted**	-	-	-	-
(ii)	**Investment in Inter Corporate Deposit**	-	-	-	-
	- LIC Housing Finance Limited	-	17.50	-	-
	- PNB Housing Finance Limited	64.00	17.50	-	-
		183.85	**184.36**	**149.41**	**438.81**
	Total (1+2)	**2,580.72**	**2,616.93**	**2,351.55**	**1,596.02**

Note L - Long-term Loans & Advances / Non Current Assets (₹ in Crores)

Particulars	As at 31.03.2018	As at 31.03.2017	As at 31.03.2016	As at 31.03.2015
(A) Capital Advances (Unsecured, considered good)	45.96	40.23	49.14	20.20
(B) Security Deposits (Unsecured, considered good)	3.22	1.55	4.34	1.31
(C) Loans & Advances to Related Parties				
- To Directors	0.36	0.37	0.63	0.21
(D) Other Loans & Advances				
- Staff Loans & Advances (except to Directors)	25.89	32.29	36.72	40.40
- *Loan Assets*				
Secured Loans				
Loans to State Power Utilities/ State Electricity Boards/Corpn. (considered good)	1,46,256.29	1,25,811.34	1,09,569.70	95,970.62
Loans to Others				
Considered good	14,928.90	24,691.95	24,377.49	28,393.85
Considered doubtful	12,059.39	2,220.01	2,243.97	849.53
Less: Allowance for doubtful debts	-1,352.52	-383.89	-257.65	-208.67
I	**1,71,892.06**	**1,52,339.41**	**1,35,933.51**	**1,25,005.33**
Unsecured Loans				
Loans Guaranteed by respective State Governments (considered good)	23,694.24	19,109.20	18,092.54	35,334.41
Loans to State Governments (considered good)	3,009.99	2,647.90	2,467.29	2,878.29
Loans - Others				
Considered good	7,823.18	3,178.73	1,210.50	934.00
Considered doubtful	34.92	5.18	-	56.19
Less: Allowance for doubtful debts	-34.92	-5.18	-	-56.19
II	**34,527.41**	**24,935.83**	**21,770.33**	**39,146.70**
= I + II	**2,06,419.47**	**1,77,275.24**	**1,57,703.84**	**1,64,152.03**
- Others	0.38	1.90	2.15	1.10
Sub-Total (D)	**2,06,445.74**	**1,77,309.43**	**1,57,742.71**	**1,64,193.53**
Total (A+B+C+D)	**2,06,495.28**	**1,77,351.58**	**1,57,796.82**	**1,64,215.25**

Note M - Other Non-Current Assets (₹ in Crores)

Particulars	As at 31.03.2018	As at 31.03.2017	As at 31.03.2016	As at 31.03.2015
(i) Interest Accrued on Staff Advances	9.03	7.74	6.79	5.01
(ii) Recoverable from Govt. of India - GoI Fully Serviced Bonds	4,000.00	-	-	-
(iii) Advance Income-tax & TDS	2,356.67	2,800.34	6,633.82	5,399.62
Less : Provision for Income Tax	-2,326.68	-2,751.95	-6,533.48	-5,322.76
	29.99	**48.39**	**100.34**	**76.86**
(iv) Forward Contract Receivables	313.57	143.79	-	-
(v) Receivables in respect of Derivative Contracts	151.68	192.10	-	-
(vi) Prepaid Financial Charges on Commercial Paper	-	-	-	-
(vii) Unamortized Expenses				
- Discount on Foreign Currency Borrowings	47.42	-	-	-
- Arrangement Fee on Foreign Currency Borrowings	38.53	-	-	-
- Premium on Forward Contracts	153.70	-	-	-
- Discount on Issue of Bonds	-	-	-	0.14
(viii) Term Deposits with Banks with more than 12 months maturity *(lien against bank guarantee)*	-	2.05	2.13	3.10
Total (A+B)	**4,743.92**	**394.07**	**109.26**	**85.11**

Note N - Inventories (₹ in Crores)

Particulars	As at 31.03.2018	As at 31.03.2017	As at 31.03.2016	As at 31.03.2015
Stock-in-trade	102.48	51.14	49.68	-
Work-in-progress	-	0.04	17.11	-
Total	**102.48**	**51.18**	**66.79**	**-**

Note O - Trade Receivables (₹ in Crores)

Particulars	As at 31.03.2018	As at 31.03.2017	As at 31.03.2016	As at 31.03.2015
Outstanding for a period more than 6 months				
Unsecured, considered good	288.44	213.15	90.19	50.53
Unsecured, considered doubtful	0.46	2.53	5.87	2.53
Less: Allowance for doubtful debts	-0.46	-2.53	-5.87	-2.53
	288.44	**213.15**	**90.19**	**50.53**
Less than 6 months				
Unsecured, considered good	**253.42**	**225.25**	**141.70**	**69.75**
Total	**541.86**	**438.40**	**231.89**	**120.28**

Note P - Cash and Bank Balances (₹ in Crores)

Particulars	As at 31.03.2018	As at 31.03.2017	As at 31.03.2016	As at 31.03.2015
(A) Cash & Cash Equivalents				
- Balances with Banks	2,035.38	937.97	1,038.01	202.35
- Cash on Hand (including postage & imprest)	0.02	0.03	0.01	-
- *Others*				
- Short Term Deposits with Scheduled Banks	95.89	2,482.34	778.54	356.57
- Short term Investment in Debt Mutual Funds	-	1,160.00	-	-
Sub-total (A)	**2,131.29**	**4,580.34**	**1,816.56**	**558.92**
(B) Others				
- Term Deposits with Scheduled Banks	236.95	70.45	47.52	86.79
Sub-total (B)	**236.95**	**70.45**	**47.52**	**86.79**
Total (A+B)	**2,368.24**	**4,650.79**	**1,864.08**	**645.71**

Note Q - Short-term Loans & Advances (₹ in Crores)

Particulars	As at 31.03.2018	As at 31.03.2017	As at 31.03.2016	As at 31.03.2015
Security Deposits (Unsecured, considered good)	**0.41**	**0.48**	**-**	**-**
Loans & Advances to Related Parties				
- To Key Managerial Personnel (KMP) (Unsecured, considered good)	-	-	3.35	2.09
Unsecured, considered doubtful			0.06	0.06
Less: Provision for bad & doubtful debts			-0.06	-0.06
Sub-total	**-**	**-**	**3.35**	**2.09**
- To Others				
(a) Secured, considered good	-	-	-	0.02
(b) Unsecured, considered good	7.57	2.89	33.80	1.35
(c) Unsecured, considered doubtful	0.06	0.06	2.06	2.06
Less: Provision for bad & doubtful debts	-0.06	-0.06	-2.06	-2.06
Sub-total	**7.57**	**2.89**	**33.80**	**1.37**
Other Loans & Advances				
- Staff Loans & Advances (except to KMP) considered good	0.05	0.04	-	-
- Loan Assets				
Secured Loans				
Loans to State Power Utilities/ State Electricity Boards/Corpn. (considered good)	4,117.09	740.67	-	485.88
I	4,117.09	740.67	-	485.88
Unsecured Loans				
Loans Guaranteed by respective State Governments (considered good)	-	197.18	672.22	500.00
Loans - Others				
Considered good	1,530.83	2,651.00	100.00	111.11
II	1,530.83	2,848.18	772.22	611.11
= I + II	**5,647.92**	**3,588.85**	**772.22**	**1,096.99**
- Others - Unsecureed				
Considered good	46.12	26.46	-	-
Considered doubtful	6.08	5.59	-	-
Less: Allowance for doubtful debts	-6.08	-5.59	-	-
	46.12	**26.46**	**-**	**-**
	5,702.07	**3,618.72**	**809.37**	**1,100.45**

Note R - Other Current Assets (₹ in Crores)

Particulars	As at 31.03.2018	As at 31.03.2017	As at 31.03.2016	As at 31.03.2015
(A) Current recoverable of Long-term Loan Assets				
Secured Loans				
Loans to State Power Utilities/ State Electricity Boards/Corpn. (considered good)	15,670.42	11,014.90	15,194.43	8,981.75
Loans to Others				
Considered good	1,148.33	3,553.12	1,841.42	1,201.89
Considered doubtful	4,273.73	2,169.10	1,569.50	429.66
Less: Allowance for doubtful debts	-1,368.44	-767.87	-325.52	-100.59
I	**19,724.04**	**15,969.25**	**18,279.83**	**10,512.71**
Unsecured Loans				
Loans Guaranteed by respective State Governments (considered good)	3,221.16	2,850.00	22,522.84	2,651.53
Loans to State Governments (considered good)	330.99	351.22	886.78	377.24
Loans - Others				
Considered good	589.47	258.78	99.51	490.99
Considered doubtful	760.38	478.40	430.10	-
Less: Allowance for doubtful debts	-760.38	-478.40	-430.10	-
II	**4,141.62**	**3,460.00**	**23,509.13**	**3,519.76**
= I + II	**23,865.66**	**19,429.25**	**41,788.96**	**14,032.47**
(B) Current recoverable of Staff Advances including KMP	**10.68**	**11.23**	**11.17**	**10.72**
(C) Interest Accrued & Not Due on:				
- Govt. Securities	-	-	-	7.89
- Long term investments	13.63	14.25	18.40	30.78
- Term Deposits	11.34	7.06	3.20	4.30
Sub-total	**24.97**	**21.31**	**21.60**	**42.97**
(D) Interest Accrued & Due on Loan Assets	**462.37**	**781.26**	**1,112.89**	**1,019.94**
(E) Interest Accrued & Not Due on Loan Assets	**303.23**	**288.31**	**301.73**	**444.30**
(F) Current Portion of Interest Accrued on Staff Advances	**0.32**	**0.33**	**0.30**	**0.28**
(G) Recoverable from GOI				
- Agency Charges on Govt. Schemes	161.01	-	-	-
- Reimbursement of Expenses on Govt. Schemes	14.19	9.44	10.08	8.78
- Towards Interest - GoI Fully Serviced Bonds	7.17	-	-	-
- Towards Issue Expenses - GoI Fully Serviced Bonds	4.07	-	-	-
Sub-total	186.44	9.44	10.08	8.78
Less: Provision for bad & doubtful debts	-6.19	-	-	-
	180.25	**9.44**	**10.08**	**8.78**
(H) Recoverable from SEBs/ Govt. Deptt/Others	93.87	35.53	16.15	9.35
Less: Allowance for bad & doubtful debts	-	-	-	-
	93.87	**35.53**	**16.15**	**9.35**
(I) Income Tax Recoverable	**1.87**	**1.97**	**0.18**	**0.39**
(J) Prepaid Financial Charges on Commercial Paper	**99.56**	**-**	**67.30**	**-**
(K) Prepaid Expenditure	**14.27**	**16.80**	**9.90**	**0.11**
(L) Unamotized Expenses				
- Discount on Issue of Bonds	-	-	0.14	3.99
- Preliminary Expenses	-	-	-	-
- Discount on Foreign Currency Borrowings	1.64	-	-	-
- Arrangement Fee on Foreign Currency Borrowings	6.56	-	-	-
- Premium on Forward Contracts	21.96	-	-	-
Sub-total	**30.16**	**-**	**0.14**	**3.99**
(M) Others	**51.10**	**7.38**	**42.63**	**0.01**
Total (A+B+C+D+E+F+G+H+I+J+K+L+M)	**25,138.31**	**20,602.81**	**43,383.03**	**15,573.31**

Note S - Revenue from Operations (₹ in Crores)

Particulars	Year Ended 31.03.2018	Year Ended 31.03.2017	Year Ended 31.03.2016	Year Ended 31.03.2015
(A) Interest on Loan Assets				
(i) Long term financing	21,338.77	22,479.98	23,375.20	19,904.21
Less: Rebate for timely payments/ completion etc.	16.43	0.26	1.49	2.70
	21,322.34	22,479.72	23,373.71	19,901.51
(ii) Short term financing	426.61	455.89	96.95	170.57
Sub-Total (A)	**21,748.95**	**22,935.61**	**23,470.66**	**20,072.08**
(B) Revenue from Other Financial Services				
(i) Processing, Upfront, Lead fees, LC Commission etc	15.11	48.49	24.71	51.93
(ii) Prepayment Premium	106.41	147.44	30.50	11.23
(iii) Fee for Implementation of Govt. Schemes	187.79	23.86	32.78	15.29
Sub-Total (B)	**309.31**	**219.79**	**87.99**	**78.45**
(C) Income from Short-Term investments of funds				
-Interest from deposits	68.66	98.39	68.21	69.46
- Gain on Sale of Mutual Funds	13.39	67.13	11.49	9.54
- Interest from CP/ ICD	0.98	29.87	-	-
Sub-Total (C)	**83.03**	**195.39**	**79.70**	**79.00**
(D) Other Interest Income				
- Interest from Govt. Securities	16.98	24.52	43.23	47.51
- Interest from Long Term Investments/Term Deposits/Others	214.40	214.18	52.05	106.87
- Interest from Income Tax Refund	0.62	9.03	-	-
- Interest from Staff Advances	1.69	1.52	2.22	1.72
- Interest from Subsidiary Companies / SPVs	0.66	0.51	0.29	0.09
- Interest on Application Money			0.19	
Sub-Total (D)	**234.35**	**249.76**	**97.98**	**156.19**
(E) Revenue from Sale of Goods	**332.79**	**326.72**	**173.36**	**-**
(F) Income from Consulting Engineer Services	**278.82**	**192.96**	**170.21**	**154.81**
(G) Income from Execution of IT Implementation Project	**67.17**	**74.69**	**30.96**	**-**
Total (A+B+C+D+E+F+G)	**23,054.42**	**24,194.92**	**24,110.86**	**20,540.53**

Note T - Other Income (₹ in Crores)

Particulars	Year Ended 31.03.2018	Year Ended 31.03.2017	Year Ended 31.03.2016	Year Ended 31.03.2015
(A) Dividend Income				
- Dividend from Long-Term Investments	26.85	63.15	2.37	3.63
Sub-Total (A)	**26.85**	**63.15**	**2.37**	**3.63**
(B) Net Gain on Sale of Investments				
- Gain on Sale of Long Term Investments	-	79.75	12.29	-
Sub-Total (B)	**-**	**79.75**	**12.29**	**-**
(C) Other Non-Operating Income				
- Profit on sale of assets	-	-	-	0.02
- Provision Written Back	0.71	2.87	1.04	0.78
- Miscellaneous Income	19.42	20.54	3.37	4.93
Sub-Total (C)	**20.13**	**23.41**	**4.41**	**5.73**
Total (A+B+C)	**46.98**	**166.31**	**19.07**	**9.36**

Note U - Finance Costs (₹ in Crores)

Particulars	Year Ended 31.03.2018	Year Ended 31.03.2017	Year Ended 31.03.2016	Year Ended 31.03.2015
(A) Interest Expense				
- On Govt. Loans	-	-	0.15	0.43
- On Bonds	12,166.56	11,576.33	11,369.39	9,503.41
- On Loans from Banks/ Financial Institutions	100.36	106.47	134.18	207.43
- On External Commercial Borrowings	1,332.78	1,266.38	1,616.97	1,358.86
- On Commercial Paper	135.60	300.46	285.91	300.03
- On AREP Subsidy	-	-	0.04	0.08
- On Advance Income Tax	5.68	3.28	0.46	1.38
- Othhers	0.27	0.18	-	-
Sub-Total (A)	**13,741.25**	**13,253.10**	**13,407.10**	**11,371.62**
(B) Other Borrowing Costs				
- Guarantee Fee	15.06	18.25	19.14	18.31
- Public Issue Expenses	-	-	0.70	-
- Bonds Handling Charges	0.54	0.80	1.04	1.05
- Bonds Brokerage	18.31	15.68	19.33	20.48
- Stamp Duty on Bonds	5.48	5.59	3.88	4.03
- Other Bonds/Debt Instrument Issue Expenses	34.59	80.88	-	-
- Debt Issue and Other Finance Charges	-	-	157.80	168.75
Sub-Total (B)	**73.98**	**121.20**	**201.89**	**212.62**
(C) Net Translation/Transaction Exchange Loss	**44.36**	**87.29**	**673.36**	**255.35**
Total (A+B)	**13,859.59**	**13,461.59**	**14,282.35**	**11,839.59**

Note V - Employee Benefits Expense (₹ in Crores)

Particulars	Year Ended 31.03.2018	Year Ended 31.03.2017	Year Ended 31.03.2016	Year Ended 31.03.2015
(A) Salaries and Allowances	150.33	130.39	101.50	94.76
(B) Contribution to Provident Fund and Other Funds	14.74	13.58	12.44	11.48
(C) Gratuity	1.47	15.30	0.57	0.60
(D) Expenses towards Post Retirement Medical Facility	15.70	17.21	15.33	16.39
(E) Staff Welfare Expenses	16.22	16.27	13.35	13.52
Total (A+B+C+D+E)	**198.46**	**192.75**	**143.19**	**136.75**

Note W - Other Expenses (₹ in Crores)

Particulars	Year Ended 31.03.2018	Year Ended 31.03.2017	Year Ended 31.03.2016	Year Ended 31.03.2015
- Travelling and Conveyance	16.18	13.60	12.85	10.97
- Publicity & Promotion Expenses	17.04	16.53	11.70	6.29
- Repairs and Maintenance				
Building	4.26	2.89	3.18	2.97
Machinery - ERP & Data Centre	4.52	4.85	4.64	3.75
Others	8.72	2.72	1.20	0.73
- Rent & Hiring Charges	13.07	7.04	4.92	4.91
- Rates and Taxes	1.35	1.27	0.44	0.90
- Power & Fuel	2.41	2.34	2.30	1.43
- Insurance Charges	0.24	0.19	0.05	0.04
- Postage, Telegram and Telephone	2.62	2.86	2.12	2.36
- Auditors' Remuneration	1.36	1.24	1.09	0.67
- Consultancy and Legal Charges	12.30	7.72	5.13	1.78
- Project Expenses	128.83	96.64	70.31	37.12
- Distribution Expense	15.54	25.96	13.77	-
- Loss on Sale of Assets	0.56	0.52	0.38	0.12
- Loss on SPVs written off	-		-	1.77
- Miscellaneous Expenses	56.29	34.21	30.31	28.29
Total	**285.29**	**220.58**	**164.39**	**104.10**

Note X - Provisions and Contingencies

(₹ in Crores)

Particulars	Year Ended 31.03.2018	Year Ended 31.03.2017	Year Ended 31.03.2016	Year Ended 31.03.2015
Provision for bad & doubtful debts	1,886.94	626.43	651.18	232.06
Contingent Provision against Standard Loan Assets	281.94	64.03	52.51	120.54
Provision against Restructured Standard Loans	-777.23	419.85	369.57	451.77
Provision for Interest due & Converted into Equity			3.96	-
Provision for depreciation on Investment	29.41	-	16.00	0.10
Provision for contigencies of project cost revision			2.96	1.71
Total	**1,421.06**	**1,110.31**	**1,096.18**	**806.18**

Note Y- Changes in inventories

(₹ in Crores)

Particulars		Year Ended 31.03.2018	Year Ended 31.03.2017	Year Ended 31.03.2016	Year Ended 31.03.2015
Stock-in-Trade					
Opening Balance		49.04	56.83	-	-
Closing Balance		102.40	51.14	49.68	-
Changes in inventories of Stock-in-Trade	**A**	**-53.36**	**5.69**	**-49.68**	**-**
Work-in-Progress					
Opening Balance		0.04	17.11	-	-
Closing Balance		-	0.04	17.11	-
Changes in inventories of Work-in-Progress	**B**	**0.04**	**17.07**	**-17.11**	**-**
Total (A + B)		**-53.32**	**22.76**	**-66.79**	**-**

Annexure V – Significant Accounting Policies and Other Notes to Accounts

CONSOLIDATED SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED 31.03.2018

A. Principles of Consolidation

The Consolidated Financial Statements relate to Rural Electrification Corporation Limited ('the Company'), its subsidiary companies and joint venture. The consolidated financial statements have been prepared on the following basis:

The financial statements of the Company and its subsidiary companies are combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions in accordance with Accounting Standard (AS) 21 – "Consolidated Financial Statements."

The Financial Statements of Joint Venture entity has been combined by applying proportionate consolidation method on a line by line basis by adding together the book values of like items of assets, liabilities, income and expenses after eliminating proportionate share of unrealized profits or losses in accordance with Accounting Standard (AS) 27 – "Financial Reporting of Interests in Joint Ventures".

As far as possible, the consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company's standalone financial statements.

B. Other Significant Accounting Policies

1. BASIS OF PREPARATION OF FINANCIAL STATEMENTS.

(a) **Accounting Convention: -** The financial statements are prepared under the historical cost convention on accrual basis and in accordance with generally accepted accounting principles and accounting standards as applicable under Section 133 of the Companies Act, 2013 read with MCA General Circular No. 15/2013 dated 13 September 2013. The financial statements adhere to the relevant presentational requirements of the Companies Act, 2013.

(b) **Use of Estimates: -** The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumption that affect the reported amounts of assets and liabilities and disclosure thereof at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates. Difference between the actual results and estimates are recognized in the period in which results materialize.

2. INCOME RECOGNITION, ASSET CLASSIFICATION AND PROVISIONING.

The Company is following regulatory norms/ guidelines as prescribed by Reserve Bank of India (RBI) from time to time. The salient features in respect of Income Recognition, Asset classification and Provisioning are as under:

2.1. Income Recognition

a. Income on Non Performing Assets is recognized as and when received and appropriated. Any such income recognized before the asset becomes non-performing and remaining unrealized is reversed.

Unless otherwise agreed, the recoveries from the borrowers are appropriated in the order of (i) costs and expenses of REC (ii) penal interest including interest tax, if any (iii) overdue interest including interest tax, if any and (iv) repayment of principal, the oldest being adjusted first.

In respect of standard loans including those whose terms are renegotiated/rescheduled/ restructured and retained as Standard Loans, income is recognized on accrual basis.

b. Income of agency fee on Government schemes is recognized on accrual basis on the basis of the services rendered.

c. Income under the head processing fee, upfront fee, lead fee, fees/ charges received under the mutatis-mutandis clause and pre-payment premium is accounted for in the year in which it is received by the company.

d. Income from consultancy services is recognized based on proportionate completion method as per AS 9 – Revenue Recognition

e. Revenue from contracts is recognized as follows:

(i) in cost plus contracts – by including eligible contractual items of expenditure plus proportionate margin as per the contract.

(ii) in fixed price contracts – on the basis of contractual price breakup of deliverables. In the absence of the same, at the cost of work performed on the contract plus proportionate margin using the percentage of completion method.

f. Revenue from sale of goods is recognized at the time of delivery of goods to customers.

g. Income from investments

(1) Income from dividend on shares of corporate bodies and units of mutual funds shall be taken into account on accrual basis when REC's right to receive payment is established.

Provided that in case of final dividend, right to receive payment shall be considered as established only upon approval of the dividend by the shareholders in Annual General Meeting.

(2) Income from bonds and debentures of corporate bodies and from Government securities/bonds shall be taken into account on accrual basis.

Provided that the interest rate on these instruments is pre-determined and interest is serviced regularly and is not in arrears.

(3) Income on securities of corporate bodies or public sector undertakings, the payment of interest and repayment of principal of which have been guaranteed by Central Government or a State Government shall be taken into account on accrual basis.

2.2 Assets Classification

Loans and advances are classified as standard assets and non- performing assets, based on the guidelines issued by the RBI.

(1) **Standard Assets:** 'Standard asset' means an asset which is not an NPA and in respect of which no default in repayment of principal or payment of interest is perceived and which does not disclose any problem or carry more than normal risk attached to the business.

(2) **Non performing Assets (NPA):** A Loan asset shall become NPA:-

(a) if interest and/ or instalment of principal remains overdue for a period of 3 months or more.

(b) In case of under implementation Generation Projects other than Hydro projects in Himalayan region or affected by natural disasters, the loan Asset shall also be classified as NPA if it fails to commence commercial operations within 2 years or upto 3/4 years (subject to certain conditions) from the original DCCO as the case may be depending upon the reasons of such delay.

(c) For the purpose of classification of assets into standard, sub-standard, doubtful and loss categories, facilities shall be classified borrower wise with the following exception:
Government Sector loans, where cash flows from each project are separately identifiable and applied to the same project, REC shall classify such loans on project wise basis.

NPAs are classified into Sub-Standard, Doubtful and Loss Assets, based on the following criteria.

(i) Sub-Standard Assets: 'Sub-standard asset' means an asset which has been classified as non-performing asset for a period not exceeding 12 months' for the financial year ending 31 March 2018 and thereafter.

An asset which has been renegotiated or rescheduled or restructured shall be a sub-standard asset or continue to remain in the same category in which it was prior to its renegotiation or re-schedulement or restructuring, as a doubtful asset or a loss asset as the case may be. Such asset may be upgraded only when all the outstanding loan/ facilities in the account perform satisfactorily during the period up to one year from the commencement of the first payment of interest or principal whichever is later on the credit facility with longest period of moratorium under the terms of restructuring package. Necessary provision is required to be made as applicable to such asset till it is upgraded.

(ii) Doubtful Assets: Doubtful asset means an asset which remains a substandard asset for a period 'exceeding 12 months' for the financial year ended 31 March 2018 and thereafter.

(iii) Loss Assets: Loss asset means –

a) An asset which has been identified as loss asset by REC or its internal or external auditor or by RBI, to the extent it is not written off by REC, and

b) An asset which is adversely affected by a potential threat of non-recoverability due to either erosion in the value of security or non availability of security or due to any fraudulent act or omission on the part of the borrower.

2.3 Provisioning against Loans

The provisioning requirement in respect of loans, advances and other credit facilities including bills purchased and discounted shall be as under:

(i) **Loss assets** – The entire asset shall be written off. If the assets are permitted to remain in the books for any reason, 100% of the outstanding shall be provided for;

(ii) **Doubtful assets** –

(a) 100% provision to the extent to which the advance is not covered by the realizable value of the security to which REC has a valid recourse shall be made. The realizable value is to be estimated on a realistic basis; Loans covered by Central/State Govt. guarantee or loans to any State Govt. shall be treated as secured;

(b) In addition to item(a) above, depending upon the period for which the asset has remained doubtful, provision to the extent of 20% to 50% of the secured portion (i.e. estimated realizable value of the outstanding) shall be made on the following basis :-

Period for which the asset has been considered as doubtful	**% of provision**
Up to one year	20%
1 to 3 years	30%
More than 3 years	50%

(iii) **Sub-standard assets -** A provision of 10% shall be made.

(iv) **Standard assets -** Provision in respect of Standard Assets is made as below:

Particulars	**Provisioning Requirement**
For Restructured Loans if the original DCCO prescribed at the time of financial closure is extended beyond 2 years and upto: a. 4 years in case the reason for extension of DCCO is arbitration proceedings or a court case. b. 3 years in case the reason for extension of DCCO is beyond the control of promoters (other than court cases).	The provisioning requirement would be 5.00% from the date of such restructuring till the revised DCCO or 2 years from the date of restructuring whichever is later.
For Standard Assets other than specified above	The provisioning requirement would be 0.40% of the amount outstanding as Standard Assets.

2.4 Treatment of Provisions held

The provisions in respect of Non Performing Assets (NPAs) is reversed only after the complete recovery of the outstanding/ regularization of the account.

2.5 For restructured/ rescheduled assets, provisions are made in accordance the guidelines (subject to specific relaxations) issued by RBI, which requires that the difference between the fair value of the loan assets before and after restructuring is provided for, in addition to provision for the respective loan assets.

3. FIXED ASSETS.

Fixed Assets are shown at historical cost less accumulated depreciation. The cost includes any cost attributable of bringing the assets to its working condition for its intended use.

4. DEPRECIATION.

4.1. Depreciation on assets is provided on straight-line method in accordance with the useful lives prescribed under Schedule II to the Companies Act, 2013.

4.2. Depreciation on assets purchased / sold during the year is charged for the full month if the asset is in use for more than 15 days, instead of charging the same on pro-rata basis from the date of purchase/sale.

4.3. Depreciation on assets purchased during the year up to Rs. 5,000/- is provided @ 100%.

4.4. Leasehold land is amortized over the lease period.

5. INTANGIBLE ASSETS.

An Intangible Asset is recognized where it is probable that the future economic benefits attributable to the assets will flow to the company. The depreciable amount of an intangible asset is allocated on straight line basis over the best estimate of its useful life. Management estimates useful life of intangible assets to be 5 years.

6. INVESTMENTS.

Long term investments are carried at cost. However, provision for diminution is made to recognise a decline, other than temporary, in the value of the investments, such reduction being determined and made for each investment individually. Quoted current investments are carried individually at the cost or market value whichever is lower. Unquoted current investments are carried individually at the cost or fair value whichever is lower.

7. CURRENT TAX AND DEFERRED TAX.

Income Tax expense comprises current Income Tax (Amount of tax for the period determined in accordance with the income tax law) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the period) is determined in accordance with Accounting

Standard- 22. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates that have been enacted or substantially established by the Balance Sheet date. Deferred Tax Assets are recognized and carry forward to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such Deferred Tax Assets can be realized.

8. IMPAIRMENT OF ASSETS.

At each balance sheet date, the Company reviews the carrying amounts of its fixed assets to determine whether there is any indication that those assets suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss. Recoverable amount is the higher of assets net selling prices and value in use.

9. PROVISIONS

A provision is recognized when the company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation and reliable estimate of amount of the obligation can be made. Provisions are determined based on management estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current management estimates.

10. BOND / DEBT ISSUE.

10.1. Expenditure on raising of funds by way of bonds is charged to revenue in the year of issue of such bonds.

10.2. The Corporation discharges its obligation towards payment of principal and interest relating to bonds by depositing the amount in the designated Bank Accounts. Accordingly, the payments are treated as final payments and these amounts are not exhibited in the books till the validity of the instruments but reconciliation thereof is carried out.

10.3. Expenditure incurred on raising of funds is charged to the Statement of Profit & Loss in the year in which it is incurred except the arrangement fee paid on the raising of External Commercial Borrowings, discount/ interest on the Commercial Papers/ Reg-S-Bonds (External Commercial Borrowings), which is amortized proportionately over the period of its tenure.

11. CASH FLOW STATEMENT

11.1. Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular operating, financing and investing activities of the Company are segregated.

11.2. Cash comprises cash on hand, demand deposits with banks, imprest with postal authorities and cheques / drafts / pay orders in hand. The Company considers cash equivalents as all short term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

12. PRIOR PERIOD/ PREPAID ADJUSTMENTS

12.1. Considering the nature of business, interest income/expenditure for the earlier years ascertained and determined during the year is accounted for in the year in which it is so ascertained/determined.

12.2. Other items not exceeding Rs. 5,00,000/- in each case are accounted for under natural heads of account.

13. EMPLOYEES BENEFITS

13.1 The liability for employees benefit in respect of Gratuity ascertained on actuarial valuation is provided and funded to a separate trust.

13.2 Post employment and other long term employee benefits are recognized as an expense in the Statement of Profit & Loss for the year in which the employee has rendered services. The expense is recognized at the present value of the amounts payable determined using actuarial valuation techniques. Actuarial gains and losses in respect of post employment and other long term benefits are charged to the Statement of Profit & Loss.

14. TRANSACTION IN FOREIGN CURRENCY

Foreign Currency transactions are initially recorded at the exchange rate prevailing on the date of transaction.

In respect of accounting periods commencing on or after the 1st April, 2011, the exchange differences arising on reporting of long-term foreign currency monetary items (having a term of twelve months or more at the date of origination) at RBI reference rates prevailing at the end of each reporting period or where the RBI reference rate is not available for any currency, the closing rate for the same date quoted on Bloomberg, different from those at which they were initially recorded during the period, or reported in previous financial statements, are accumulated in a "Foreign Currency Monetary Item Translation Difference Account" and amortized over the balance period of such long term monetary item, by recognition as income or expense in each of such periods.

Short-term foreign currency monetary items (having a term of less than twelve months at the date of origination) are translated at RBI reference rates prevailing at the end of each reporting period or where the RBI reference rate is not available for any currency, the closing rate for the same date quoted on Bloomberg. The resultant exchange fluctuation is recognized as income or expense in each of such periods.

15. GRANTS/FUNDS FROM GOVERNMENT

Un-disbursed funds of grant received for further disbursements are classified as current liabilities. Interest wherever earned on such funds is credited to respective grant account.

16. DERIVATIVE TRANSACTIONS

16.1 Derivative transactions include forwards, interest rate swaps, cross currency swaps and currency and cross currency options to hedge assets and liabilities.

16.2 These derivative transactions are done for hedging purpose and not for trading or speculative purpose.

Derivative contracts in the nature of foreign exchange forward contracts are accounted for as per Accounting Standard 11 "The Effects of Changes in Foreign Exchange Rates". These foreign exchange contract are carried net of receivables and payables in asset or liability.

Other derivative contracts such as interest rate swaps etc. are accounted for as per Guidance Note on Accounting for Derivative Contracts issued by the Institute of Chartered Accountants of India. These are carried at fair value and changes in the fair value being recognized in the statement of Profit & Loss.

16.3 Any one-time hedging premium paid on derivative transactions shall be amortized over the tenor of such derivative contract.

17. INVENTORIES

17.1 Stock-in-trade is valued at lower of cost and net realizable value.

17.2 Work-in-progress comprising material procured and other directly attributable overheads is valued at lower of cost and net realizable value.

17.3 Cost is determined on First In First Out (FIFO) basis.

CONSOLIDATED SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR 31.03.2017

A. Principles of Consolidation

The Consolidated Financial Statements relate to Rural Electrification Corporation Limited ('the Company'), its subsidiary companies and joint venture. The consolidated financial statements have been prepared on the following basis:

The financial statements of the Company and its subsidiary companies are combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions in accordance with Accounting Standard (AS) 21 – "Consolidated Financial Statements."

The Financial Statements of Joint Venture entity has been combined by applying proportionate consolidation method on a line by line basis by adding together the book values of like items of assets, liabilities, income and expenses after eliminating proportionate share of unrealized profits or losses in accordance with Accounting Standard (AS) 27 – "Financial Reporting of Interests in Joint Ventures".

As far as possible, the consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company's standalone financial statements.

B. Other Significant Accounting Policies

1. BASIS OF PREPARATION OF FINANCIAL STATEMENTS.

(a) **Accounting Convention: -** The financial statements are prepared under the historical cost convention on accrual basis and in accordance with generally accepted accounting principles and accounting standards as applicable under Section 133 of the Companies Act, 2013 read with MCA General Circular No. 15/2013 dated 13 September 2013. The financial statements adhere to the relevant presentational requirements of the Companies Act, 2013.

(b) **Use of Estimates: -** The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumption that affect the reported amounts of assets and liabilities and disclosure thereof at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates. Difference between the actual results and estimates are recognized in the period in which results materialize.

2. INCOME RECOGNITION, ASSET CLASSIFICATION AND PROVISIONING.

The Company is following regulatory norms/ guidelines as prescribed by Reserve Bank of India (RBI) from time to time. However, RBI has allowed certain specific relaxations in respect of non-applicability of reduced period for NPA recognition in case of loans sanctioned on or before 31 March 2015 and exemption for certain projects from applicability of Restructuring norms of RBI and allowed the Company to continue to be regulated by the existing REC's prudential norms. The salient features in respect of Income Recognition, Asset classification and Provisioning are as under:

2.1. Income Recognition

a. Income on Non Performing Assets is recognized as and when received and appropriated. Any such income recognized before the asset becomes non-performing and remaining unrealized is reversed.

Unless otherwise agreed, the recoveries from the borrowers are appropriated in the order of (i) costs and expenses of REC (ii) penal interest including interest tax, if any (iii) overdue interest including interest tax, if any and (iv) repayment of principal, the oldest being adjusted first.

In respect of standard loans including those whose terms are renegotiated/rescheduled/ restructured and retained as Standard Loans, income is recognized on accrual basis.

b. Income of fee of DDUGJY Schemes is recognized on the basis of the services rendered and amount of fee sanctioned by the Ministry of Power.

c. Income of service charges of NEF (Interest Subsidy) Scheme is recognized on the basis of the services rendered and amount of service charges sanctioned by the Ministry of Power.

d. Income under the head processing fee, upfront fee, lead fee, fees/ charges received under the mutatis-mutandis clause and pre-payment premium is accounted for in the year in which it is received by the company.

e. Income from consultancy services is recognized based on proportionate completion method as per AS 9 – Revenue Recognition

f. Revenue from contacts is recognized as follows:

(i) in cost plus contacts – by including eligible contractual items of expenditure plus proportionate margin as per the contact.

(ii) in fixed price contacts – on the basis of contractual price breakup of deliverables. In the absence of the same, at the cost of work performed on the contact plus proportionate margin using the percentage of completion method.

g. Revenue from sale of goods is recognized at the time of delivery of goods to customers.

h. Income from investments

(1) Income from dividend on shares of corporate bodies and units of mutual funds shall be taken into account on accrual basis when REC's right to receive payment is established.

Provided that in case of final dividend, right to receive payment shall be considered as established only upon approval of the dividend by the shareholders in Annual General Meeting.

(2) Income from bonds and debentures of corporate bodies and from Government securities/bonds shall be taken into account on accrual basis.

Provided that the interest rate on these instruments is pre-determined and interest is serviced regularly and is not in arrears.

(3) Income on securities of corporate bodies or public sector undertakings, the payment of interest and repayment of principal of which have been guaranteed by Central Government or a State Government shall be taken into account on accrual basis.

2.2 Assets Classification

Loans and advances are classified as standard assets and non- performing assets, based on the guidelines issued by the RBI.

(1) **Standard Assets:** 'Standard asset' means an asset which is not an NPA and in respect of which no default in repayment of principal or payment of interest is perceived and which does not disclose any problem or carry more than normal risk attached to the business.

In view of relaxation given by RBI vide letter dated June 11th, 2015, for Transmission & Distribution, Renovation & Modernization and Life Extension projects and also the Hydro projects in Himalayan region or affected by natural disasters, the rescheduling or restructuring or renegotiation of a standard infrastructure loan asset shall not cause it to be reclassified if the revised project is found to be viable by the competent authority.

(2) **Non performing Assets (NPA):** A Loan asset shall become NPA:-

(a) if interest and/ or instalment of principal remains overdue for a period of two quarters or more.
The above period of two quarters shall be 5 months for the financial year ending 31 March 2016, 4 months for the financial year ending 31 March 2017 and 3 months for the financial year ending 31 March 2018 and thereafter. However, RBI vide letter dated 5 October 2015 has permitted that the existing loans of the company i.e. loans sanctioned on or before 31 March 2015 are permitted to be regulated under the REC's existing asset classification norms (180 days) till 31 March 2017.

(b) In case of under implementation Generation Projects other than Hydro projects in Himalayan region or affected by natural disasters, the loan Asset shall also be classified as NPA if it fails to commence commercial operations within 2 years or upto 3/4 years (subject to certain conditions) from the original DCCO as the case may be depending upon the reasons of such delay.

(c) For the purpose of classification of assets into standard, sub-standard, doubtful and loss categories, facilities shall be classified borrower wise with the following exception:
Government Sector loans, where cash flows from each project are separately identifiable and applied to the same project, REC shall classify such loans on project wise basis.

NPAs are classified into Sub-Standard, Doubtful and Loss Assets, based on the following criteria.

(i) Sub-Standard Assets: 'Sub-standard asset' means an asset which has been classified as non-performing asset for a period not exceeding *16 months' for the financial year ending 31 March 2016; 'not exceeding 14 months' for the financial year ending 31 March 2017; and 'not exceeding 12 months' for the financial year ending 31 March 2018 and thereafter.*

An asset which has been renegotiated or rescheduled or restructured shall be a sub-standard asset or continue to remain in the same category in which it was prior to its renegotiation or re-schedulement or restructuring, as a doubtful asset or a loss asset as the case may be. Such asset may be upgraded only when all the outstanding loan/ facilities in the account perform satisfactorily during the period up to one year from the commencement of the first payment of interest or principal whichever is later on the credit facility with longest period of moratorium under the terms of restructuring package. Necessary provision is required to be made as applicable to such asset till it is upgraded.

(ii) Doubtful Assets: Doubtful asset means an asset which remains a substandard asset for a period 'exceeding 16 months' for the financial year ended 31 March 2016; 'exceeding 14 months' for the financial year ending 31 March 2017 and 'exceeding 12 months' for the financial year ending 31 March 2018 and thereafter.

(iii) Loss Assets: Loss asset means –

a) An asset which has been identified as loss asset by REC or its internal or external auditor or by RBI, to the extent it is not written off by REC, and

b) An asset which is adversely affected by a potential threat of non-recoverability due to either erosion in the value of security or non availability of security or due to any fraudulent act or omission on the part of the borrower.

2.3 Provisioning against Loans

The provisioning requirement in respect of loans, advances and other credit facilities including bills purchased and discounted shall be as under:

(i) **Loss assets –** The entire asset shall be written off. If the assets are permitted to remain in the books for any reason, 100% of the outstanding shall be provided for:

(ii) **Doubtful assets** –

(a) 100% provision to the extent to which the advance is not covered by the realizable value of the security to which REC has a valid recourse shall be made. The realizable value is to be estimated on a realistic basis; Loans covered by Central/State Govt. guarantee or loans to any State Govt. shall be treated as secured;

(b) In addition to item(a) above, depending upon the period for which the asset has remained doubtful, provision to the extent of 20% to 50% of the secured portion (i.e. estimated realizable value of the outstanding) shall be made on the following basis :-

Period for which the asset has been considered as doubtful	**% of provision**
Up to one year	20%
1 to 3 years	30%
More than 3 years	50%

(iii) **Sub-standard assets -** A provision of 10% shall be made.

(iv) **Standard assets -** Provision in respect of Standard Assets is made as below:

Particulars	**Provisioning Requirement**
For Restructured Loans other than under Transmission & Distribution, Renovation & Modernisation and Life Extension projects as also the hydro projects in Himalayan region or affected by natural disasters, if the original DCCO prescribed at the time of financial closure is extended beyond 2 years and upto: a. 4 years in case the reason for extension of DCCO is arbitration proceedings or a court case. b. 3 years in case the reason for	In respect of the stock of outstanding loans as on 31 March 2015, provisioning requirement shall be as below: • 2.75% with effect from 31 March 2015 • 3.50% with effect from 31 March 2016 (spread over 4 quarters of 2015-16) • 4.25% with effect from 31 March 2017 (spread over 4 quarters of 2016-17) • 5.00% with effect from 31 March 2018 (spread over 4 quarters of 2017-18) The above provision is required from the

Particulars	Provisioning Requirement
extension of DCCO is beyond the control of promoters (other than court cases).	date of restructuring till the revised DCCO or 2 years from the date of restructuring whichever is later. In respect of new projects loans restructured with effect from 1st April, 2015, the provisioning requirement would be 5.00% from the date of such restructuring till the revised DCCO or 2 years from the date of restructuring whichever is later.
For Standard Assets other than specified above	In respect of the stock of outstanding loans as on 31 March 2015, provisioning requirement is as below: • 0.25% by 31 March 2015 • 0.30% by 31 March 2016 • 0.35% by 31 March 2017 • 0.40% by 31 March 2018. For incremental loans during the financial year 2015-16, 2016-17 and 2017-18, the provisioning shall be made @ 0.30%, 0.35% and 0.40% respectively and shall be further increased in a phased manner so as to make it equal to 0.40% by 31st March, 2018.

2.4 Treatment of Provisions held

The provisions in respect of Non Performing Assets (NPAs) is reversed only after the complete recovery of the outstanding/ regularization of the account.

2.5 For restructured/ rescheduled assets, provisions are made in accordance the guidelines (subject to specific relaxations) issued by RBI, which requires that the difference between the fair value of the loan assets before and after restructuring is provided for, in addition to provision for the respective loan assets.

3. FIXED ASSETS.

Fixed Assets are shown at historical cost less accumulated depreciation. The cost includes any cost attributable of bringing the assets to its working condition for its intended use.

4. DEPRECIATION.

4.1. Depreciation on assets is provided on straight-line method in accordance with the useful lives prescribed under Schedule II to the Companies Act, 2013.

4.2. Depreciation on assets purchased / sold during the year is charged for the full month if the asset is in use for more than 15 days, instead of charging the same on pro-rata basis from the date of purchase/sale.

4.3. Depreciation on assets purchased during the year up to Rs. 5,000/- is provided @ 100%.

4.4. Leasehold land is amortized over the lease period.

5. INTANGIBLE ASSETS.

An Intangible Asset is recognized where it is probable that the future economic benefits attributable to the assets will flow to the company. The depreciable amount of an intangible asset is allocated on straight line basis over the best estimate of its useful life. Management estimates useful life of intangible assets to be 5 years.

6. INVESTMENTS.

Long term investments are carried at cost. However, provision for diminution is made to recognise a decline, other than temporary, in the value of the investments, such reduction being determined and made for each investment individually. Quoted current investments are carried individually at the cost or market value whichever is lower. Unquoted current investments are carried individually at the cost or fair value whichever is lower.

7. CURRENT TAX AND DEFERRED TAX.

Income Tax expense comprises current Income Tax (Amount of tax for the period determined in accordance with the income tax law) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the period) is determined in accordance with Accounting Standard- 22. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates that have been enacted or substantially established by the Balance Sheet date. Deferred Tax Assets are recognized and carry forward to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such Deferred Tax Assets can be realized.

8. IMPAIRMENT OF ASSETS.

At each balance sheet date, the Company reviews the carrying amounts of its fixed assets to determine whether there is any indication that those assets suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss. Recoverable amount is the higher of assets net selling prices and value in use.

9. PROVISIONS

A provision is recognized when the company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation and reliable estimate of amount of the obligation can be made. Provisions are determined based on management estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current management estimates.

10. BOND / DEBT ISSUE.

10.1. Expenditure on raising of funds by way of bonds is charged to revenue in the year of issue of such bonds.

10.2. The Corporation discharges its obligation towards payment of principal and interest relating to bonds by depositing the amount in the designated Bank Accounts. Accordingly, the payments are treated as final payments and these amounts are not exhibited in the books till the validity of the instruments but reconciliation thereof is carried out.

10.3. Expenditure incurred on raising of funds is charged to the Statement of Profit & Loss in the year in which it is incurred except the discount/interest on the Commercial Papers/ Reg-S-Bonds (External Commercial Borrowings), which is amortized proportionately over the period of its tenure.

11. CASH FLOW STATEMENT

11.1. Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular operating, financing and investing activities of the Company are segregated.

11.2. Cash comprises cash on hand, demand deposits with banks, imprest with postal authorities and cheques / drafts / pay orders in hand. The Company considers cash equivalents as all short term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

12. PRIOR PERIOD/ PREPAID ADJUSTMENTS

12.1. Considering the nature of business, interest income/expenditure for the earlier years ascertained and determined during the year is accounted for in the year in which it is so ascertained/determined.

12.2. Other items not exceeding Rs. 5,00,000/- in each case are accounted for under natural heads of account.

13. EMPLOYEES BENEFITS

13.1 The liability for employees benefit in respect of Gratuity ascertained on actuarial valuation is provided and funded to a separate trust.

13.2 Post employment and other long term employee benefits are recognized as an expense in the Statement of Profit & Loss for the year in which the employee has rendered services. The expense is recognized at the present value of the amounts payable determined using actuarial valuation techniques. Actuarial gains and losses in respect of post employment and other long term benefits are charged to the Statement of Profit & Loss.

14. TRANSACTION IN FOREIGN CURRENCY

Foreign Currency transactions are initially recorded at the exchange rate prevailing on the date of transaction.

In respect of accounting periods commencing on or after the 1st April, 2011, the exchange differences arising on reporting of long-term foreign currency monetary items (having a term of twelve months or more at the date of origination) at RBI reference rates prevailing at the end of each reporting period or where the RBI reference rate is not available for any currency, the closing rate for the same date quoted on Bloomberg, different from those at which they were initially recorded during the period, or reported in previous financial statements, are accumulated in a “Foreign Currency Monetary Item Translation Difference Account” and amortized over the balance period of such long term monetary item, by recognition as income or expense in each of such periods.

Short-term foreign currency monetary items (having a term of less than twelve months at the date of origination) are translated at RBI reference rates prevailing at the end of each reporting period or where the RBI reference rate is not available for any currency, the closing rate for the same date quoted on Bloomberg. The resultant exchange fluctuation is recognized as income or expense in each of such periods.

15. GRANTS/FUNDS FROM GOVERNMENT

Un-disbursed funds of grant received for further disbursements are classified as current liabilities. Interest wherever earned on such funds is credited to respective grant account.

16. DERIVATIVE TRANSACTIONS

16.1 Derivative transactions include forwards, interest rate swaps, cross currency swaps and currency and cross currency options to hedge assets and liabilities.

16.2 These derivative transactions are done for hedging purpose and not for trading or speculative purpose.

Derivative contracts in the nature of foreign exchange forward contracts are accounted for as per Accounting Standard 11 “The Effects of Changes in Foreign Exchange Rates”. These foreign exchange contract are carried net of receivables and payables in asset or liability.

Other derivative contracts such as interest rate swaps etc. are accounted for as per Guidance Note on Accounting for Derivative Contracts issued by the Institute of

Chartered Accountants of India. These are carried at fair value and changes in the fair value being recognized in the statement of Profit & Loss.

17. INVENTORIES

17.1 Stock-in-trade is valued at lower of cost and net realizable value.

17.2 Work-in-progress comprising material procured and other directly attributable overheads is valued at lower of cost and net realizable value.

17.3 Cost is determined on First In First Out (FIFO) basis.

RURAL ELECTRIFICATION CORPORATION LIMITED

CONSOLIDATED SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR 31.03.2016

A. Principles of Consolidation

The Consolidated Financial Statements relate to Rural Electrification Corporation Limited ('the Company'), its subsidiary companies and joint venture. The consolidated financial statements have been prepared on the following basis:

The financial statements of the Company and its subsidiary companies are combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions in accordance with Accounting Standard (AS) 21 – "Consolidated Financial Statements."

The Financial Statements of Joint Venture entity has been combined by applying proportionate consolidation method on a line by line basis by adding together the book values of like items of assets, liabilities, income and expenses after eliminating proportionate share of unrealized profits or losses in accordance with Accounting Standard (AS) 27 – "Financial Reporting of Interests in Joint Ventures".

As far as possible, the consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company's standalone financial statements.

B. Other Significant Accounting Policies

1. BASIS OF PREPARATION OF FINANCIAL STATEMENTS.

(a) **Accounting Convention: -** The financial statements are prepared under the historical cost convention on accrual basis and in accordance with generally accepted accounting principles and accounting standards as applicable under Section 133 of the Companies Act, 2013 read with MCA General Circular No. 15/2013 dated 13th September 2013. The financial statements adhere to the relevant presentational requirement of the Companies Act, 2013.

(b) **Use of Estimates: -** The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumption that affect the reported amounts of assets and liabilities and disclosure thereof at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates. Difference between the actual results and estimates are recognized in the period in which results materialize.

2. INCOME RECOGNITION, ASSET CLASSIFICATION AND PROVISIONING.

The Company is following regulatory norms/ guidelines as prescribed by Reserve Bank of India (RBI) from time to time. However, RBI has allowed certain specific relaxations in respect of non-applicability of reduced period for NPA recognition in case of loans sanctioned on or before March 31, 2015 and exemption for certain projects from applicability of Restructuring norms of RBI and allowed the Company to continue to be regulated by the existing REC's prudential norms. The salient features in respect of Income Recognition, Asset classification and Provisioning are as under:

2.1. Income Recognition

a. Income on Non Performing Assets is recognized as and when received and appropriated. Any such income recognized before the asset becomes non-performing and remaining unrealized is reversed.

Unless otherwise agreed, the recoveries from the borrowers are appropriated in the order of (i) costs and expenses of REC (ii) penal interest including interest tax, if any (iii) overdue interest including interest tax, if any and (iv) repayment of principal, the oldest being adjusted first.

In respect of standard loans including those whose terms are renegotiated/rescheduled/ restructured and retained as Standard Loans, income is recognized on accrual basis.

b. Income of fee of DDUGJY Schemes is recognized on the basis of the services rendered and amount of fee sanctioned by the Ministry of Power.

c. Income of service charges of NEF (Interest Subsidy) Scheme is recognized on the basis of the services rendered and amount of service charges sanctioned by the Ministry of Power.

d. Income under the head processing fee, upfront fee, lead fee, fees/ charges received under the mutatis-mutandis clause and pre-payment premium is accounted for in the year in which it is received by the company.

e. Income from consultancy services is recognized based on proportionate completion method as per AS 9 – Revenue Recognition.

f. Income from investments

(1) Income from dividend on shares of corporate bodies and units of mutual funds shall be taken into account on accrual basis when REC's right to receive payment is established.

Provided that in case of final dividend, right to receive payment shall be considered as established only upon approval of the dividend by the shareholders in Annual General Meeting.

(2) Income from bonds and debentures of corporate bodies and from Government securities/bonds shall be taken into account on accrual basis.

Provided that the interest rate on these instruments is pre-determined and interest is serviced regularly and is not in arrears.

(3) Income on securities of corporate bodies or public sector undertakings, the payment of interest and repayment of principal of which have been guaranteed by Central Government or a State Government shall be taken into account on accrual basis.

2.2 Assets Classification

Loans and advances are classified as standard assets and non- performing assets, based on the guidelines issued by the RBI.

(1) **Standard Assets:** 'Standard asset' means an asset which is not an NPA and in respect of which no default in repayment of principal or payment of interest is perceived and which does not disclose any problem or carry more than normal risk attached to the business.

In view of relaxation given by RBI vide letter dated June 11th, 2015, for Transmission & Distribution, Renovation & Modernization and Life Extension projects and also the Hydro projects in Himalayan region or affected by natural disasters, the rescheduling or restructuring or renegotiation of a standard infrastructure loan asset shall not cause it to be reclassified if the revised project is found to be viable by the competent authority.

(2) **Non performing Assets (NPA):** A Loan asset shall become NPA:-

(a) if interest and/ or instalment of principal remains overdue for a period of two quarters or more.
The above period of two quarters shall be 5 months for the financial year ending March 31, 2016, 4 months for the financial year ending March 31, 2017 and 3 months for the financial year ending March 31, 2018 and thereafter.

However, RBI vide letter dated October 5th, 2015 has permitted that the existing loans of the company i.e. loans sanctioned on or before March 31, 2015 are permitted to be regulated under the REC's existing asset classification norms (180 days) till March 31, 2017.

(b) In case of under implementation Generation Projects other than Hydro projects in Himalayan region or affected by natural disasters, the loan Asset shall also be classified as NPA if it fails to commence commercial operations within 2 years or upto 3/4 years (subject to certain conditions) from the original DCCO as the case may be depending upon the reasons of such delay.

NPAs are classified into Sub-Standard, Doubtful and Loss Assets, based on the following criteria.

(i) Sub-Standard Assets: 'Sub-standard asset' means an asset which has been classified as non-performing asset for a period not exceeding *16 months' for the financial year ending March 31, 2016; 'not exceeding 14 months' for the financial year ending March 31, 2017; and 'not exceeding 12 months' for the financial year ending March 31, 2018 and thereafter.*

An asset which has been renegotiated or rescheduled or restructured shall be a sub-standard asset or continue to remain in the same category in which it was prior to its renegotiation or re-schedulement or restructuring, as a doubtful asset or a loss asset as the case may be. Such asset may be upgraded only when all the outstanding loan/ facilities in the account perform satisfactorily during the period up to one year from the commencement of the first payment of interest or principal whichever is later on the credit facility with longest period of moratorium under the terms of restructuring package. Necessary provision is required to be made as applicable to such asset till it is upgraded.

(ii) Doubtful Assets: Doubtful asset means an asset which remains a substandard asset for a period 'exceeding 16 months' for the financial year ended March 31, 2016; 'exceeding 14 months' for the financial year ending March 31, 2017 and 'exceeding 12 months' for the financial year ending March 31, 2018 and thereafter.

(iii) Loss Assets: Loss asset means –

a) An asset which has been identified as loss asset by REC or its internal or external auditor or by RBI, to the extent it is not written off by REC, and

b) An asset which is adversely affected by a potential threat of non-recoverability due to either erosion in the value of security or non availability of security or due to any fraudulent act or omission on the part of the borrower.

For the purpose of classification of assets into standard, sub-standard, doubtful and loss categories, facilities shall be classified borrower wise with the following exception:
Government Sector loans, where cash flows from each project are separately identifiable and applied to the same project, REC shall classify such loans on project wise basis.

2.3 Provisioning against Loans

The provisioning requirement in respect of loans, advances and other credit facilities including bills purchased and discounted shall be as under:

(i) **Loss assets –** The entire asset shall be written off. If the assets are permitted to remain in the books for any reason, 100% of the outstanding shall be provided for:

(ii) **Doubtful assets –**

(a) 100% provision to the extent to which the advance is not covered by the realizable value of the security to which REC has a valid recourse shall be made. The realizable value is to be estimated on a realistic basis; Loans covered by Central/State Govt. guarantee or loans to any State Govt. shall be treated as secured;

(b) In addition to item(a) above, depending upon the period for which the asset has remained doubtful, provision to the extent of 20% to 50% of the secured portion (i.e. estimated realizable value of the outstanding) shall be made on the following basis :-

Period for which the asset has been considered as doubtful	**% of provision**
Up to one year	20%
1 to 3 years	30%
More than 3 years	50%

(iii) **Sub-standard assets -** A provision of 10% shall be made.

(iv) **Standard assets -** Provision in respect of Standard Assets is made as below:

Particulars	**Provisioning Requirement**
For Restructured Loans other than under Transmission & Distribution, Renovation & Modernisation and Life Extension projects as also the hydro projects in Himalayan region or affected by natural disasters, if the original DCCO prescribed at the time of financial closure is extended	In respect of the stock of outstanding loans as on 31st March, 2015, provisioning requirement shall be as below: • 2.75% with effect from 31st March, 2015 • 3.50% with effect from 31st March, 2016 (spread over 4 quarters of 2015-16) • 4.25% with effect from 31st March, 2017

Particulars	**Provisioning Requirement**
beyond 2 years and upto: a. 4 years in case the reason for extension of DCCO is arbitration proceedings or a court case. b. 3 years in case the reason for extension of DCCO is beyond the control of promoters (other than court cases).	(spread over 4 quarters of 2016-17) • 5.00% with effect from 31st March, 2018 (spread over 4 quarters of 2017-18) The above provision is required from the date of restructuring till the revised DCCO or 2 years from the date of restructuring whichever is later. In respect of new projects loans restructured with effect from 1st April, 2015, the provisioning requirement would be 5.00% from the date of such restructuring till the revised DCCO or 2 years from the date of restructuring whichever is later.
For Standard Assets other than specified above	In respect of the stock of outstanding loans as on 31st March, 2015, provisioning requirement is as below: • 0.25% by 31st March, 2015 • 0.30% by 31st March, 2016 • 0.35% by 31st March, 2017 • 0.40% by 31st March, 2018. For incremental loans during the financial year 2015-16, 2016-17 and 2017-18, the provisioning shall be made @ 0.30%, 0.35% and 0.40% respectively and shall be further increased in a phased manner so as to make it equal to 0.40% by 31st March, 2018.

2.4 Treatment of Provisions held

The provisions in respect of Non Performing Assets (NPAs) is reversed only after the complete recovery of the outstanding/ regularization of the account.

2.5 For restructured/ rescheduled assets, provisions are made in accordance the guidelines (subject to specific relaxations) issued by RBI, which requires that the difference between the fair value of the loan assets before and after restructuring is provided for, in addition to provision for the respective loan assets.

3. FIXED ASSETS

Fixed Assets are shown at historical cost less accumulated depreciation. The cost includes any cost attributable of bringing the assets to its working condition for its intended use.

4. DEPRECIATION

4.1. Depreciation on assets is provided on straight-line method in accordance with the useful lives prescribed under Schedule II to the Companies Act, 2013.

4.2. Depreciation on assets purchased / sold during the year is charged for the full month if the asset is in use for more than 15 days, instead of charging the same on pro-rata basis from the date of purchase/sale.

4.3. Depreciation on assets purchased during the year up to Rs. 5,000/- is provided @ 100%.

4.4. Leasehold land is amortized over the lease period.

5. INTANGIBLE ASSETS

An Intangible Asset is recognized where it is probable that the future economic benefits attributable to the assets will flow to the company. The depreciable amount of an intangible asset is allocated on straight line basis over the best estimate of its useful life. Management estimates useful life of intangible assets to be 5 years.

6. INVESTMENTS

Long term investments are carried at cost. However, provision for diminution is made to recognise a decline, other than temporary, in the value of the investments, such reduction being determined and made for each investment individually. Quoted current investments are carried individually at the cost or market value whichever is lower. Unquoted current investments are carried individually at the cost or fair value whichever is lower.

7. CURRENT TAX AND DEFERRED TAX

Income Tax expense comprises current Income Tax (Amount of tax for the period determined in accordance with the income tax law) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the period) is determined in accordance with Accounting Standard- 22. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates that have been enacted or substantially established by the Balance Sheet date. Deferred Tax Assets are recognized and carry forward to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such Deferred Tax Assets can be realized.

8. IMPAIRMENT OF ASSETS

At each balance sheet date, the Company reviews the carrying amounts of its fixed assets to determine whether there is any indication that those assets suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss. Recoverable amount is the higher of assets net selling prices and value in use.

9. PROVISIONS

A provision is recognized when the company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation and reliable estimate of amount of the obligation can be made. Provisions are determined based on management estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current management estimates.

10. BOND / DEBT ISSUE

10.1. Expenditure on raising of funds by way of bonds is charged to revenue in the year of issue of such bonds.

10.2. The Corporation discharges its obligation towards payment of principal and interest relating to bonds by depositing the amount in the designated Bank Accounts. Accordingly, the payments are treated as final payments and these amounts are not exhibited in the books till the validity of the instruments but reconciliation thereof is carried out.

10.3. Expenditure incurred on raising of funds is charged to the Statement of Profit & Loss in the year in which it is incurred except the discount/interest on the Commercial Papers/ Reg-S-Bonds (External Commercial Borrowings), which is amortized proportionately over the period of its tenure.

11. CASH FLOW STATEMENT

11.1. Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular operating, financing and investing activities of the Company are segregated.

11.2. Cash comprises cash on hand, demand deposits with banks, imprest with postal authorities and cheques / drafts / pay orders in hand. The Company considers cash equivalents as all short term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

12. PRIOR PERIOD/ PREPAID ADJUSTMENTS

12.1. Considering the nature of business, interest income/expenditure for the earlier years ascertained and determined during the year is accounted for in the year in which it is so ascertained/determined.

12.2. Other items not exceeding Rs. 5,00,000/- in each case are accounted for under natural heads of account.

13. EMPLOYEES BENEFITS

13.1 The liability for employees benefit in respect of Gratuity ascertained on actuarial valuation is provided and funded to a separate trust.

13.2 Post employment and other long term employee benefits are recognized as an expense in the Statement of Profit & Loss for the year in which the employee has rendered services. The expense is recognized at the present value of the amounts payable determined using actuarial valuation techniques. Actuarial gains and losses in respect of post employment and other long term benefits are charged to the Statement of Profit & Loss.

14. TRANSACTION IN FOREIGN CURRENCY

14.1 Foreign Currency transactions are initially recorded at the exchange rate prevailing on the date of transaction.

In respect of accounting periods commencing on or after the 1st April, 2011, the exchange differences arising on reporting of long-term foreign currency monetary items (having a term of twelve months or more at the date of origination) at RBI reference rates prevailing at the end of each reporting period or where the RBI reference rate is not available for any currency, the closing rate for the same date quoted on Bloomberg, different from those at which they were initially recorded during the period, or reported in previous financial statements, in so far as they relate to the acquisition of a depreciable capital asset, are capitalized in respective fixed assets and amortized over the remaining useful life of fixed assets, by recognition as income or expense in each of such periods, and in other cases, are accumulated in a "Foreign Currency Monetary Item Translation Difference Account" and amortized over the balance period of such long term monetary item, by recognition as income or expense in each of such periods.

Short-term foreign currency monetary items (having a term of less than twelve months at the date of origination) are translated at RBI reference rates prevailing at the end of each reporting period or where the RBI reference rate is not available for any currency, the closing rate for the same date quoted on Bloomberg. The resultant exchange fluctuation is recognized as income or expense in each of such periods.

14.2 The portion of Foreign Currency loans swapped into Indian rupees is stated at the rate fixed in the swap transaction, and not translated at the year end rate.

15. GRANTS/FUNDS FROM GOVERNMENT

Un-disbursed funds of grant received for further disbursements are classified as current liabilities. Interest wherever earned on such funds is credited to respective grant account.

16. DERIVATIVE TRANSACTIONS

16.1 Derivative transactions include forwards, interest rate swaps, cross currency swaps and currency and cross currency options to hedge assets and liabilities.

16.2 These derivative transactions are done for hedging purpose and not for trading or speculative purpose. These are accounted for on accrual basis and are not marked to market.

17. INVENTORIES

17.1 Stock-in-trade is valued at lower of cost and net realizable value.

17.2 Work-in-progress comprising material procured and other directly attributable overheads is valued at lower of cost and net realizable value.

17.3 Cost is determined on weighted average basis.

CONSOLIDATED SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED 31.03.2015

A. Principles of Consolidation

The Consolidated Financial Statements relate to Rural Electrification Corporation Limited ('the Company'), its subsidiary companies and joint venture. The consolidated financial statements have been prepared on the following basis:

The financial statements of the Company and its subsidiary companies are combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions in accordance with Accounting Standard (AS) 21 – "Consolidated Financial Statements."

The Financial Statements of Joint Venture entity has been combined by applying proportionate consolidation method on a line by line basis by adding together the book values of like items of assets, liabilities, income and expenses after eliminating proportionate share of unrealized profits or losses in accordance with Accounting Standard (AS) 27 – "Financial Reporting of Interests in Joint Ventures".

As far as possible, the consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company's separate financial statements.

B. <u>OTHER SIGNIFICANT ACCOUNTING POLICIES</u>

1. BASIS OF PREPARATION OF FINANCIAL STATEMENTS.

(a) **Accounting Convention: -** The financial statements are prepared under the historical cost convention on accrual basis and in accordance with generally accepted accounting principles and accounting standards as applicable under Section 133 of the Companies Act, 2013 read with General Circular No. 15/2013 dated 13th September 2013. The financial statements adhere to the relevant presentational requirement of the Companies Act, 2013.

(b) **Use of Estimates: -** The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumption that affect the reported amounts of assets and liabilities and disclosure thereof at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates. Difference between the actual results and estimates are recognized in the period in which results materialize.

2. INCOME RECOGNITION, ASSET CLASSIFICATION AND PROVISIONING.

The Corporation has formulated its own detailed Prudential Norms. Accounting is done in accordance with these Prudential Norms of REC and the salient features of the same for Income Recognition, Asset classification and Provisioning are as under in the Paras 2.1a, 2.1f, 2.2, 2.3 and 2.4:

2.1. Income Recognition

a. Income on Non Performing Assets where interest/ principal has become overdue for two quarters or more is recognized as and when received and appropriated. Any such income recognized before the asset becomes non-performing and remaining unrealized is reversed.

Unless otherwise agreed, the recoveries from the borrowers are appropriated in the order of (i) costs and expenses of REC (ii) penal interest including interest tax, if any (iii) overdue interest including interest tax, if any and (iv) repayment of principal, the oldest being adjusted first.

In respect of standard loans including those whose terms are renegotiated/rescheduled/ restructured and retained as Standard Loans, income is recognized on accrual basis.
In respect of loans (Non Performing Assets), income is recognized on accrual basis when it is reasonably expected that there is no uncertainty of receipt of dues from the borrowers and there has been satisfactory performance under the renegotiated or rescheduled or restructured terms until the expiry of one year of satisfactory performance under the renegotiated or rescheduled or restructured terms.

b. Income of agency charges of RGGVY Schemes is recognized on the basis of the services rendered and amount sanctioned by the Ministry of Power.

c. Income of agency charges of DDUGJY Schemes is recognized on the basis of the services rendered and amount sanctioned by the Ministry of Power.

d. Income of service charges of NEF (Interest Subsidy) Scheme is recognized on the basis of the services rendered and amount of service charges sanctioned by the Ministry of Power.

e. Income under the head processing fee, upfront fee, lead fee, fees/ charges received under the mutatis-mutandis clause and pre-payment premium is accounted for in the year in which it is received by the company.

f. Income from investments

(1) Income from dividend on shares of corporate bodies and units of mutual funds shall be taken into account on accrual basis when REC's right to receive payment is established.

(2) Income from bonds and debentures of corporate bodies and from Government securities/bonds shall be taken into account on accrual basis.

Provided that the interest rate on these instruments is pre-determined and interest is serviced regularly and is not in arrears.

(3) Income on securities of corporate bodies or public sector undertakings, the payment of interest and repayment of principal of which have been guaranteed by Central Government or a State Government shall be taken into account on accrual basis.

2.2 Assets Classification

Loans and advances and any other form of credit are classified into the following classes, namely:

(i) **Standard Assets: '**Standard asset' means an asset which is not an NPA and in respect of which no default in repayment of principal or payment of interest is perceived and which does not disclose any problem or carry more than normal risk attached to the business.

The rescheduling or restructuring or renegotiation of a standard infrastructure loan asset shall not cause it to be reclassified if the revised project is found to be viable by the competent authority.

(ii) **Sub-Standard Assets: '**Sub-standard asset' means:

(a) an asset which has been classified as non-performing asset for a period not exceeding 18 months;

(b) an asset where the terms of the agreement regarding interest and / or principal have been renegotiated or rescheduled or restructured, until the expiry of one year of satisfactory performance under the renegotiated or rescheduled or restructured terms.

(iii) **Doubtful Assets:** Doubtful asset means an asset which remains a substandard asset for a period exceeding 18 months.

(iv) **Loss Assets:** Loss asset means –

a) An asset which has been identified as loss asset by REC to the extent it is not written off by REC or the asset remains doubtful for a period exceeding 5 years, whichever is earlier.

b) An asset which is adversely affected by a potential threat of non-recoverability due to either erosion in the value of security or non availability of security or due to any fraudulent act or omission on the part of the borrower.

For the purpose of classification of assets into standard, sub-standard, doubtful and loss categories, facilities shall be classified borrower wise with the following exception:
Government Sector loans, where cash flows from each project are separately identifiable and applied to the same project, REC shall classify such loans on project wise basis.

2.3 Provisioning against Loans

The provisioning requirement in respect of loans, advances and other credit facilities including bills purchased and discounted shall be as under:

(i) **Loss assets** – The entire asset shall be written off. If the assets are permitted to remain in the books for any reason, 100% of the outstanding shall be provided for:

(ii) **Doubtful assets** –

(a) 100% provision to the extent to which the advance is not covered by the realizable value of the security to which REC has a valid recourse shall be made. The realizable value is to be estimated on a realistic basis; Loans covered by

Central/State Govt. guarantee or loans to any State Govt. shall be treated as secured;

(b) In addition to item(a) above, depending upon the period for which the asset has remained doubtful, provision to the extent of 20% to 50% of the secured portion (i.e. estimated realizable value of the outstanding) shall be made on the following basis :-

Period for which the asset has been considered as doubtful	**% of provision**
Up to one year	20%
1 to 3 years	30%
More than 3 years	50%

(iii) **Sub-standard assets -** A provision of 10% shall be made.

An asset which has been renegotiated or rescheduled or restructured shall be a sub-standard asset or continue to remain in the same category in which it was prior to its renegotiation or re-schedulement or restructuring, as a doubtful asset or a loss asset as the case may be. Necessary provision is required to be made as applicable to such asset till it is upgraded.

(iv) **Standard assets -** Provision in respect of Standard Assets is made as below:

Particulars	**Provisioning Requirement**
For Restructured Loans other than under Transmission & Distribution, Renovation & Modernisation and Life Extension projects as also the hydro projects in Himalayan region or affected by natural disasters, if the original DCCO prescribed at the time of financial closure is extended beyond : a. 4 years in case the reason for extension of DCCO is arbitration proceedings or a court case. b. 3 years in case the reason for extension of DCCO is beyond the control of promoters (other than court cases). c. 2 years in cases other than specified above	In respect of the stock of outstanding loans as on 31st March, 2015, provisioning requirement shall be as below: • 2.75% with effect from 31st March, 2015 • 3.50% with effect from 31st March, 2016 • 4.25% with effect from 31st March, 2017 • 5.00% with effect from 31st March, 2018. In respect of new projects loans restructured with effect from 1st April, 2015, the provisioning requirement would be 5.00% from the date of such restructuring till the revised DCCO or 2 years from the date of restructuring whichever is later.
For Standard Assets other than specified above	0.25% of the outstanding loan amount

2.4 Treatment of Provisions held

The provisions in respect of Non Performing Assets (NPAs) is reversed only after the complete recovery of the outstanding/ regularization of the account.

3. FIXED ASSETS.

Fixed Assets are shown at historical cost less accumulated depreciation. The cost includes any cost attributable of bringing the assets to its working condition for its intended use.

4. DEPRECIATION.

4.1. Depreciation on assets is provided on straight-line method in accordance with the useful lives prescribed under Schedule II to the Companies Act, 2013.

4.2. Depreciation on assets purchased / sold during the year is charged for the full month if the asset is in use for more than 15 days, instead of charging the same on pro-rata basis from the date of purchase/sale.

4.3. Depreciation on assets purchased during the year up to Rs. 5,000/- is provided @ 100%.

4.4. Leasehold land is amortized over the lease period.

5. INTANGIBLE ASSETS.

An Intangible Asset is recognized where it is probable that the future economic benefits attributable to the assets will flow to the company. The depreciable amount of an intangible asset is allocated on a systematic basis over the best estimate of its useful life.

6. INVESTMENTS.

Long term investments are carried at cost. However, provision for diminution is made to recognise a decline, other than temporary, in the value of the investments, such reduction being determined and made for each investment individually. Quoted current investments are carried individually at the cost or market value whichever is lower. Unquoted current investments are carried individually at the cost or fair value whichever is lower.

7. CURRENT TAX AND DEFERRED TAX.

Income Tax expense comprises current Income Tax (Amount of tax for the period determined in accordance with the income tax law) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the period) is determined in accordance with Accounting Standard- 22. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates that have been enacted or substantially established by the Balance Sheet date. Deferred Tax Assets are recognized and carry forward to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such Deferred Tax Assets can be realized.

8. IMPAIRMENT OF ASSETS.

At each balance sheet date, the Company reviews the carrying amounts of its fixed assets to determine whether there is any indication that those assets suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss. Recoverable amount is the higher of assets net selling prices and value in use.

9. PROVISIONS

A provision is recognized when the company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation and reliable estimate of amount of the obligation can be made. Provisions are determined based on management estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current management estimates.

10. BOND / DEBT ISSUE.

10.1. Expenditure on raising of funds by way of bonds is charged to revenue in the year of issue of such bonds.

10.2. The Corporation discharges its obligation towards payment of principal and interest relating to bonds by depositing the amount in the designated Bank Accounts. Accordingly, the payments are treated as final payments and these amounts are not exhibited in the books till the validity of the instruments but reconciliation thereof is carried out.

10.3. Expenditure incurred on raising of funds is charged to the Statement of Profit & Loss in the year in which it is incurred except the discount/interest on the Commercial Papers/ Reg-S-Bonds (External Commercial Borrowings), which is amortized proportionately over the period of its tenure.

11. CASH FLOW STATEMENT

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular operating, financing and investing activities of the Company are segregated.

12. PRIOR PERIOD/ PREPAID ADJUSTMENTS

12.1. Considering the nature of business, interest income/expenditure for the earlier years ascertained and determined during the year is accounted for in the year in which it is so ascertained/determined.

12.2. Other items not exceeding Rs. 5,00,000/- in each case are accounted for under natural heads of account.

13. EMPLOYEES BENEFITS

13.1 The liability for employees benefit in respect of Gratuity ascertained on actuarial valuation is provided and funded to a separate trust.

13.2 Post employment and other long term employee benefits are recognized as an expense in the Statement of Profit & Loss for the year in which the employee has rendered services. The expense is recognized at the present value of the amounts payable determined using actuarial valuation techniques. Actuarial gains and losses in respect of post employment and other long term benefits are charged to the Statement of Profit & Loss.

14. TRANSACTION IN FOREIGN CURRENCY

14.1 Foreign Currency transactions are initially recorded at the exchange rate prevailing on the date of transaction.
In respect of accounting periods commencing on or after the 1st April, 2011, the exchange differences arising on reporting of long-term foreign currency monetary items (having a term of twelve months or more at the date of origination) at RBI reference rates prevailing at the end of each reporting period or where the RBI reference rate is not available for any currency, the closing rate for the same date

quoted on Bloomberg, different from those at which they were initially recorded during the period, or reported in previous financial statements, are accumulated in a "Foreign Currency Monetary Item Translation Difference Account" and amortized over the balance period of such long term monetary item, by recognition as income or expense in each of such periods.
Short-term foreign currency monetary items (having a term of less than twelve months at the date of origination) are translated at RBI reference rates prevailing at the end of each reporting period or where the RBI reference rate is not available for any currency, the closing rate for the same date quoted on Bloomberg. The resultant exchange fluctuation is recognized as income or expense in each of such periods.

14.2 The portion of Foreign Currency loans swapped into Indian rupees is stated at the rate fixed in the swap transaction, and not translated at the year end rate.

15. GRANTS/FUNDS FROM GOVERNMENT

Un-disbursed funds of grant received for further disbursements are classified as current liabilities. Interest wherever earned on such funds is credited to respective grant account.

16. DERIVATIVE TRANSACTIONS

16.1 Derivative transactions include forwards, interest rate swaps, cross currency swaps and currency and cross currency options to hedge assets and liabilities.

16.2 These derivative transactions are done for hedging purpose and not for trading or speculative purpose. These are accounted for on accrual basis and are not marked to market.

CONSOLIDATED NOTES TO ACCOUNTS FOR THE YEAR 31.03.2018

1. The consolidated financial statements represent consolidation of accounts of the company (Rural Electrification Corporation Limited), its subsidiary companies and joint venture entity as detailed below:

Name of the Subsidiary Company/ Joint Venture	Country of Incorporation	Proportion of ownership Interest	Status of Accounts
Name of the Subsidiaries			
- REC Transmission Projects Company Limited (RECTPCL)	India	100%	Audited
- REC Power Distribution Company Limited (RECPDCL)	India	100%	Audited
Name of the Joint Ventures			
- Energy Efficiency Services Limited (EESL) *	India	31.71%	Un-audited

* The financial statements are un-audited and certifed by the management and have been considered for Consolidated Financial Statements of the Group. The figures appearing in the financial statements may change upon completion of the audit.

RECTPCL forms wholly owned subsidiaries to act as SPVs for transmission projects with an intention that these SPVs will be handed over to the successful bidder on completion of the bidding process. As per Para 11 of AS-21, a subsidiary should be excluded from consolidation when control is intended to be temporary because the subsidiary is acquired and held exclusively with a view to its subsequent disposal in the near future. Therefore, the financial statements of the subsidiaries of RECTPCL namely Dinchang Transmission Limited, Ghatampur Transmission Limited, Koderma Transmission Limited, Chandil Transmission Limited, Dumka Transmission Limited and Mandar Transmission Limited have not been consolidated with the financial statements of the Company.

2. Share Capital

(₹ in Crores)

Particulars	As at 31.03.2018		As at 31.03.2017	
	No. of Shares	Amount	No. of Shares	Amount
Authorised :				
Equity shares of ₹ 10 each	5,00,00,00,000	5,000.00	5,00,00,00,000	5,000.00
Issued, Subscribed and Paid up :				
Fully paid up Equity shares of ₹ 10 each	1,97,49,18,000	1,974.92	1,97,49,18,000	1,974.92
Total	**1,97,49,18,000**	**1,974.92**	**1,97,49,18,000**	**1,974.92**

2.1 Reconciliation of the number of shares outstanding at the beginning and at the end of the year

(₹ in Crores)

Particulars	As at 31.03.2018		As at 31.03.2017	
	No. of Shares	Amount	No. of Shares	Amount
Number of shares at the beginning of the year	1,97,49,18,000	1,974.92	98,74,59,000	987.46
Add: Bonus shares issued & allotted during the year	-	-	98,74,59,000	987.46
Number of shares at the end of the year	**1,97,49,18,000**	**1,974.92**	**1,97,49,18,000**	**1,974.92**

2.2 Allotment of Bonus Shares during the year and during preceding five years

During the FY 2017-18, no bonus shares were issued by the Company. However, the Company had allotted 98,74,59,000 Equity Shares as fully paid up by way of bonus shares during FY 2016-17.

2.3 The holders of the equity shares of the Company are entitled to receive dividends as and when declared by the Company and enjoy proportionate voting rights in case any resolution is put to vote. Further, the shareholders have all such rights, as may be available to a shareholder of a listed public company, under the Companies Act, 2013 and rules made thereunder, Companies Act, 1956 (to the extent applicable), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Memorandum of Association and Articles of Association of the Company.

2.4 Shareholders holding more than 5% of fully paid-up equity shares :

Name	As at 31.03.2018		As at 31.03.2017	
	No. of Shares	Percentage	No. of Shares	Percentage
The President of India	1,15,16,78,783	58.32%	1,16,25,04,472	58.86%
Life Insurance Corporation of India	5,51,51,984	2.79%	12,63,22,504	6.40%

The President of India acting through Ministry of Power, Government of India has divested/sold 1,08,25,689 equity shares i.e. 0.54% of total paid up capital of the Company through BHARAT 22 ETF Scheme on 23rd November, 2017.

3. Reserves and Surplus

(₹ in Crores)

Particulars	As at 31.03.2018 Amount	As at 31.03.2017 Amount
Capital Reserve	**105.00**	**105.00**
Securities Premium Account		
Balance as at the beginning of the year	2,236.54	3,224.00
Less: Deductions/ Adjustments during the year (Refer Note 3.1)	-	987.46
Balance as at the end of the year	**2,236.54**	**2,236.54**
Debenture Redemption Reserve (Refer Note 3.2)		
Balance as at the beginning of the year	929.56	728.36
Add: Amount transferred from Surplus Account	212.64	201.20
Balance as at the end of the year	**1,142.20**	**929.56**
Special Reserve created u/s 36(1) (viii) of the Income Tax Act, 1961		
Balance as at the beginning of the year	12,230.70	10,349.64
Add: Amount transferred from Surplus Account	1,582.49	1,881.06
Balance as at the end of the year	**13,813.19**	**12,230.70**
Reserve for Bad and doubtful debts u/s 36(1)(viia) of the Income Tax Act, 1961		
Balance as at the beginning of the year	2,425.30	2,011.97
Add: Amount transferred from Surplus Account	335.80	413.33
Balance as at the end of the year	**2,761.10**	**2,425.30**
Foreign Currency Monetary Item Translation Difference Account (Refer Note 3.3)		
Balance as at the beginning of the year	36.31	-172.41
Add: Foreign Currency Translation Gain/ Loss (-) on long term monetary items during the year	-145.16	153.63
Amortisation during the year	45.75	55.09
Balance as at the end of the year	**-63.10**	**36.31**
General Reserve		
Balance as at the beginning of the year	4,730.54	4,727.04
Add: Amount transferred from Surplus Account	500.00	3.50
Balance as at the end of the year	**5,230.54**	**4,730.54**
Surplus Account		
Balance as at the beginning of the year	9,001.69	6,932.34
Less: Adjustment of MTM in respect of Interest Rate Swaps as at 31 March 2016 (Refer Note 3.1)	-	86.75
Add: Profit during the year	4,689.46	6,313.37
Add: Adjustments during the year (Refer Note 3.5)	2.26	1.72
Less : Appropriations		
- Transfer to Special Reserve u/s 36(1)(viii) of the Income Tax Act, 1961	1,582.49	1,881.06
- Transfer to Reserve for Bad & Doubtful Debts u/s 36(1)(viia) of the Income Tax Act, 1961	335.80	413.33
- Dividend		
- Final Dividend for the previous year (Refer Note 3.4)	523.35	-
- Interim Dividend for the current year	1,461.44	1,382.44
- Dividend Distribution Tax		
- Final Dividend for the previous year	109.01	-
- Interim Dividend for the current year	296.77	277.46
- Transfer to Debenture Redemption Reserve	212.64	201.20
- Transfer to General Reserve	500.00	3.50
Balance as at the end of the year	**8,671.91**	**9,001.69**
Total Reserves and Surplus	**33,897.38**	**31,695.64**

3.1 Draw down from Reserves

No amount has been drawn from the reserves during the year ended 31st March 2018.

However, during the financial year 2016-17, an amount of ₹ 86.75 crores after netting of taxes of ₹ 45.92 crores had been adjusted in the retained earnings In accordance with the transitional provisions mentioned in the Guidance Note on Accounting for Derivative Contracts. Further, bonus shares had also been issued to the shareholders by capitalising Securities Premium Account by a sum of ₹ 987.46 Crores during the previous year.

3.2 Debenture Redemption Reserve (DRR)

In accordance with provisions of Section 71(4) of the Companies Act, 2013 as further clarified by the Companies (Share Capital and Debentures) Rules, 2014 issued by Ministry of Corporate Affairs, Govt. of India, the company creates Debenture Redemption Reserve (DRR) upto 25% of the value of debentures issued through public issue as per present SEBI (Issue and Listing of Debt Securities) Regulations, 2008 during the maturity period of such debentures, and no DRR is required in the case of privately placed debentures.

Accordingly, during the year, the company has created DRR amounting to ₹ 196.59 Crores (Previous year ₹ 196.59 Crores).

Further, in case of EESL, a Joint Venture of the Company, DRR is being created upto 25% of the value of debentures during the maturity period of such debentures. Accordingly, during the year, EESL has created DRR amounting to ₹ 50.62 Crores (Previous year ₹ 14.53 crores), REC's share being ₹ 16.04 Crores (Previous year ₹ 4.61 Crores).

3.3 Foreign Currency Monetary Item Translation Difference Account

The company has opted towards an irrevocable option 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 Para 46A of Accounting Standard 11 'The Effects of Changes in Foreign Exchange Rates'. The balance in 'Foreign Currency Monetary Item Translation Difference Account' remaining to be amortised is ₹ 63.10 Crores as at 31st March 2018 (₹ 36.31 Crores (gain) as at 31st March 2017).

3.4 Proposed Dividend

The dividend proposed for the year is as follows :

Particulars	**Year ended 31.03.2018**	**Year ended 31.03.2017**
On Equity Shares of ₹ 10 each		
- Amount of Dividend proposed (₹ in Crores)	345.61	523.35
- Rate of Dividend	17.50%	26.50%
- Dividend per equity share (₹)	1.75	2.65

As per the requirements of Revised AS-4 as amended vide the Companies (Accounting Standards) Amendment Rules, 2016, the Company was not required to provide for dividend proposed by the Board of Directors for the financial year 2016-17 in the books of accounts for the same year, as the declaration of dividend was done after the year end. The appropriation towards final dividend for the last year was accordingly made during the current year.

3.5 During the previous year, an amount of ₹ 49.59 crore was reported by Energy Efficiency Services Ltd. (EESL), a Joint Venture of the Company, as profit after tax in their un-audited accounts, considered for consolidation of REC Group. Subsequently, the audited accounts of the Company reported a profit of ₹ 56.70 crore. The consequential increase, in proportion to the Company's share holding in the joint venture, amounting to ₹ 2.26 crore has been included in the adjustments to the Surplus account during the current year.

4. Details of Borrowings

4.1 Long-term Debt

Non-current portion of the long term debt has been classified as 'Long-term borrowings' and the current portion of the long term debt has been classified as "Current Maturities of Long-term debt' in Note-6 'Other Long-term and Short-term Liabilities'.

(₹ in Crores)

	Particulars	As at 31.03.2018			As at 31.03.2017		
		Non-Current	Current	Total	Non-Current	Current	Total
(A)	**Secured Long-Term Debt**						
(a)	**Bonds**						
(i)	Institutional Bonds	11,177.95	11,119.20	**22,297.15**	22,297.15	5,453.30	**27,750.45**
(ii)	54EC Capital Gain Tax Exemption Bonds	15,759.19	6,476.70	**22,235.89**	14,139.62	5,337.78	**19,477.40**
(iii)	Tax Free Bonds	12,577.97	-	**12,577.97**	12,577.97	-	**12,577.97**
(b)	**Term Loans**						
(i)	from Financial Institutions	200.00	200.00	**400.00**	400.00	381.71	**781.71**
(c)	**Other Loans & Advances**						
(i)	Bond Application Money	1,469.23	-	**1,469.23**	-	-	**-**
	Total Secured Long-Term Debt (a+b+c)	**41,184.34**	**17,795.90**	**58,980.24**	**49,414.74**	**11,172.79**	**60,587.53**
(B)	**Unsecured Long-Term Debt**						
(a)	**Bonds**						
(i)	Institutional Bonds	99,140.45	6,675.00	**1,05,815.45**	79,424.70	5,359.70	**84,784.40**
(ii)	Infrastructure Bonds	16.46	94.01	**110.47**	34.89	76.75	**111.64**
(iii)	Zero Coupon Bonds	1,162.59	-	**1,162.59**	1,073.09	-	**1,073.09**
(b)	**Other Loans & Advances**						
(i)	Foreign Currency Borrowings	19,930.94	7,765.55	**27,696.49**	19,733.47	1,450.53	**21,184.00**
	Total Unsecured Long-Term Debt (a+b)	**1,20,250.44**	**14,534.56**	**1,34,785.00**	**1,00,266.15**	**6,886.98**	**1,07,153.13**
	Total Long-Term Debt (A+B)	**1,61,434.78**	**32,330.46**	**1,93,765.24**	**1,49,680.89**	**18,059.77**	**1,67,740.66**

4.2 Short term Debt

(₹ in Crores)

	Particulars	As at 31.03.2018	As at 31.03.2017
(A)	**Loans Repayable on Demand, from Banks**		
	Secured*	172.82	110.98
	Unsecured	28.54	-
(B)	Commercial Paper, unsecured	3,250.00	-
(C)	FCNR (B) Loans, unsecured	2,276.54	-
	Total Short-Term Debt (A+B)	**5,727.90**	**110.98**

*Other loans and advances from banks belonging to EESL, a Joint Venture of the Company are secured by pari-passu charge on book debts of EESL.

4.3 Details of secured long-term debt - Refer Note 4.5 for details of the security

(a) Bonds

(i) Institutional Bonds

(₹ in Crores)

Particulars	As at 31.03.2018			As at 31.03.2017		
	Non-Current	Current	Total	Non-Current	Current	Total
123-IIIB Series - 9.34% Redeemable at par on 23.08.2024	1,955.00	-	1,955.00	1,955.00	-	1,955.00
EESL STRPP C - 8.07% Redeemable at par on 20.09.2023	79.27	-	79.27	79.27	-	79.27
EESL STRPP B - 8.07% Redeemable at par on 20.09.2021	39.64	-	39.64	39.64	-	39.64
123-I Series - 9.40% Redeemable at par on 17.07.2021	1,515.00	-	1,515.00	1,515.00	-	1,515.00
EESL STRPP A - 8.07% Redeemable at par on 20.03.2020	39.64	-	39.64	39.64	-	39.64
92-II Series - 8.65% Redeemable at par on 22.01.2020	945.30	-	945.30	945.30	-	945.30
91-II Series - 8.80% Redeemable at par on 18.11.2019	995.90	-	995.90	995.90	-	995.90
90-C-II Series - 8.80% Redeemable at par on 07.10.2019	1,040.00	-	1,040.00	1,040.00	-	1,040.00
90-B-II Series - 8.72% Redeemable at par on 04.09.2019	868.20	-	868.20	868.20	-	868.20
90th Series - 8.80% Redeemable at par on 03.08.2019	2,000.00	-	2,000.00	2,000.00	-	2,000.00
122nd Series - 9.02% Redeemable at par on 18.06.2019	1,700.00	-	1,700.00	1,700.00	-	1,700.00
119th Series - 9.63% Redeemable at par on 05.02.2019	-	2,090.00	2,090.00	2,090.00	-	2,090.00
88th Series - 8.65% Redeemable at par on 15.01.2019	-	1,495.00	1,495.00	1,495.00	-	1,495.00
118th Series - 9.61% Redeemable at par on 03.01.2019	-	1,655.00	1,655.00	1,655.00	-	1,655.00
117th Series - 9.38% Redeemable at par on 06.11.2018	-	2,878.00	2,878.00	2,878.00	-	2,878.00
87-A-III Series - 11.15% Redeemable at par on 24.10.2018	-	61.80	61.80	61.80	-	61.80
116-II Series - 9.24% Redeemable at par on 17.10.2018	-	850.00	850.00	850.00	-	850.00
87-II Series - 10.85% Redeemable at par on 01.10.2018	-	657.40	657.40	657.40	-	657.40
86-B-III Series - 10.85% Redeemable at par on 14.08.2018	-	432.00	432.00	432.00	-	432.00
86-A Series - 10.70% Redeemable at par on 30.07.2018	-	500.00	500.00	500.00	-	500.00
85th Series - 9.68% Redeemable at par on 13.06.2018	-	500.00	500.00	500.00	-	500.00
83rd Series - 9.07% Redeemed at par on 28.02.2018	-	-	-	-	685.20	685.20
82nd Series - 9.85% Redeemed at par on 28.09.2017	-	-	-	-	883.10	883.10
124-I Series - 9.06% Redeemed at par on 22.09.2017	-	-	-	-	2,610.00	2,610.00
123-IIIA Series - 9.25% Redeemed at par on 25.08.2017	-	-	-	-	1,275.00	1,275.00
Total - Institutional Bonds	**11,177.95**	**11,119.20**	**22,297.15**	**22,297.15**	**5,453.30**	**27,750.45**

(ii) 54EC Capital Gain Tax Exemption Bonds

(₹ in Crores)

Particulars	As at 31.03.2018			As at 31.03.2017		
	Non-Current	Current	Total	Non-Current	Current	Total
Series XI (2017-18) - 5.25% Redeemable at par during financial year 2020-21	8,096.27	-	8,096.27	-	-	-
Series X (2016-17) - 5.25%- 6.00% Redeemable at par during financial year 2019-20	7,662.92	-	7,662.92	7,662.92	-	7,662.92
Series X (2015-16) - 6.00% Redeemable at par during financial year 2018-19	-	6,476.70	6,476.70	6,476.70	-	6,476.70
Series IX (2014-15) - 6.00% Redeemed at par during financial year 2017-18	-	-	-	-	5,337.78	5,337.78
Total - 54EC Capital Gain Tax Exemption Bonds	**15,759.19**	**6,476.70**	**22,235.89**	**14,139.62**	**5,337.78**	**19,477.40**

(iii) Tax Free Bonds

(₹ in Crores)

Particulars	As at 31.03.2018			As at 31.03.2017		
	Non-Current	Current	Total	Non-Current	Current	Total
Series 2015-16 Tranche 1 Redeemable at par. Bonds amounting to ₹ 105.93 Crores are redeemable on 05.11.2025, ₹ 172.90 Crores are redeemable on 05.11.2030 and ₹ 421.17 Crores are redeemable on 05.11.2035 with interest rates varying from 6.89% to 7.43% payable annually	696.56	-	696.56	696.56	-	696.56
Series 2015-16 Series 5A 7.17% Redeemable at par on 23.07.2025	300.00	-	300.00	300.00	-	300.00
Series 2013-14 Tranche 2 Redeemable at par. Bonds amounting to ₹ 419.32 Crores are redeemable on 22.03.2024, ₹ 530.42 Crores are redeemable on 23.03.2029 and ₹ 109.66 Crores are redeemable on 24.03.2034 with interest rates varying from 8.19% to 8.88% payable annually	1,057.40	-	1,057.40	1,057.40	-	1,057.40
Series 2013-14 Series 4A & 4B Redeemable at par. Bonds amounting to ₹ 105.00 Crores are redeemable on 11.10.2023 and ₹ 45.00 Crores are redeemable on 11.10.2028 with interest rates varying from 8.18% to 8.54% payable annually	150.00	-	150.00	150.00	-	150.00
Series 2013-14 Tranche 1 Redeemable at par. Bonds amounting to ₹ 575.06 Crores are redeemable on 25.09.2023, ₹ 2,810.26 Crores are redeemable on 25.09.2028 and ₹ 55.28 Crores are redeemable on 26.09.2033 with interest rates varying from 8.01% to 8.71% payable annually	3,410.60	-	3,410.60	3,410.60	-	3,410.60
Series 2013-14 Series 3A & 3B Redeemable at par. Bonds amounting to ₹ 209.00 Crores are redeemable on 29.08.2023 and ₹ 1,141.00 Crores are redeemable on 29.08.2028 with interest rates varying from 8.01% to 8.46% payable annually	1,350.00	-	1,350.00	1,350.00	-	1,350.00
Series 2012-13 Tranche 2 Redeemable at par. Bonds amounting to ₹ 81.35 Crores are redeemable on 27.03.2023 and bonds amounting to ₹ 49.71 Crores are redeemable on 27.03.2028 with interest rates varying from 6.88% to 7.54% payable annually	131.06	-	131.06	131.06	-	131.06
Series 2012-13 Tranche 1 Redeemable at par. Bonds amounting to ₹ 1,165.31 Crores are redeemable on 19.12.2022 and bonds amounting to ₹ 852.04 Crores are redeemable on 20.12.2027 with interest rates varying from 7.22% to 7.88% payable annually	1,982.35	-	1,982.35	1,982.35	-	1,982.35
Series 2012-13 Series 2A & 2B Redeemable at par. Bonds amounting to ₹ 255.00 Crores are redeemable on 21.11.2022 and bonds amounting to ₹ 245.00 Crores are redeemable on 22.11.2027 with interest rates of 7.21% and 7.38% respectively payable annually	500.00	-	500.00	500.00	-	500.00
Series 2011-12 Redeemable at par. Bonds amounting to ₹ 839.67 Crores are redeemable on 28.03.2022 and bonds amounting to ₹ 2,160.33 Crores are redeemable on 29.03.2027 with interest rates varying from 7.93% to 8.32% payable annually	3,000.00	-	3,000.00	3,000.00	-	3,000.00
Total - Tax Free Bonds	**12,577.97**	**-**	**12,577.97**	**12,577.97**	**-**	**12,577.97**

(b) Term Loans

(₹ in Crores)

Particulars	As at 31.03.2018			As at 31.03.2017		
	Non-Current	Current	Total	Non-Current	Current	Total
<u>**Term Loan from Financial Institutions**</u>						
- Life Insurance Corporation of India (LIC)	200.00	200.00	400.00	400.00	350.00	750.00
7.35% Loan repayable in equal annual installments of ₹ 200 crores, next instalment due on 01.10.2018						
- PTC India Financial Services Limited	-	-	-	-	31.71	31.71
10.5% Loan repayable in equal quarterly installments in the range of ₹ 24.04 crores to ₹ 25.98 crores, starting from 30.03.2017						
Total - Term Loans	**200.00**	**200.00**	**400.00**	**400.00**	**381.71**	**781.71**

4.4 Details of Unsecured long-term debt :

(a) Bonds

(₹ in Crores)

Particulars	As at 31.03.2018			As at 31.03.2017		
	Non-Current	Current	Total	Non-Current	Current	Total
(i) **Institutional Bonds**						
156th Series - 7.70% Redeemable at par on 10.12.2027	3,533.00	-	3,533.00	-	-	-
147th Series - 7.95% Redeemable at par on 12.03.2027	2,745.00	-	2,745.00	2,745.00	-	2,745.00
142nd Series - 7.54% Redeemable at par on 30.12.2026	3,000.00	-	3,000.00	3,000.00	-	3,000.00
140th Series - 7.52% Redeemable at par on 07.11.2026	2,100.00	-	2,100.00	2,100.00	-	2,100.00
136th Series - 8.11% Redeemable at par on 07.10.2025	2,585.00	-	2,585.00	2,585.00	-	2,585.00
95-II Series - 8.75% Redeemable at par on 14.07.2025	1,800.00	-	1,800.00	1,800.00	-	1,800.00
94th Series - 8.75% Redeemable at par on 09.06.2025	1,250.00	-	1,250.00	1,250.00	-	1,250.00
133rd Series - 8.30% Redeemable at par on 10.04.2025	2,396.00	-	2,396.00	2,396.00	-	2,396.00
131st Series - 8.35% Redeemable at par on 21.02.2025	2,285.00	-	2,285.00	2,285.00	-	2,285.00
130th Series - 8.27% Redeemable at par on 06.02.2025	2,325.00	-	2,325.00	2,325.00	-	2,325.00
129th Series - 8.23% Redeemable at par on 23.01.2025	1,925.00	-	1,925.00	1,925.00	-	1,925.00
128th Series - 8.57% Redeemable at par on 21.12.2024	2,250.00	-	2,250.00	2,250.00	-	2,250.00
115th Series - Subordinate Tier-II Bonds -	2,500.00	-	2,500.00	2,500.00	-	2,500.00
8.06% Redeemable at par on 31.05.2023						-
114th Series - 8.82% Redeemable at par on 12.04.2023	4,300.00	-	4,300.00	4,300.00	-	4,300.00
159th Series - 7.99% Redeemable at par on 23.02.2023	950.00	-	950.00	-	-	-
155th Series - 7.45% Redeemable at par on 30.11.2022	1,912.00	-	1,912.00	-	-	-
111-II Series - 9.02% Redeemable at par on 19.11.2022	2,211.20	-	2,211.20	2,211.20	-	2,211.20
152nd Series - 7.09% Redeemable at par on 17.10.2022	1,225.00	-	1,225.00	-	-	-
150th Series - 7.03% Redeemable at par on 07.09.2022	2,670.00	-	2,670.00	-	-	-
EESL 2nd Series - 7.80% Redeemable at par on 18.07.2022	142.69	-	142.69	-	-	-
107th Series - 9.35% Redeemable at par on 15.06.2022	2,378.20	-	2,378.20	2,378.20	-	2,378.20
132nd Series - 8.27% Redeemable at par on 09.03.2022	700.00	-	700.00	700.00	-	700.00
145th Series - 7.46% Redeemable at par on 28.02.2022	625.00	-	625.00	625.00	-	625.00
141st Series - 7.14% Redeemable at par on 09.12.2021	1,020.00	-	1,020.00	1,020.00	-	1,020.00
127th Series - 8.44% Redeemable at par on 04.12.2021	1,550.00	-	1,550.00	1,550.00	-	1,550.00
105th Series - 9.75% Redeemable at par on 11.11.2021	3,922.20	-	3,922.20	3,922.20	-	3,922.20
139th Series - 7.24% Redeemable at par on 21.10.2021	2,500.00	-	2,500.00	2,500.00	-	2,500.00
101-III Series - 9.48% Redeemable at par on 10.08.2021	3,171.80	-	3,171.80	3,171.80	-	3,171.80
100th Series - 9.63% Redeemable at par on 15.07.2021	1,500.00	-	1,500.00	1,500.00	-	1,500.00
161B Series - 7.73% Redeemable at par on 15.06.2021	800.00	-	800.00	-	-	-
EESL 4th Series - 8.29% Redeemable at par on 28.05.2021	39.64	-	39.64	-	-	-
154th Series - 7.18% Redeemable at par on 21.05.2021	600.00	-	600.00	-	-	-
157th Series - 7.60% Redeemable at par on 17.04.2021	1,055.00	-	1,055.00	-	-	-
98th Series - 9.18% Redeemable at par on 15.03.2021	3,000.00	-	3,000.00	3,000.00	-	3,000.00
158th Series - 7.70% Redeemable at par on 15.03.2021	2,465.00	-	2,465.00	-	-	-
EESL 3rd Series - 8.15% Redeemable at par on 10.02.2021	63.42	-	63.42	-	-	-
153rd Series - 6.99% Redeemable at par on 31.12.2020	2,850.00	-	2,850.00	-	-	-
97th Series - 8.80% Redeemable at par on 30.11.2020	2,120.50	-	2,120.50	2,120.50	-	2,120.50
96th Series - 8.80% Redeemable at par on 26.10.2020	1,150.00	-	1,150.00	1,150.00	-	1,150.00
149th Series - 6.87% Redeemable at par on 24.09.2020	2,485.00	-	2,485.00	-	-	-
135th Series - 8.36% Redeemable at par on 22.09.2020	2,750.00	-	2,750.00	2,750.00	-	2,750.00
144th Series - 7.13% Redeemable at par on 21.09.2020	835.00	-	835.00	835.00	-	835.00
134th Series - 8.37% Redeemable at par on 14.08.2020	2,675.00	-	2,675.00	2,675.00	-	2,675.00
143rd Series - 6.83% Redeemable at par on 29.06.2020	1,275.00	-	1,275.00	1,275.00	-	1,275.00
148th Series - 7.42% Redeemable at par on 17.06.2020	1,200.00	-	1,200.00	1,200.00	-	1,200.00
161A Series - 7.59% Redeemable at par on 13.03.2020	3,000.00	-	3,000.00	-	-	-
113th Series - 8.87% Redeemable at par on 09.03.2020	1,542.00	-	1,542.00	1,542.00	-	1,542.00
111-I Series - 9.02% Redeemable at par on 19.11.2019	452.80	-	452.80	452.80	-	452.80
126th Series - 8.56% Redeemable at par on 13.11.2019	1,700.00	-	1,700.00	1,700.00	-	1,700.00
125th Series - 9.04% Redeemable at par on 11.10.2019	3,000.00	-	3,000.00	3,000.00	-	3,000.00

(₹ in Crores)

Particulars	As at 31.03.2018			As at 31.03.2017		
	Non-Current	Current	Total	Non-Current	Current	Total
160th Series - 7.77% Redeemable at par on 16.09.2019	1,450.00	-	1,450.00	-	-	-
108-II Series - 9.39% Redeemable at par on 20.07.2019	960.00	-	960.00	960.00	-	960.00
95-I Series - 8.70% Redeemable at par on 12.07.2019	200.00	-	200.00	200.00	-	200.00
151st Series - 6.75% Redeemable at par on 26.03.2019	-	1,150.00	1,150.00	-	-	-
137th Series - 8.05% Redeemable at par on 07.12.2018	-	2,225.00	2,225.00	2,225.00	-	2,225.00
146th Series - 9.25% Redeemable at par on 03.09.2018	-	3,300.00	3,300.00	3,300.00	-	3,300.00
112th Series - 8.70% Redeemed at par on 01.02.2018	-	-	-	-	1,500.00	1,500.00
109th Series - 9.25% Redeemed at par on 28.08.2017	-	-	-	-	1,734.70	1,734.70
108-I Series - 9.40% Redeemed at par on 20.07.2017	-	-	-	-	2,125.00	2,125.00
Total - Institutional Bonds	**99,140.45**	**6,675.00**	**1,05,815.45**	**79,424.70**	**5,359.70**	**84,784.40**
(ii) **Infrastructure Bonds**						
Series-II (2011-12) - Redeemable at par. Refer Note 4.6	11.06	18.44	29.50	29.50	-	29.50
Series-I (2010-11) - Redeemable at par. Refer Note 4.6	5.40	75.57	80.97	5.39	76.75	82.14
Total - Infrastructure Bonds	**16.46**	**94.01**	**110.47**	**34.89**	**76.75**	**111.64**
(iii) **Zero Coupon Bonds**						
ZCB - Series II	211.59	-	211.59	194.57	-	194.57
(Net of unamortised discount, 89,510 bonds with face value of ₹ 30,000 each redeemable at par on 03.02.2021)						
ZCB - Series I	951.00	-	951.00	878.52	-	878.52
(Net of unamortised discount, 3,92,700 bonds with face value of ₹ 30,000 each redeemable at par on 15.12.2020)						
Total - Zero Coupon Bonds	**1,162.59**	**-**	**1,162.59**	**1,073.09**	**-**	**1,073.09**

(b) Other Loans & Advances

(i) Foreign Currency Borrowings

(₹ in Crores)

Particulars	As at 31.03.2018			As at 31.03.2017		
	Non-Current	Current	Total	Non-Current	Current	Total
(1) **Foreign Currency Bonds**						
4.625% US $300 Mn Bonds - Redeemable at par on 22.03.2028	1,951.32	-	1,951.32	-	-	-
3.875% US $450 Mn Green Bonds - Redeemable at par on 07.07.2027	2,926.98	-	2,926.98	-	-	-
3.068% US $400 Mn Bonds - Redeemable at par on 18.12.2020	2,601.76	-	2,601.76	-	-	-
Sub-Total - Foreign Currency Bonds	**7,480.06**	**-**	**7,480.06**	**-**	**-**	**-**
(2) **ODA Loans - Guaranteed by Govt. of India**						
JICA Loan - 0.75% JICA-I loan repayable in half-yearly instalments till 20.03.2021, next instalment falling due on 20.09.2018 and 0.65% JICA-II loan repayable in half-yearly instalments till 20.03.2023, next instalment falling due on 20.09.2018	129.35	122.98	252.33	237.65	169.84	407.49
3.73% KfW Loan - Repayable in equal half-yearly instalments of €3.68 Mn, next instalment due on 30.06.2018	-	59.41	59.41	51.03	51.02	102.05
	107.96	14.92	122.88	95.28	-	95.28
1.96% KfW Loan - Repayable first in 14 equal half-yearly instalments of €2.941 Mn and then in next 3 equal half-yearly instalments of €2.942 Mn, first instalment due on 30.06.2018. Total Loan Amount as on 31.03.2018 ₹ 387.52 Crores (Equivalent to €48.07 Mn), REC'S share ₹ 122.88 cr)						
1.87% - 2.20% AFD Loan - Repayable in 20 equal half-yearly instalments of €2.50 Mn, first instalment due on 31.10.2020. Total Loan Amount as on 31.03.2018 ₹ 39.70 Crores (Equivalent to €3.97 Mn), REC'S share ₹ 12.59 cr)	12.59	-	12.59	8.17	-	8.17
1.96% ADB Loan - Repayable in 30 equal half-yearly instalments of €6.67 Mn, first instalment due on 15.03.2022. Total Loan Amount as on 31.03.2018 ₹ 97.57 Crores (Equivalent to €15 Mn), REC'S share ₹ 30.94 cr)	30.94	-	30.94	-	-	-
2.89% KfW-II Loan - Repayable in equal half-yearly instalments of €3.88 Mn, next instalment falling due on 30.06.2018	125.42	62.71	188.13	161.58	53.86	215.44
1.86% KfW-III Loan - Repayable in equal half-yearly instalments of €5.26 Mn, next instalment falling due on 30.06.2018	466.78	84.86	551.64	473.81	72.89	546.70
Sub-Total - ODA Loans - Guaranteed by Govt. of India	**873.04**	**344.88**	**1,217.92**	**1,027.52**	**347.61**	**1,375.13**

(₹ in Crores)

	Particulars	As at 31.03.2018			As at 31.03.2017		
		Non-Current	Current	Total	Non-Current	Current	Total
(3)	**Syndicated Loans**						
	19.029 Bn - Repaid on 10.04.2017	-	-	-	-	1,102.92	1,102.92
	US $285 Mn - Repayable on 02.12.2018	-	1,853.76	1,853.76	1,847.90	-	1,847.90
	US $250 Mn - Repayable on 29.05.2019	1,252.10	-	1,252.10	1,620.97	-	1,620.97
	US $400 Mn - Prepaid on 27.12.2017	-	-	-	2,593.54	-	2,593.54
	US $400 Mn - Prepaid on 26.03.2018	-	-	-	2,593.54	-	2,593.54
	US $300 Mn - Repayable on 29.07.2020	1,951.32	-	1,951.32	1,945.16	-	1,945.16
	**US $250 Mn -** Loan of US$ 150 Mn and US$ 100 Mn repayable on 18.09.2018 and 19.11.2018 respectively	-	1,626.10	1,626.10	1,620.97	-	1,620.97
	US $300 Mn - Repayable on 01.12.2020	1,951.32	-	1,951.32	1,945.16	-	1,945.16
	US $250 Mn - Repayable on 05.02.2019	-	1,626.10	1,626.10	1,620.97	-	1,620.97
	US $120 Mn - Repayable on 21.03.2019	-	780.53	780.53	778.06	-	778.06
	US $100 Mn - Repayable on 05.10.2021	650.44	-	650.44	648.39	-	648.39
	US $230 Mn - Repayable on 19.01.2022	1,496.01	-	1,496.01	1,491.29	-	1,491.29
	US $200 Mn - Repayable on 28.07.2022	1,300.88	-	1,300.88	-	-	-
	US $57.50 Mn - Repayable on 29.05.2019	374.00	-	374.00	-	-	-
	US $240 Mn - Repayable on 26.03.2021	1,561.06	-	1,561.06	-	-	-
	US $160 Mn - Repayable on 26.03.2021	1,040.71	-	1,040.71	-	-	-
	Sub-Total - Syndicated Loans	**11,577.84**	**5,886.49**	**17,464.33**	**18,705.95**	**1,102.92**	**19,808.87**
(4)	**FCNR (B) Loans**						
	US $235.87 Mn - Repayable on 12.02.2019	-	1,534.18	1,534.18	-	-	-
	Sub-Total - FNCR (B) Loans	**-**	**1,534.18**	**1,534.18**	**-**	**-**	**-**
	Total - Foreign Currency Borrowings	**19,930.94**	**7,765.55**	**27,696.49**	**19,733.47**	**1,450.53**	**21,184.00**

4.5 Security Details of the Secured Borrowings

The Bond Series 85, 86A, 86 B-III, 87-II, 87 A-III, 88, 90, 90 B-II, 90 C-II, 91-II and 92-II of Institutional Bonds are secured by a charge on (a) mortgage of Flat no. 640, Asiad Games Village, New Delhi and (b) pari passu charge on the receivables of our Company, both present and future, save and except receivables hypothecated to Vistra ITCL (India) Ltd. (formerly known as IL&FS Trust Company Ltd.) on the basis of joint hypothecation agreement dated 24th September, 2010 in favour of IDBI Trusteeship Services Ltd.

The Bond Series 116-II, 117, 118, 119 and 122 of Institutional Bonds are secured by a charge on first pari passu charge on the book debts of the issuer both present & future which are charged to other lenders / trustees and as may be agreed between the issuer and the trustee, pursuant to the terms of the Debenture /Bond Trust cum Hypothecation Deed with a minimum security cover of one time of the aggregate face value amount of the bonds outstanding at all times in favor of IDBI Trusteeship Services Ltd.

The Bond Series 123-I and 123-IIIB of Institutional Bonds are secured by way of first pari passu charge on the specified immovable property and the book debts of the Issuer which are charged to other lender / trustee and as may be agreed between the Issuer and the Trustee, pursuant to the terms of the Bond Trust Deed with a minimum security cover of one time of the aggregate face value of amount of bonds outstanding at all times and amount of interest due thereon in favor of IDBI Trusteeship Services Ltd.

The Bond Series STRPP (Separately Transferrable Redeemable Principal Parts) A, B and C are secured by way of first pari passu charge over moveable fixed assets of EESL, a Joint Venture of the Company with minimum asset coverage of 1 times.

The Bond Series IX of 54EC Capital Gain Tax Exemption Bonds is secured by first pari passu charge on (a) mortgage of premises at Sub Plot No. 8, TPS No 2, FP No. 584P, situated at Village Subhanpura, Distt Vadodara and (b) hypothecation of receivables (other than those that are exclusively charged/earmarked to lenders / other Trustees) in favour of IDBI Trusteeship Services Ltd.

Tax Free Bonds issued during FY 2011-12 are secured by first pari passu charge on premises at Shop No. 12, Ground Floor, Block No. 35, Church Road, Mylapore, Chennai and hypothecation of receivables of ₹ 4,998.66 Crores of MSEDCL in favour of Vistra ITCL (India) Ltd. (formerly known as IL&FS Trust Company Ltd.).

Tax Free Bonds issued during FY 2013-14 are secured by first pari passu charge on the book debts (other than those that are exclusively charged/earmarked to lenders / other Trustees) of the Company in favour of SBICap Trustee Company Ltd.

The Bond Series X & Series XI of 54EC Capital Gain Tax Exemption Bonds and Tax Free Bonds issued during FY 2012-13 & 2015-16 are secured by first pari passu charge on (a) mortgage of premises at Sub Plot No. 8, TPS No 2, FP No. 584P, situated at Village Subhanpura, Distt Vadodara and (b) hypothecation of receivables (other than those that are exclusively charged/ earmarked to lenders / other Trustees) in favour of SBICap Trustee Company Ltd.

The term loan from Life Insurance Corporation of India is secured by a charge on the receivables of our Company, both present and future, save and except certain specific receivables hypothecated to Vistra ITCL (India) Ltd. (formerly known as IL&FS Trust Company Ltd.) on the basis of joint hypothecation agreement dated 24th September, 2010 in favour of IDBI Trusteeship Services Ltd.

4.6 Details of Infrastructure Bonds Issued are as under :

Series I (2010-11) allotted on 31.03.2011

Rate of Interest	Amount (₹ in Crores)	Redemption Details
8.00%	17.07	Redeemable on the date falling 10 years from the date of allotment with buyback option by bondholders after 5/6/7/8/9 years
8.20%	58.50	
8.10%	1.61	Redeemable on the date falling 10 years from the date of allotment
8.20%	3.79	
Total	**80.97**	

Series II (2011-12) allotted on 15.02.2012

Rate of Interest	Amount (₹ in Crores)	Redemption Details
9.15% Cumulative	13.44	Redeemable on the date falling 15 years from the date of allotment with buyback option by bondholders after 7 years
9.15% Annual	5.00	
8.95% Cumulative	5.72	Redeemable on the date falling 10 years from the date of allotment
8.95% Annual	1.38	
9.15% Cumulative	2.83	Redeemable on the date falling 15 years from the date of allotment
9.15% Annual	1.13	
Total	**29.50**	

4.7 Foreign Currency Borrowings in Note No. 4.4(b)(i)(3) & (4) have been raised at interest rates ranging from a spread of 65 bps to 150 bps over 6 Months' USD/JPY LIBOR (London Inter Bank Offered Rate)

4.8 The outstanding position of Foreign Currency Exposure as at 31st March 2018 is as under:

(Foreign Currency amounts in Millions)

Currency	Total Exposure		Hedged Portion (Currency & Interest rate)		Unhedged Exposure	
	As at 31.03.18	As at 31.03.17	As at 31.03.18	As at 31.03.17	As at 31.03.18	As at 31.03.17
USD $	4,425.63	2,885.00	2,680.00	2,530.00	1,745.63	355.00
JPY	4,100.17	26,059.52	2,214.38	23,985.15	1,885.79	2,074.37
EURO	115.93	139.74	73.68	99.35	42.25	40.39

4.9 In terms of Accounting Policy No. B 14, the foreign currency monetary items as at the reporting date have been translated at the following rates:

Exchange Rates	USD/INR	JPY/INR	Euro/INR
As at 31st March 2018	65.0441	0.6154	80.6222
As at 31st March 2017	64.8386	0.5796	69.2476

4.10 REC launched its maiden USD Green Bonds in June 2017 to become the first Indian PSU to launch Green Bonds denominated in US Dollars and raised US$ 450 million for a tenure of ten years from the offshore market. The Green Bonds, listed on the London Stock Exchange and Singapore Stock Exchange, have been certified by the Climate Bond Initiative, London while the 'Green Bond framework' formulated by REC has been verified by KPMG. The issue proceeds have been utilized for financing existing projects including re-financing and new eligible green projects in accordance with the Green Bond framework.

4.11 Ratings assigned by credit rating agencies and migration of ratings during the year

Domestic and International Credit Rating

The domestic debt instruments of REC continue to enjoy "AAA" rating – the highest rating assigned by CRISIL, CARE, India Ratings & Research & ICRA-Credit Rating Agencies.

The domestic debt instruments of EESL, a Joint Venture of the Company has "AA" rating – assigned by CARE & ICRA-Credit Rating Agencies.

REC enjoys international credit rating of "Baa3" and "BBB-" from International Credit Rating Agencies Moody's and FITCH respectively.

There has been no migration of ratings during the year.

4.12 REC had come across an instance of fraudulent encashment through forged documents of money invested by one of the investors in 54EC Capital Gains tax Exemption Bonds by some impersonator during the year 2016-17. Based on the complaint filed by the Company, the police filed an FIR against the unknown person and the officials of then Registrar and Transfer Agent (R&TA). Further, an amount of ₹ 0.59 Crore had been shown recoverable from the RTA in the books of accounts and the matter duly reported to the Reserve Bank of India (RBI). A criminal case has also been filed by the police against the suspected culprits. REC has filed a civil suit on 1st March, 2018 against the erstwhile R&TA (M/s RCMC Share Registry Pvt. Ltd.) for recovery of the dues.

5. Deferred Tax Liabilities (Net)

(₹ in Crores)

Particulars	As at 31.03.2018	As at 31.03.2017
Deferred Tax Liabilities on account of:		
Depreciation	2.56	4.57
Foreign Currency Exchange Fluctuation Loss	21.84	-
MTM on Interest Rate Swap	52.49	66.48
Total	**76.89**	**71.05**
Deferred Tax Assets on account of:		
Provision for Earned Leave	3.77	10.85
Provision for Medical Leave	6.84	6.67
Foreign Currency Exchange Fluctuation Loss	-	12.57
Provision for Gratuity	0.16	0.03
Provision for Doubtful Debts	0.16	0.88
Provision for Employee benefits	0.12	0.09
Operating lease liabilities	0.11	0.04
Total	**11.16**	**31.13**
Deferred Tax Liabilities (Net)	**65.73**	**39.92**

5.1 The Company has no intention to make withdrawal from the special reserve created and maintained under section 36(1)(viii) of the Income Tax Act, 1961. Hence, the special reserve created and maintained is not capable of being reversed and thus, it becomes a permanent difference as per Accounting Standard 22. Accordingly, the Company is not creating any deferred tax liability on the said reserve.

6. <u>Other Long-term and Short-term Liabilities</u>

(₹ in Crores)

	Particulars	As at 31.03.2018			As at 31.03.2017		
		Non-Current	**Current**	**Total**	**Non-Current**	**Current**	**Total**
(A)	**Current maturities of long-term debt** (Refer Note 4)	-	32,330.46	**32,330.46**	-	18,059.77	**18,059.77**
(B)	**Interest accrued but not due on borrowings**	15.50	6,161.80	**6,177.30**	12.38	6,025.45	**6,037.83**
	Interest accrued and due on borrowings	-	-	**-**	-	-	**-**
(C)	**Income Received in Advance**	-	5.27	**5.27**	-	8.41	**8.41**
(D)	**Unpaid Dividends**	-	3.49	**3.49**	-	2.75	**2.75**
(E)	**Unpaid Principal & Interest on Bonds**						
	- Matured Bonds & Interest Accrued thereon	-	47.03	**47.03**	-	51.54	**51.54**
	- Interest on Bonds	-	14.27	**14.27**	-	15.19	**15.19**
(F)	**Other payables**						
	- Funds Received from Govt. of India/ State Govts. for Disbursement as Subsidy/ Grant	-	57,141.98	**57,141.98**	-	46,154.67	**46,154.67**
	Add: Interest on Subsidy/ Grant (Refer Note 6.3)	-	24.21	**24.21**	-	2.18	**2.18**
	Less: Disbursed to Beneficiaries	-	(56,699.85)	**(56,699.85)**	-	(46,131.01)	**(46,131.01)**
	Undisbursed Funds to be disbursed as Subsidy/Grant	**-**	**466.34**	**466.34**	**-**	**25.84**	**25.84**
	- <u>Payables towards Bonds Fully serviced by Govt. of India</u>						
	Towards Principal (Refer Note 6.4)	4,000.00	-	**4,000.00**	-	-	**-**
	Towards Interest	-	7.17	**7.17**	-	-	**-**
	- Sundry Liabilities Account (Interest Capitalisation)	21.99	24.00	**45.99**	-	-	**-**
	- Overdraft in Current Account	-	-	**-**	-	-	**-**
	- Statutory Dues payable including PF and TDS	-	71.42	**71.42**	-	53.33	**53.33**
	- Payable towards funded staff benefits	-	2.84	**2.84**	-	13.63	**13.63**
	- Other Liabilities	0.97	292.45	**293.42**	1.04	269.08	**270.12**
	Sub-total (F)	**4,022.96**	**864.22**	**4,887.18**	**1.04**	**361.88**	**362.92**
	Total (A to F)	**4,038.46**	**39,426.54**	**43,465.00**	**13.42**	**24,524.99**	**24,538.41**

6.1 Subsidy Under Accelerated Generation & Supply Programme (AG&SP):

The Company is maintaining an Interest Subsidy Fund Account and was given AG&SP subsidy (for disbursement to the eligible borrowers) by Govt. of India at net present value calculated at indicative rates and year in accordance with GOI's letter vide D.O.No. 32024/17/97-PFC dated 23.09.1997 and O.M.No.32024/23/2001-PFC dated 07.03.2003 irrespective of the actual repayment schedule, moratorium year and duration of repayment of the eligible schemes. The impact of difference between the indicative rate and year considered at the time of drawl and the actual can be ascertained only after the end of the respective schemes.

Net amount of ₹ 0.53 Crores as at 31st March 2018 (₹ 0.86 Crores as at 31st March 2017) represents the balance amount of interest subsidy fund, which is to be passed on to the borrowers against their interest liability arising in future, under Accelerated Generation & Supply Programme (AG&SP), which comprises of the following :-

(₹ in Crores)

Particulars	For the year ended 31.03.2018	For the year ended 31.03.2017
Opening Balance of Interest Subsidy Fund	0.86	1.26
Add: Interest earned during the year	0.02	0.07
Less: Interest subsidy passed on to the borrower	0.35	0.47
Closing Balance of Interest Subsidy Fund	**0.53**	**0.86**

6.2 Government of India has appointed Rural Electrification Corporation Ltd. as a nodal agency for implementation of Deen Dayal Upadhyaya Gram Jyoti Yojna (DDUGJY). The funds received for disbursement to various agencies under the scheme are kept in a separate bank account. The undisbursed funds for the scheme (including the funds received under erstwhile RGGVY Scheme) including interest earned thereto are classified under "Undisbursed Subsidy/ grant" under the head "Other Current Liabilities".

During the period, interest earned of ₹ 18.15 Crores (Previous year ₹ 24.84 Crores) has been taken to DDUGJY Subsidy account. Further, during the year, an amount of ₹ 10.33 crores (Previous year ₹ 40.78 crores) has been refunded back to MoP out of the total interest on subsidy.

6.3 The movement in Interest on Subsidy/ Grant is explained as under:

(₹ in Crores)

Particulars	For the year ended 31.03.2018	For the year ended 31.03.2017
Opening Balance	2.18	18.10
Add: Interest earned during the year	33.57	25.94
Less: Amount refunded to Govt. during the year	11.32	41.59
Less: Disbursement out of Interest earned on account of AG&SP Grant	0.22	0.27
Closing Balance	**24.21**	**2.18**

6.4 For meeting GOI's funding requirement of DDUGJY Scheme, during the year, the Company has raised an aggregate amount of ₹ 4,000 crore through unsecured, redeemable, non-convertible, taxable bonds in the nature of debentures of face value of ₹ 10 lacs at par on private placement basis. As per Ministry of Power (MoP) letter dated 19th March 2018, the repayment of principal and interest of the above bonds shall be made by GoI by making suitable budget provisions in the demand of Ministry of Power. Accordingly, the amount of such bonds along-with interest is also appearing as recoverable by the Company from GoI.

Details of the GoI Fully Serviced Bonds raised are as follows-

(₹ in Crores)

Particulars	As at 31.03.2018			As at 31.03.2017		
	Non-Current	Current	Total	Non-Current	Current	Total
GoI-I Series 8.09% semi-annual redeemable at par on 21.03.2028	1,837.00	-	1,837.00	-	-	-
GoI-II Series 8.01% semi-annual redeemable at par on 24.03.2028	1,410.00	-	1,410.00	-	-	-
GoI-III Series 8.06% semi-annual redeemable at par on 27.03.2028	753.00	-	753.00	-	-	-
Total	**4,000.00**	**-**	**4,000.00**	**-**	**-**	**-**

7. **Long-term and Short-term Provisions**

(₹ in Crores)

	Particulars	As at 31.03.2018			As at 31.03.2017		
		Non-Current	Current	Total	Non-Current	Current	Total
	Provisions for						
(A)	**Employee Benefits**						
	Earned Leave Liability	9.44	1.64	**11.08**	28.48	3.31	**31.79**
	Post Retirement Medical Benefits	99.80	5.39	**105.19**	92.49	4.66	**97.15**
	Medical Leave Liability	16.96	2.81	**19.77**	16.63	2.64	**19.27**
	Settlement Allowance	1.03	0.21	**1.24**	1.10	0.17	**1.27**
	Economic Rehabilitation Scheme	3.31	0.03	**3.34**	3.44	0.01	**3.45**
	Long Service Award	2.55	0.02	**2.57**	2.64	0.19	**2.83**
	Loyalty Bonus	0.21	-	**0.21**	0.11	0.04	**0.15**
	Gratuity	0.45	-	**0.45**	0.19	-	**0.19**
	Sub-total (A)	**133.75**	**10.10**	**143.85**	**145.08**	**11.02**	**156.10**
(B)	**Others**						
	Standard Loan Assets	784.53	104.87	**889.40**	536.59	70.87	**607.46**
	Restructured Standard Loans	409.41	54.54	**463.95**	1,167.67	73.52	**1,241.19**
	Interest on Loans Due & Converted into Equity	-	3.96	**3.96**	-	3.96	**3.96**
	Incentive	-	19.19	**19.19**	-	20.34	**20.34**
	Pay Revision	-	58.90	**58.90**	-	14.59	**14.59**
	Retention Money	12.88	-	**12.88**	-	-	**-**
	Corporate Dividend Tax	-	0.84	**0.84**	-	-	**-**
	Provision for Warranty	-	-	**-**	0.13	-	**0.13**
	Sub-total (B)	**1,206.82**	**242.30**	**1,449.12**	**1,704.39**	**183.28**	**1,887.67**
	Total (A+B)	**1,340.57**	**252.40**	**1,592.97**	**1,849.47**	**194.30**	**2,043.77**

7.1 **Details of Provisions as required under AS-29 are as under :**

(₹ in Crores)

Particulars	For the year ended 31.03.2018				For the year ended 31.03.2017			
	Opening Balance	Additions during the year	Paid/ Adjusted during the year	Closing Balance	Opening Balance	Additions during the year	Paid/ Adjusted during the year	Closing Balance
Standard Loan Assets	607.46	281.94	-	**889.40**	543.43	64.03	-	**607.46**
Restructured Standard Loans	1,241.19	68.16	845.40	**463.95**	821.34	419.85	-	**1,241.19**
Interest on Loans Due & Converted into Equity	3.96	-	-	**3.96**	3.96	-	-	**3.96**
Incentive	20.34	13.43	14.58	**19.19**	18.13	15.52	13.31	**20.34**
Pay Revision	14.59	50.33	6.02	**58.90**	-	14.59	-	**14.59**
Corporate Dividend Tax	-	405.78	404.94	**0.84**	106.49	277.46	383.95	**-**
Retention Money	-	12.88	-	**12.88**	-	-	-	**-**
Warranty	0.13	-	0.13	**-**	-	0.13	-	**0.13**
Contigencies of project cost revisions	-	-	-	**-**	2.29	0.36	2.65	**-**

8. **Trade Payables**

(₹ in Crores)

Particulars	As at 31.03.2018	As at 31.03.2017
Trade Payables	448.64	160.39
Total	**448.64**	**160.39**

9. Fixed Assets as at 31st March 2018

(₹ **In Crores**)

FIXED ASSETS	GROSS BLOCK				DEPRECIATION/ AMORTISATION				NET BLOCK	
	As at 01.04.2017	Additions during the year	Sales/ adjustment during the year	Closing as on 31.03.2018	Upto 31.03.2017	During the year	Adjustment during the year	As at 31.03.2018	As at 31.03.2018	As at 31.03.2017
Tangible Assets										
Freehold Land	82.92	-	-	82.92	-	-	-	-	82.92	82.92
Leasehold Land	6.59	0.21	-	6.80	0.41	0.54	-	0.95	5.85	6.18
Buildings	31.59	0.16	-	31.75	7.62	0.48	-	8.10	23.65	23.97
Furniture & Fixtures	8.63	2.07	0.16	10.54	5.67	0.70	0.07	6.30	4.24	2.96
Vehicles	0.43	-	0.03	0.40	0.28	0.02	0.03	0.27	0.13	0.15
EDP Equipments	18.21	3.55	2.12	19.64	12.95	3.01	1.96	14.00	5.64	5.26
Office Equipments	291.07	129.57	(3.78)	424.42	58.40	64.10	-0.21	122.71	301.71	232.67
Total	**439.44**	**135.56**	**(1.47)**	**576.47**	**85.33**	**68.85**	**1.85**	**152.33**	**424.14**	**354.11**
Previous year	301.36	128.41	(9.66)	439.43	48.31	39.76	2.75	85.32	354.11	
Intangible Assets										
Computer Software	7.47	10.21	-	17.68	6.73	0.74	-0.05	7.52	10.16	0.74
Total	**7.47**	**10.21**	**-**	**17.68**	**6.73**	**0.74**	**-0.05**	**7.52**	**10.16**	**0.74**
Previous year	7.18	0.27	(0.02)	7.47	6.15	0.57	-0.01	6.73	0.74	
Capital Work-in-progress	**164.13**	**623.56**	**257.62**	**530.07**	-	-	-	-	**530.07**	**164.13**
Previous year	76.84	243.05	155.76	164.13	-	-	-	-	164.13	
Intangible Assets under Development	1.46	-	-	**1.46**	-	-	-	**-**	**1.46**	**1.46**
Previous year	1.21	0.25	-	**1.46**	-	-	-	**-**	1.46	

9.1 The formalities regarding registration of conveyance deed in respect of certain immovable properties acquired by the Company amounting to ₹ 50.51 Crores (Previous year ₹ 50.51 Crores) are yet to be executed.

9.2 In the opinion of management, there is no impairment of the assets of the Company in terms of AS-28. Accordingly, no provision for impairment loss as required under Accounting Standard-28 'Impairment of Assets' has been made.

9.3 Disclosure in respect of Intangible Assets as required in AS-26 "Intangible Assets" :

Amortisation Rate 20%, 100% in case the total cost of the asset is ₹5,000 or less

10. Investments

(₹ in Crores)

	Particulars	As at 31.03.2018			As at 31.03.2017		
		Non-current	Current	Total	Non-current	Current	Total
	Valued at Cost						
(A)	**Trade Investments**						
(i)	**Investment in Equity Instruments - Quoted**						
	- NHPC Ltd. 18,40,11,865 Equity shares of ₹10 each, fully paid up	400.80	-	400.80	400.80	-	400.80
	- Housing and Urban Development Corporation Ltd. 3,47,429 Equity shares of ₹10 each, fully paid up	2.08	-	2.08	-	-	-
	- Indian Energy Exchange Limited 12,50,000 Equity shares of ₹10 each, fully paid up	1.25	-	1.25	1.25	-	1.25
(ii)	**Investment in Equity Instruments - Unquoted**						
	- Subsidiaries						
	- REC Power Distribution Company Limited 5,00,000 Equity shares of ₹10 each, fully paid up	-	-	-	-	-	-
	- REC Transmission Projects Company Limited 5,00,000 Equity shares of ₹10 each, fully paid up	-	-	-	-	-	-
	- Joint Ventures						
	- Energy Efficiency Services Limited 14,65,00,000 Equity shares of ₹10 each, fully paid up	-	-	-	-	-	-
	- Controlled SPVs						
	- Dinchang Transmission Limited 50,000 Equity shares of ₹10 each, fully paid up	-	0.05	0.05	-	0.05	0.05
	- Ghatampur Transmission Limited 50,000 Equity shares of ₹10 each, fully paid up	-	0.05	0.05	-	0.05	0.05
	- ERSS XXI Transmission Limited 50,000 Equity shares of ₹10 each, fully paid up	-	-	-	-	0.05	0.05
	- WR-NR Power Transmission Limited 50,000 Equity shares of ₹10 each, fully paid up	-	-	-	-	0.05	0.05
	- Others						
	- Energypro Assets Limited 2,17,45,680 Equity shares of £1 each, fully paid up	57.14	-	57.14	0.60	-	0.60
	- Universal Commodity Exchange Limited 1,60,00,000 Equity shares of ₹10 each, fully paid up	-	16.00	16.00	16.00	-	16.00
	Less: Provision for Diminution in Investment	-	(16.00)	(16.00)	(16.00)	-	(16.00)
		-	-	-	-	-	-
	- Lanco Teesta Hydro Power Limited 10,20,00,000 Equity shares of ₹10 each, fully paid up	-	102.00	102.00	-	102.00	102.00
	Less: Provision for Diminution in Investment	-	(29.41)	(29.41)	-	-	-
		-	72.59	72.59		102.00	102.00
(iii)	**Investment in Government Securities - Unquoted**						
	- 8% Government of Madhya Pradesh Power Bonds-II 3 Bonds of ₹ 47,16,00,000 each	94.32	47.16	141.48	188.64	47.16	235.80
(iv)	**Investment in Venture Capital Funds - Unquoted**						
	- 'Small is Beautiful' Fund 61,52,200 units of ₹ 10 each	6.15	-	6.15	6.15	-	6.15
(v)	**Investment in Debentures - Unquoted**						
	- 9.68% Bonds of UP Power Corporation Ltd. 30,385 Bonds of ₹ 1,00,000 each	303.85	-	303.85	303.85	-	303.85
(B)	**Other Investments**						
(i)	**Investment in Debentures - Quoted**						
	- 11.15% Additional Tier-1 Perpetual Bonds of Indian Bank 5,000 Bonds of ₹ 10,00,000 each	500.00	-	500.00	500.00	-	500.00
	- 11.25% Additional Tier-1 Perpetual Bonds of Vijaya Bank 5,000 Bonds of ₹ 10,00,000 each	500.00	-	500.00	500.00	-	500.00
	- 11.25% Additional Tier-1 Perpetual Bonds of Syndicate Bank 5,000 Bonds of ₹ 10,00,000 each	500.00	-	500.00	500.00	-	500.00
(ii)	**Investment in Inter Corporate Deposit**						
	- LIC Housing Finance Limited	-	-	-	-	17.50	17.50
	- PNB Housing Finance Limited	-	64.00	64.00	-	17.50	17.50
(iii)	**Investment in Tax Free Bonds - Quoted**						
	- 8.76% Bonds of HUDCO Ltd. 50,000 Bonds of ₹ 1,000 each	5.00	-	5.00	5.00	-	5.00
	- 7.39% Bonds of HUDCO Ltd. 86,798 Bonds of ₹ 1,000 each	8.68	-	8.68	8.68	-	8.68
	- 7.35% Bonds of NHAI 42,855 Bonds of ₹ 1,000 each	4.29	-	4.29	4.29	-	4.29
	- 7.39% Bonds of NHAI 35,463 Bonds of ₹ 1,000 each	3.55	-	3.55	3.55	-	3.55
	- 7.49% Bonds of IREDA Ltd. 61,308 Bonds of ₹ 1,000 each	6.13	-	6.13	6.13	-	6.13
	- 7.35% Bonds of IRFC Ltd. 22,338 Bonds of ₹ 1,000 each	2.23	-	2.23	2.23	-	2.23
	- 7.35% Bonds of NABARD 14,028 Bonds of ₹ 1,000 each	1.40	-	1.40	1.40	-	1.40
	Total (A+B)	**2,396.87**	**183.85**	**2,580.72**	**2,432.57**	**184.36**	**2,616.93**

10.1 Investments include ₹ 6.15 Crores (Previous year ₹ 6.15 Crores) representing company's contribution in the units of 'Small is Beautiful (SIB) Venture Capital fund' promoted by KSK Energy Ventures Limited.

Name of the Company	Contribution towards Fund	Country of Residence	Percentage of Share
SIB Fund of KSK Energy Ventures Ltd	₹ 6.15 Crores	India	9.74%

The face value of the fund is ₹ 10 per unit. The NAV as on 31.03.2018 is ₹ 10.17 per unit (Previous year ₹ 10.24 per unit).

Further, investments also include ₹ 1.25 Crores (Previous year ₹ 1.25 Crores) representing company's investment in equity shares of Indian Energy Exchange Ltd. (IEX)

Name of the Company	No. of Shares	Invested	Country of Incorporation	Shareholding %
Indian Energy Exchange Limited	12,50,000	₹1.25 Crores	India	4.12%

The equity shares of IEX have been listed on stock exchanges on 23rd October 2017.

10.2 Information in relation to the interest of the Company in Joint Ventures (JVs):

1. Energy Efficiency Services Ltd.

Proportion of Interest in Equity	31.71%
Country of Incorporation	India
Area of Operation	India
JV Partners (% share)	1. NTPC Limited (31.71%) 2. Power Grid Corporation of India Limited (4.87%) 3. Power Finance Corporation Limited (31.71%)

The Company's share of assets, liabilities, contingent liabilities and capital commitments as at 31.03.2018 and income and expenses for the year in respect of joint venture are given below :

(₹ in Crores)

	Particulars	As at / For the half year ended 31.03.2018 (Unaudited)	As at / For the year ended 31.03.2017 (Unaudited)	As at / For the year ended 31.03.2017 (Audited) *
(i)	Total Assets	1,543.62	838.77	817.03
(ii)	Total Liabilities	1,340.45	662.90	640.93
(iii)	Total Reserves & Surplus	25.27	29.37	29.60
(iv)	Contingent Liabilities	68.65	11.74	38.06
(v)	Capital Commitments	83.64	103.95	253.57
(vi)	Total Income	461.78	408.83	389.14
(vii)	Total Expenses	438.60	384.81	363.25

* The consolidated financial statements of the Company for the FY 2016-17 had been prepared considering the unaudited financial statements of the joint venture, Energy Efficiency Services Limited (EESL). However, the financial statements of EESL were subsequently audited on 30th May 2017. Further, the audited financial statements for the year ended 31st March 2017 have been prepared under Indian Accounting Standards (Ind-AS). The unaudited financial statements for the year ended 31st March 2018 have been prepared as per Indian GAAP and certified by the Management.

10.3 Additional disclosures required in respect of the investments :

(₹ in Crores)

	Particulars	As at 31.03.2018	As at 31.03.2017
(1)	**Value of Investments**		
(i)	Gross Value of Investments		
(a)	In India	**2,568.99**	**2,632.33**
(b)	Outside India,	**57.14**	**0.60**
(ii)	**Provisions for Depreciation**		
(a)	In India	**45.41**	**16.00**
(b)	Outside India,	**-**	**-**
(iii)	**Net Value of Investments**		
(a)	In India	**2,523.58**	**2,616.33**
(b)	Outside India.	**57.14**	**0.60**
(2)	**Movement of provisions held towards depreciation on**		
(i)	Opening balance	**16.00**	**0.10**
(ii)	Add : Provisions made during the year	**29.41**	**16.00**
(iii)	Less : Write-off / write-back of excess provisions during the year	**-**	**0.10**
(iv)	**Closing balance**	**45.41**	**16.00**
(3)	**Aggregate amount of Quoted Investments**	**1,935.41**	**1,932.08**
	Market Value of Quoted Investments	**2,247.81**	**2,125.57**
(4)	**Aggregate amount of Unquoted Investments**	**690.72**	**700.85**
(5)	**Aggregate provision for diminution in value of investments**	**45.41**	**16.00**

11. Loans & Advances

Non-current portion of loans & advances has been classified under 'Long-term Loans & Advances' and the current portion of loans & advances has been classified under Note-12 'Other Non-Current and Current Assets'.

(₹ in Crores)

	Particulars	As at 31.03.2018				As at 31.03.2017			
		Long-term		Short-Term	Total	Long-term		Short-Term	Total
		Non-Current	Current			Non-Current	Current		
(A)	**Capital Advances (Unsecured, considered good)**	45.96	-	-	**45.96**	40.23	-	-	**40.23**
(B)	**Security Deposits (Unsecured, considered good)**	3.22	-	0.41	**3.63**	1.55	-	0.48	**2.03**
(C)	**Loans & Advances to Related Parties**								
	- To Key Managerial Personnel (KMP)	0.36	0.17	-	**0.53**	0.37	0.13	-	**0.50**
	- To Others								
	(a) Unsecured, considered good	-	-	7.57	**7.57**	-	-	2.89	**2.89**
	(a) Unsecured, considered doubtful	-	-	0.06	**0.06**			0.06	**0.06**
	Less: Provision for bad & doubtful debts	-	-	(0.06)	**(0.06)**			(0.06)	**(0.06)**
		0.36	**0.17**	**7.57**	**8.10**	**0.37**	**0.13**	**2.89**	**3.39**
(D)	**Other Loans & Advances**								
	- Staff Loans & Advances (except to KMP)	25.89	10.51	0.05	**36.45**	32.29	11.10	0.04	**43.43**
	- Loan Assets	2,06,419.47	23,865.66	5,647.92	**2,35,933.05**	1,77,275.24	19,429.25	3,588.85	**2,00,293.34**
	- Others	0.38	-	46.12	**46.50**	1.90	-	26.46	**28.36**
		2,06,445.74	**23,876.17**	**5,694.09**	**2,36,016.00**	**1,77,309.43**	**19,440.35**	**3,615.35**	**2,00,365.13**
	Total (A to D)	**2,06,495.28**	**23,876.34**	**5,702.07**	**2,36,073.69**	**1,77,351.58**	**19,440.48**	**3,618.72**	**2,00,410.78**

Details of Loans & Advances :

11.1 Staff Loans & Advances

(₹ in Crores)

	Particulars	As at 31.03.2018				As at 31.03.2017			
		Long-term		Short-Term	Total	Long-term		Short-Term	Total
		Non-Current	Current			Non-Current	Current		
(A)	**Secured Staff Loans & Advances**								
(A1)	**To Key Managerial Personnel**								
	(a) Considered Good	-	-	-	**-**	0.01	-	-	**0.01**
(A2)	**To Others**								
	(a) Considered Good	3.12	0.63	0.02	**3.77**	3.43	0.68	-	**4.11**
	Sub-total (A1+ A2)	**3.12**	**0.63**	**0.02**	**3.77**	**3.44**	**0.68**	**-**	**4.12**
(B)	**Unsecured Staff Loans & Advances**								
(B1)	**To Key Managerial Personnel**								
	(a) Considered Good	0.36	0.17	-	**0.53**	0.36	0.13	-	**0.49**
(B2)	**To Others**								
	(a) Considered Good	22.77	9.88	0.03	**32.68**	28.86	10.42	0.04	**39.32**
	Sub-total (B1+ B2)	**23.13**	**10.05**	**0.03**	**33.21**	**29.22**	**10.55**	**0.04**	**39.81**
	Grand Total (A+B)	**26.25**	**10.68**	**0.05**	**36.98**	**32.66**	**11.23**	**0.04**	**43.93**

11.2 Loan Assets

(₹ in Crores)

	Particulars	As at 31.03.2018				As at 31.03.2017			
		Long-term		Short-Term	Total	Long-term		Short-Term	Total
		Non-Current	Current			Non-Current	Current		
(A)	**Secured Loans**								
(A1)	**Loans to State Power Utilities/ State Electricity Boards/Corpn. (Secured by hypothecation and/or mortgage of materials/ tangible assets)**								
	(a) Considered good	1,46,256.29	15,670.42	4,117.09	**1,66,043.80**	1,25,811.34	11,014.90	740.67	**1,37,566.91**
(A2)	**Loans to Others (Secured by hypothecation and/or mortgage of tangible assets)**								
	(a) Considered good	14,928.90	1,148.33	-	**16,077.23**	24,691.95	3,553.12	-	**28,245.07**
	(b) Considered doubtful	12,059.39	4,273.73	-	**16,333.12**	2,220.01	2,169.10	-	**4,389.11**
	Less: Provision for bad & doubtful debts	1,352.52	1,368.44	-	**2,720.96**	383.89	767.87	-	**1,151.76**
		10,706.87	2,905.29	-	**13,612.16**	1,836.12	1,401.23	-	**3,237.35**
	Sub-total (A1+ A2)	**1,71,892.06**	**19,724.04**	**4,117.09**	**1,95,733.19**	**1,52,339.41**	**15,969.25**	**740.67**	**1,69,049.33**
(B)	**Unsecured Loans**								
(B1)	**Loans Guaranteed by respective State Governments**								
	(a) Considered good	23,694.24	3,221.16	-	**26,915.40**	19,109.20	2,850.00	197.18	**22,156.38**
(B2)	**Loans to State Governments**								
	(a) Considered good	3,009.99	330.99	-	**3,340.98**	2,647.90	351.22	-	**2,999.12**
(B3)	**Loans - Others**								
	(a) Considered good	7,823.18	589.47	1,530.83	**9,943.48**	3,178.73	258.78	2,651.00	**6,088.51**
	(b) Considered doubtful	34.92	760.38	-	**795.30**	5.18	478.40	-	**483.58**
	Less: Provision for bad & doubtful debts	34.92	760.38	-	**795.30**	5.18	478.40	-	**483.58**
		-	-	-	**-**	-	-	-	**-**
	Sub-total (B1+ B2+B3)	**34,527.41**	**4,141.62**	**1,530.83**	**40,199.86**	**24,935.83**	**3,460.00**	**2,848.18**	**31,244.01**
	Grand Total (A+B)	**2,06,419.47**	**23,865.66**	**5,647.92**	**2,35,933.05**	**1,77,275.24**	**19,429.25**	**3,588.85**	**2,00,293.34**

11.3 Other Loans & Advances

(₹ in Crores)

	Particulars	As at 31.03.2018				As at 31.03.2017			
		Long-term		Short-Term	Total	Long-term		Short-Term	Total
		Non-Current	Current			Non-Current	Current		
(A)	**Advances recoverable in cash or in kind or value to be received (Unsecured)**								
	(a) Considered good	0.38	-	46.12	**46.50**	1.90	-	26.46	**28.36**
	(b) Considered doubtful	-	-	6.08	**6.08**	-	-	5.59	**5.59**
	Less: Provision for bad & doubtful debts	-	-	6.08	**6.08**	-	-	5.59	**5.59**
		-	-	-	**-**	-	-	-	**-**
	Grand Total	**0.38**	**-**	**46.12**	**46.50**	**1.90**	**-**	**26.46**	**28.36**

11.3.1 Loan balance confirmations for 87% of total loan assets as at 31st March 2018 have been received from the borrowers. Out of the remaining 13% loan assets amounting to ₹ 30,013 crore for which balance confirmations have not been received, 81% loans are secured by way of hypothecation of assets, 15% by way of Government Guarantee/ Loans to Government and 4% are unsecured loans.

11.3.2 Loan Assets also include amount financed by the Company as per the Scheme for Financial Restructuring of State Distribution Companies (Discoms).

11.3.3 REC, as a lead lender had sanctioned ₹ 650 Crore as initial sanction to Corporate Power Limited for 540 MW Phase-I TPP at Chandwa, Jharkhand. The debt is secured by way of combination of securities representing charge on all the Company's present and future immovable properties, movables, all bank accounts, project documents, clearances, letter of credits, guarantees, insurance contracts and insurance proceeds etc., pledge of shares representing 51% of the total paid up equity share capital of the Company and Corporate Guarantee of Corporate Ispat and Alloys Limited (CIAL). Subsequently, REC, had sanctioned ₹ 196 Crore as additional loan towards funding of cost overrun. As at 31st March 2018, the loan outstanding is ₹ 811.74 crores

The account had become NPA on 30th June 2014. As at 31st March 2018, the account of the borrower is classified as Doubtful asset. In line with Independent valuer's report, 100% provision to the extent of loan not covered by the realizable value of the security amounting to ₹ 587.47 Crores and for the balance loan amount of ₹ 224.27 Crores, 30% provision amounting to ₹ 67.29 Crores has been created in the books as per Significant Accounting Policy no 2.3(ii). As such, total provision created as on 31st March 2018 is ₹ 654.75 Crores.

Recall notice has been served to the borrower and Corporate guarantee of promoter Company, CIAL, has been invoked. REC and ARCIL have joined the winding up petition filed by one the employee of CIAL before the Calcutta High Court against CIAL. Meanwhile CIAL moved to Board of Industrial and Financial Reconstruction (BIFR), pursuant thereto, Hon'ble High Court abated the winding up petition. Lenders are exploring various options for the revival of the project including change in the management. With the consent of lenders, ARCIL has initiated the proceedings under SARFAESI Act. ARCIL has taken the possession of the Project site and deployed security for protection of the project. Lenders have also filed joint Original Application (OA) before Debt Recovery Tribunal (DRT), Calcutta for recovery of dues.

11.3.4 REC has sanctioned ₹ 1,150 Crore to Jas Infrastructure & Power Limited (JIPL) wherein total disbursement is ₹ 33.24 Crores till 31st March 2018. The account has become NPA on 30th June 2014. As at 31st March 2018, the account of the borrower is classified as Doubtful asset. In line with the Independent valuer's report, 100% provision to the extent of loan not covered by the realizable value of the security amounting to ₹ 31.48 crore and for the balance loan amount of ₹ 1.77 crores, 30% provision amounting to ₹ 0.53 crores is created in the books as per Significant Accounting Policy No. 2.3(ii). As such, total provision created as at 31st March 2018 is ₹ 32.01 Crores on total loan outstanding of ₹ 33.24 Crores.

Lenders have already initiated recovery. Recall notice has been served to the borrower and Personal guarantee of promoter has been invoked. Original Application has been filed by the REC before DRT for recovery of dues. Further, lenders have jointly taken action under the provision of the SARFAESI Act. PNB acting as Lead has taken the symbolic possession of the project by issuing Notice under section 13(4) of SARFEASI Act.

11.3.5 As at 31st March 2018, 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 'Restructured Standard Asset' pending final decision of the Court. During the financial year 2016-17, based on the decision taken by lenders in the JLF subsequent to the court order, the accrued interest of ₹ 426.09 crores (₹ 88.79 cr pertaining to Financial year 2016-17) has been adjusted through disbursement of loan as per the terms of sanction and the income recognised accordingly. However, since the account is currently into Restructured Standard Loan Assets category, a provision of 5% amounting to ₹ 115.10 Crores had been created in full in respect of the loan as against creating the same in phased manner in accordance with Significant Accounting Policy 2.3(iv). Apart from this, as a matter of prudence, an additional provision amounting to ₹ 103.59 Crores has been created @ 4.50% of the loan over and above 5% provision. Accordingly, as on 31st March 2018, the total provision of ₹ 218.69 Crores stands created against the project and unrealized income of ₹ 382.35 Crores has also not been recognized for the financial year 2017-18. An application has been filed by REC for vacation of stay order issued by Hon'ble High Court of Madras. REC has filed an Application before High Court, Madaras for dismissal of the Writ Petition and vacation of stay order.

11.3.6 REC had sanctioned ₹ 390 Crores to M/s Lanco Teesta Hydro Power Limited with ICICI Bank as Lead lender having initial project SCOD in May 2012. However, due to equity crunch of promoters, geological surprises and poor rock strata, project couldn't be commissioned till date. In order to revive the Project, which is stalled at present, change in ownership is an important imperative which ensures that additional resources are brought in by the new investor. Towards this end, change of ownership could be effectively considered under the recent RBI dispensation on Strategic Debt Restructuring (SDR) dated 8th June 2015. In terms of SDR Regulations dated 8th June 2015 issued by RBI, the Lenders' consortium had decided to invoke the SDR in the lenders' meet held on 24th July 2015. Accordingly, REC, on 24th September 2015, approved the Strategic Debt Restructuring (SDR) package pursuant to RBI circular dated 8th June 2015, for conversion of ₹ 102 Crores out of REC's outstanding loan into equity at face value of ₹ 10/- per share towards effecting the change in Management. Subsequently, on 20th October 2015, necessary documentation had been carried out along with the signing of shareholder's agreement and an amount of ₹ 102 Crores of REC's sanction had been converted into equity. As per SDR scheme, asset classification shall remain standard up to 18 months from 24th July 2015 i.e. 23rd January 2017 and within this timeline, a suitable investor had to be identified and the exercise of change in management shall have to be completed failing which the asset classification will be as per the extant IRAC norms, assuming the aforesaid 'stand-still' in asset classification had not been given. the asset classification has now been downgraded to Doubtful Category and as on 31st March 2018 total provision of Rs.71.04 Cr has been created @ 30% of the outstanding loan. Further a provision @ 30% has also been created on the investment portion. The project company has now been admitted under Insolvency and Bankruptcy Code 2016 by NCLT, Hyderabad on 16th March 2018 to initiate Corporate Insolvency Resolution Proceeding (CIRP).

11.3.7 REC has given a loan to M/s Ind Barath Power (Madras) Limited (IBPML) under consortium lending with PFC being the lead lender. The total disbursement towards IBPML by three consortium lenders was ₹ 947.71 crore. Out of this, ₹ 573.99 crore kept as FDs, were utilized by the borrower from TRA for other than the project purposes. The matter has since been reported to RBI on 26th February 2018. Accordingly, the company has created a provision of ₹ 145.67 crores during the current quarter, making total of 100% provision on its loan outstanding of ₹ 416.21 crores as at 31st March, 2018. One of the operational creditor of IBPML has filed application under section 9 of the Insolvency and Bankruptcy Code 2016 and based on which NCLT has initiated Corporate Insolvency Resolution Process against IBPML. Resolution Professional has been appointed and REC has filed its claim before the Resolution Professional.

11.3.8 Facor Power Limited (FPL) has become NPA on 30th September 2015 due to default in payment of dues. After initiating recovery action and issue of demand notices, the Company issued notice u/s 13(4) of SARFAESI Act for symbolic possession on 3rd November 2016 which was challenged by the borrower before DRT. Consequent to favorable disposal of litigation, REC has taken over the management control of FPL along with physical possession on 7th November 2017 under section 13(4)(b) of the SARFAESI Act after issuing necessary notice/publication. The erstwhile directors of FPL were suspended and replaced with three officers of REC out of which one of the directors is managing the day to day activities as Chief Executive Officer of FPL. The actions of REC are being challenged by the promoter of the borrower company in DRT which is subjudice.

11.3.9 REC has extended a loan of ₹ 217 Crores (Outstanding loan amount as at 31st March 2018 - ₹ 197.24 Crores) to Gati Infrastructure Private Limited for the implementation of 2X55 MW HEP in Sikkim with Edelweisse Asset Reconstruction Company (EARC) as Lead lender. Project achieved COD on 18th May 2013 and is operational since then. Lower revenue realization due to short term arrangment is causing stress on project cash flows. Lenders have invoked pledged shares under Outside SDR scheme considering 05th December 2016 as reference date and shares have been transferred to Security trustee on behalf of all lenders. Further the process of inducting a suitable investor/prospective buyer is underway. Long term PPA is expected soon for supplying power to Haryana Discoms.

11.3.10 REC has extended a loan of ₹ 325 Crores (Outstanding loan amount as on 31st March 2018 - ₹ 321.04 Crores) to Jhabua Power Ltd for the implementation of 1X600 MW TPP in Seoni Dist. in Madhya Pradesh with Axis Bank as Lead lender. Project achieved COD on 31st March 2015 and is operational since then. As the project was suffering due to lower revenue realization, Lenders have invoked pledged shares under Outside SDR Scheme with 23rd June 2017 as reference date. Accordingly pledged shares have been transferred to Security trustee agent on behalf of all lenders. Additionally, to effect change in current management/promoters lenders have initiated open auction process and the same is underway.

12. Other Non-Current and Current Assets

(₹ in Crores)

	Particulars	As at 31.03.2018			As at 31.03.2017		
		Non-current	Current	Total	Non-current	Current	Total
(A)	**Current recoverable of Loan & Advances (Net)** (Refer Note 11)	-	23,876.34	**23,876.34**	-	19,440.48	**19,440.48**
		-	-	**-**	-	-	**-**
(B)	**Interest Accrued & not due on:**						
	- Long Term Investments	-	13.63	**13.63**	-	14.25	**14.25**
	- Term Deposits	-	11.34	**11.34**	-	7.06	**7.06**
	Sub-total	-	24.97	***24.97***	-	21.31	21.31
(C)	**Interest Accrued & Due on Loan Assets**	-	462.37	**462.37**	-	781.26	**781.26**
(D)	**Interest Accrued & Not Due on Loan Assets**	-	303.23	**303.23**	-	288.31	**288.31**
(E)	**Interest Accrued on Staff Advances**	9.03	0.32	**9.35**	7.74	0.33	**8.07**
(F)	**Recoverable from Govt. of India**						**-**
	- Towards Principal - GoI Fully Serviced Bonds	4,000.00	-	**4,000.00**	-	-	**-**
	- Towards Interest - GoI Fully Serviced Bonds	-	7.17	**7.17**	-	-	**-**
	- Towards Issue Expenses - GoI Fully Serviced Bonds	-	4.07	**4.07**	-	-	**-**
	- Agency Charges on Govt. Schemes	-	161.01	**161.01**	-	-	**-**
	- Reimbursement of Expenses on Govt. Schemes	-	14.19	**14.19**	-	9.44	**9.44**
	Recoverable from Govt. of India (Total)	4,000.00	186.44	***4,186.44***	-	9.44	9.44
	Less: Provision for bad & doubtful debts	-	(6.19)	**(6.19)**	-	-	**-**
	Recoverable from Govt. of India (Net)	***4,000.00***	***180.25***	***4,180.25***	**-**	***9.44***	***9.44***
(G)	**Recoverable from SEBs/ Govt. Deptt./ Others**	-	93.87	**93.87**	-	35.53	**35.53**
(H)	**Advance Income-tax & TDS**	2,356.67	-	**2,356.67**	2,800.34	-	**2,800.34**
	Less; Provision for Income Tax	(2,326.68)	-	**(2,326.68)**	(2,751.95)	-	**(2,751.95)**
	Advance Income-tax & TDS (Net)	29.99	-	**29.99**	48.39	-	**48.39**
(I)	**Income tax receivable**	-	1.87	**1.87**	-	1.97	**1.97**
(J)	**Forward Contract Receivables**	313.57	-	**313.57**	143.79	-	**143.79**
(K)	**Receivables in respect of Derivative Contracts**	151.68	-	**151.68**	192.10	-	**192.10**
(L)	**Prepaid Financial Charges on Commercial Paper**	-	99.56	**99.56**	-	-	**-**
(M)	**Prepaid Expenditure**	-	14.27	**14.27**	-	16.80	**16.80**
(N)	**Unamortized Expenses**						**-**
	- Discount on Foreign Currency Borrowings	47.42	1.64	**49.06**	-	-	**-**
	- Arrangement Fee on Foreign Currency Borrowings	38.53	6.56	**45.09**	-	-	**-**
	- Premium on Forward Contracts	153.70	21.96	**175.66**	-	-	**-**
(O)	**Term Deposits with Banks with more than 12 months maturity**	-	-	**-**	2.05	-	**2.05**
(P)	**Others**	-	51.10	**51.10**	-	7.38	**7.38**
	Total (A to P)	**4,743.92**	**25,138.31**	**29,882.23**	**394.07**	**20,602.81**	**20,996.88**

-Term deposits held as security/ margin money in (O) above

13. Inventories

(₹ in Crores)

	Particulars	As at 31.03.2018	As at 31.03.2017
(A)	**Stock-in-trade**	102.48	51.14
(B)	**Work-in-progress**	-	0.04
	Total (A+B)	**102.48**	**51.18**

14. Trade Receivables

(₹ in Crores)

	Particulars	As at 31.03.2018	As at 31.03.2017
(A)	**Unsecured**		
	Outstanding for a period more than 6 months		
	- Considered Good	288.44	213.15
	- Considered Doubtful	0.46	2.53
	Less: Provision for bad & doubtful debts	0.46	2.53
		-	-
	Less than 6 months		
	- Considered Good	253.42	225.25
	Total	**541.86**	**438.40**

15. Cash and Bank Balances

(₹ in Crores)

	Particulars	As at 31.03.2018	As at 31.03.2017
(A)	**Cash & Cash Equivalents**		
	- Balances with Banks	2,035.38	937.97
	- Cash on Hand (including postage & imprest)	0.02	0.03
	- Others		
	- Short-term Deposits with Scheduled Banks	95.89	2,482.34
	- Short term Investment in Debt Mutual Funds	-	1,160.00
	Sub-total (A)	**2,131.29**	**4,580.34**
(B)	**Others**		
	- Term Deposits with Scheduled Banks	236.95	70.45
	Sub-total (B)	**236.95**	**70.45**
	Total (A+B)	**2,368.24**	**4,650.79**

Balances with Banks include:		
- Earmarked Balances with Banks in separate accounts		
- For unpaid dividends	3.49	2.75
- For DDUGJY, AG&SP, NEF and other grants	212.36	0.51
- Amount set aside for grants disbursement	2.13	2.13
- Amount not available for use pending allotment of securities	1,469.23	-

Further, Short-term Deposits with Scheduled Banks include ₹ 39.02 Crores (Previous year ₹ 23.20 Crores) earmarked towards DDUGJY and other grants and ₹ 2.91 Crores (Previous year ₹ 5.99 Crores) earmarked towards Swachh Vidyalaya Abhiyan (SVA). Figure in (B) Others - Term Deposits with Scheduled Banks includes deposits for ₹ 2.31 Crores (Previous year ₹ 1.98 Crores) made and earmarked in compliance of Court orders and ₹ 216.13 Crores (Previous year Nil) earmarked towards J&K PMDP work.

- Term deposits held as security/ margin money	17.51	33.78
- Term Deposits with Scheduled Banks with more than twelve months original maturity	17.51	0.56

16. Revenue from Operations

(₹ in Crores)

	Particulars	Year ended 31.03.2018		Year ended 31.03.2017	
(A)	**Interest on Loan Assets**				
(i)	Long term financing	21,338.77		22,479.98	
	Less: Rebate for timely payments/ completion etc.	16.43	21,322.34	0.26	22,479.72
(ii)	Short term financing		426.61		455.89
	Sub-total (A)		**21,748.95**		**22,935.61**
(B)	**Revenue from Other Financial Services**				
(i)	Processing, Upfront, Lead fees, LC Commission etc.		15.11		48.49
(ii)	Prepayment Premium		106.41		147.44
(iii)	Fee for Implementation of Govt. Schemes		187.79		23.86
	Sub-total (B)		**309.31**		**219.79**
(C)	**Income from Short-term Investment of Surplus Funds**				
(i)	Interest from Deposits		68.66		98.39
(ii)	Gain on Sale of Mutual Funds		13.39		67.13
(iii)	Interest from CP/ ICD		0.98		29.87
	Sub-total (C)		**83.03**		**195.39**
(D)	**Other Interest Income**				
	- Interest from Govt. Securities		16.98		24.52
	- Interest from Long Term Investments/Term Deposits/Others		214.40		214.18
	- Interest from Income Tax Refund		0.62		9.03
	- Interest from Staff Advances		1.69		1.52
	- Interest from Subsidiary Companies/SPVs		0.66		0.51
	Sub-total (D)		**234.35**		**249.76**
(E)	**Revenue from Sale of Goods**		**332.79**		**326.72**
(F)	**Income from Consulting Engineer Services**		**278.82**		**192.96**
(G)	**Income from Execution of IT Implementation Project**		**67.17**		**74.69**
	Total (A to G)		**23,054.42**		**24,194.92**

17. Other Income

(₹ in Crores)

	Particulars	Year ended 31.03.2018	Year ended 31.03.2017
(A)	**Dividend Income**	**26.85**	**63.15**
	- Dividend from Subsidiary Companies	-	-
	- Dividend on Mutual Funds	-	-
	- Dividend from Long-Term Investments	26.85	63.15
	Sub-Total (A)	**26.85**	**63.15**
(B)	**Net Gain on Sale of Long Term Investments**	**-**	**79.75**
(C)	**Other Non-Operating Income**		
	- Foreign Currency Exchange Fluctuation Gain	-	-
	- Profit on sale of assets	-	-
	- Provision & Liabilities no longer required written back	0.71	2.87
	- Miscellaneous Income	19.42	20.54
	Sub-Total (C)	**20.13**	**23.41**
	Total (A to C)	**46.98**	**166.31**

18. Finance Costs

(₹ in Crores)

	Particulars	Year ended 31.03.2018	Year ended 31.03.2017
(A)	**Interest Expense**		
	- On Bonds	12,166.56	11,576.33
	- On Loans from Banks/ Financial Institutions	100.36	106.47
	- On External Commercial Borrowings	1,332.78	1,266.38
	- On Commercial Paper	135.60	300.46
	- On Advance Income Tax	5.68	3.28
	- Others	0.27	0.18
	Sub-Total (A)	**13,741.25**	**13,253.10**
(B)	**Other Borrowing Costs**		
	- Guarantee Fee	15.06	18.25
	- Bonds Handling Charges	0.54	0.80
	- Bonds Brokerage	18.31	15.68
	- Stamp Duty on Bonds/ Shares	5.48	5.59
	- Debt Issue and Other Finance Charges	34.59	80.88
	Sub-Total (B)	**73.98**	**121.20**
(C)	**Net Translation/ Transaction Exchange Loss**	**44.36**	**87.29**
	Total (A to C)	**13,859.59**	**13,461.59**

19. **Employee Benefits Expense**

(₹ in Crores)

Particulars	Year ended 31.03.2018	Year ended 31.03.2017
- Salaries and Allowances	150.33	130.39
- Contribution to Provident Fund and Other Funds	14.74	13.58
- Gratuity	1.47	15.30
- Expenses towards Post Retirement Medical Facility	15.70	17.21
- Staff Welfare Expenses	16.22	16.27
Total	**198.46**	**192.75**

The pay revision of the employees of the Company is due w.e.f.1st January 2017. Pending final notification of the revised Pay Scales and other benefits by the Govt. of India, an estimated provision of ₹ 44.31 crores has been created during the year ended 31st March 2018 and the cumulative provision in this respect as at 31st March 2018 is ₹ 58.90 crore towards pay revision arrears as the recommendations of 3rd Pay Revision Committee constituted by the Department of Public Enterprises (DPE), Govt. of India. This provision is inclusive of the provision created for non-executive employees for whom arrears have also been considered in line with these recommendations. Actuarial valuation of employees benefits has also been carried out on the basis of proposed pay scales.

20. **Corporate Social Responsibility Expenses**

(₹ in Crores)

Particulars	Year ended 31.03.2018	Year ended 31.03.2017
- Direct Expenditure	48.16	65.78
- Overheads	2.78	3.16
Total	**50.94**	**68.94**

20.1 Disclosure in respect of CSR Expenses:

Amount spent during the year (₹ in Crores) :

	Particulars	Year ended 31.03.2018			Year ended 31.03.2017		
		In Cash	Yet to be paid	Total	In Cash	Yet to be paid	Total
(i)	Construction/ acquisition of any asset	-	-	-	-	-	-
(ii)	On purpose other than (i) above	50.13	0.81	50.94	67.96	0.98	68.94

21. **Other Expenses**

(₹ in Crores)

Particulars	Year ended 31.03.2018		Year ended 31.03.2017	
- Travelling and Conveyance		16.18		13.60
- Publicity & Promotion Expenses		17.04		16.53
- Repairs and Maintenance				
- Building	4.26		2.89	
- ERP & Data Centre	4.52		4.85	
- Others	8.72	17.50	2.72	10.46
- Rent & Hiring Charges		13.07		7.04
- Rates and Taxes		1.35		1.27
- Power & Fuel		2.41		2.34
- Insurance Charges		0.24		0.19
- Postage and Telephone		2.62		2.86
- Auditors' Remuneration		1.36		1.24
- Legal & Consultancy Charges		12.30		7.72
- Work Contract Charges		-		-
- Project Expenses		128.83		96.64
- Distribution Expense		15.54		25.96
- Donations & Charity		-		-
- Loss on Sale of Assets		0.56		0.52
- Loss on SPVs written off		-		-
- Miscellaneous Expenses		56.29		34.21
Total		**285.29**		**220.58**

21.1 Auditors' Remuneration includes :

(₹ in Crores)

Particulars	Year ended 31.03.2018	Year ended 31.03.2017
- Audit Fees	0.47	0.65
- Tax Audit Fees	0.15	0.14
- Limited Review Fees	0.26	0.24
- Payment for Other Services		
(i) Certification of MTN Offer Document/ Comfort Letter	0.30	0.07
(ii) Other Certifications	0.06	0.04
- Expenses Incurred	0.02	0.05
- Tax component	0.10	0.05
Total	**1.36**	**1.24**

The figures above include Nil (Previous year ₹ 0.06 crores) of Audit Fees and ₹ 0.02 crores (Previous year ₹ 0.02 crores) of Tax Audit fees pertaining to earlier years.

21.2 Earnings and Expenditure in Foreign Currency :

(₹ in Crores)

Particulars	Year ended 31.03.2018	Year ended 31.03.2017
Earnings	0.88	1.27
Expenditure		
- Royalty, Know-how, Professional, Consultation Fees	0.73	1.17
- Interest	524.43	462.70
- Finance Charges	24.00	68.61
- Other Expenses	26.25	3.11
Total	**575.41**	**535.59**

21.3 The Company has taken office space, accommodations for staff and space for ERP Data Centre on lease. These are classified as operating lease. Lease payments in respect of office space and data centre amounting to ₹ 9.96 Crores (Previous year ₹ 8.40 Crores) is shown under the head 'Other Expenses'. Lease payments in respect of accommodations for staff amounting to ₹ 2.05 Crores (Previous year ₹ 2.92 Crores) form part of 'Employees Benefit Expense.' Future lease payments in respect of these lease agreements are as under:

(₹ in Crores)

Future minimum lease rent payments	As at 31.03.2018		As at 31.03.2017	
	Data Centre	Office & Accomodations	Data Centre	Office & Accomodations
Not later than one year	0.27	14.25	0.36	7.87
Later than one year and not later than 5 years	-	25.57	0.26	16.66
Later than 5 years	-	5.01	-	6.83
Total	**0.27**	**44.83**	**0.62**	**31.36**

22. Provisions and Contingencies

(₹ in Crores)

Particulars	Year ended 31.03.2018	Year ended 31.03.2017
Provision for bad & doubtful debts	1,886.94	626.43
Contingent Provision against Standard Loan Assets	281.94	64.03
Provision against Restructured Standard Loans	(777.23)	419.85
Provision for depreciation on Investment	29.41	-
Total	**1,421.06**	**1,110.31**

23. Changes in inventories

(₹ in Crores)

Particulars	Year ended 31.03.2018	Year ended 31.03.2017
Stock-in-Trade		
Opening Balance	49.04	56.83
Closing Balance	102.40	51.14
Changes in inventories of Stock-in-Trade	**(53.36)**	**5.69**
Work-in-Progress		
Opening Balance	0.04	17.11
Closing Balance	0.00	0.04
Changes in inventories of Work-in-Progress	**0.04**	**17.07**
Total	**(53.32)**	**22.76**

24. **Prior Period Items**

(₹ in Crores)

Particulars	Year ended 31.03.2018	Year ended 31.03.2017
- Travelling and Conveyance	-	(1.01)
- Depreciation	-	(0.64)
- Others	0.02	0.14
Total	**0.02**	**(1.51)**

25. **Earnings per Share**

Particulars	Year ended 31.03.2018	Year ended 31.03.2017
Numerator		
Profit after Tax as per Statement of Profit and Loss (₹ in Crores)	4,689.46	6,313.37
Denominator		
Weighted average Number of equity shares	1,97,49,18,000	1,97,49,18,000
Basic & Diluted Earnings per share of ₹10 each (in ₹)	**23.75**	**31.97**

26 **Contingent Liabilities and Commitments :**

26.1 Contingent Liabilities not provided for in respect of:

(₹ in Crores)

	Particulars	As at 31.03.2018	As at 31.03.2017
(A)	Claims against the Company not acknowledged as debts	166.03	97.63
(B)	Guarantees	32.58	35.32
(C)	Others		
	- Letters of Comfort	13.51	173.36

The amount referred to in 'A' above includes ₹ 0.08 crores (Previous year ₹ 2.37 Crores) in respect of cases pending in various courts including arbitration cases and is dependent upon the outcome of settlement of court/arbitration cases.

Further, it also includes ₹ 165.95 Crores (Previous year ₹ 95.26 Crores) against various demands raised by the Income Tax Department/ Service Tax Department including the cases pending in Delhi High Court/ Supreme Court. The company is contesting these tax demands and the management believes that its position will likely be upheld in the appellate process. Further, the ultimate outcome of these proceedings will not have a material adverse effect on the Company's financial position and results of operations.

26.2 Commitments not provided for in respect of:

(₹ in Crores)

Particulars	As at 31.03.2018	As at 31.03.2017
- Contracts remaining to be executed on capital account		
- Towards Tangible Assets	487.39	376.28
- Towards Intangible Assets	1.93	2.60
- CSR & Other Commitments	2,105.41	322.51

27. Details of Registration/ License/ authorisation obtained from financial sector regulators:

	Particulars	Regulator Name	Registration Details
(i)	Corporate Identification No.	Ministry of Corporate Affairs	L40101DL1969GOI005095
(ii)	Registration Number	Reserve Bank of India	14.000011

28. The Company is registered with the Reserve Bank of India (RBI) as a Non-Banking Financial Company (NBFC) since 1997-98. As per notification No.DNBS(PD).CC No.12/02.01/99-2000 dated 13.1.2000 of RBI, Govt. companies as defined under Section 617 of the Companies Act, 1956 have been exempted from applicability of the provisions of Reserve Bank of India Act, 1934 relating to maintenance of liquid assets and creation of Reserve Funds and the Directions relating to acceptance of public deposits and Prudential Norms. The said notification is also applicable to REC, being a Govt. company as defined under Section 2 (45) of the Companies Act, 2013 (Section 617 of the erstwhile Companies Act, 1956). Accordingly, the Reserve Fund is not created.

Further, as per Para No. 2 (3) of RBI's Master Circular No. DNBR.PD.008/ 03.10.119 / 2016-17 dated 1 September, 2016, REC being a Government Company continues to be exempted from the applicability of "Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015". However, RBI, vide its letters dated 25 July 2013 and 4 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 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 11 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. 1st April 2015, the provisioning requirement would be 5% and for stock of loans as on 31 March 2015 of such projects, the provisioning shall commence with a provision of 2.75% w.e.f 31 March 2015 and reaching 5% by 31 March 2018.

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

29. RBI, vide its letter dated 17th September 2010 had categorized REC as an Infrastructure Finance Company (IFC) in terms of instructions contained in RBI Circular CC No.168 dated 12th February 2010. As an IFC, the total permissible exposure for lending in the private sector is 25% of owned funds in case of single borrower and 40% in case of a single group of borrowers and exposure for lending and investing taken together can be upto 30% and 50% of owned funds, respectively.

In respect of Central/State Government entities, 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 till 31st March, 2022. In view of the above, our maximum credit exposure limits to Central and State power Utilities continue to vary from 50% to 250% of owned funds, depending upon entity appraisal.

In respect of Private Sector entities, the Company's credit exposure to single borrowers and group borrowers did not exceed the RBI prudential exposure limits as at 31st March 2018 and 31st March 2017.

30. <u>Changes in Accounting Policies</u>

During the year, the Company has 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 year ended 31st March 2018 is higher by ₹ 220.75 Crores.

Further, 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 year ended 31st March 2018 is higher by ₹ 136.45 Crores.

Since the validity of certain exemptions given by RBI had expired during the current year in respect of classification of loan assets, the Company has modified the accounting policy in respect of asset classification and provisioning to bring it in line with RBI Master Directions. Due to this change in accounting policy, profit before tax for the year ended 31st March 2018 is lower by ₹ 146.09 Crores.

Due to these changes in accounting policies, profit before tax for the year ended 31st March 2018 is higher by ₹ 211.11 Crores.

31. Quality of Loan Assets

31.1 Details of Restructured Accounts on which restructuring provisioning as per RBI norms is applicable, along-with provisions thereon, are given below

(₹ in Crores)

	Type of restructuring		Under CDR / SME Mechanism					Others						Total				
	Asset Classification details		Standard	Substandard	Doubtful	Loss	Total	Standard	Substandard	Doubtful	Loss	Total		Standard	Substandard	Doubtful	Loss	Total
(1)	Restructured Accounts as on 1st April 2017	No. of borrowers	Nil					14	2	1	-	17		14	2	1	-	17
		Amount outstanding (Restructured facility)						23,496	786	1,345	-	25,627		23,496	786	1,345	-	25,627
		Amount outstanding (Other facility)						-	-	-	-	-		-	-	-	-	-
		Provision Thereon						1,241	79	269	-	1,589		1,241	79	269	-	1,589
(2)	Movement of balance in account appearing in opening balance	No. of borrowers	Nil					2	-	1	-	3		2	-	1	-	3
		Amount outstanding (Restructured facility)						130	-	-	-	130		130	-	-	-	130
		Amount outstanding (Other facility)						-	-	-	-	-		-	-	-	-	-
		Provision Thereon						54	-	135	-	189		54	-	135	-	189
(3)	Fresh restructuring during the year	No. of borrowers	Nil					3	-	1	-	4		3	-	1	-	4
		Amount outstanding (Restructured facility)						316	-	258	-	574		316	-	258	-	574
		Amount outstanding (Other facility)						-	-	-	-	-		-	-	-	-	-
		Provision Thereon						14	-	11	-	25		14	-	11	-	25
(4)	Up gradations to restructured standard category during the year	No. of borrowers	Nil					-	-	(1)	-	(1)		-	-	(1)	-	(1)
		Amount outstanding (Restructured facility)						-	-	(258)	-	(258)		-	-	(258)	-	(258)
		Amount outstanding (Other facility)						-	-	-	-	-		-	-	-	-	-
		Provision Thereon						-	-	(11)	-	(11)		-	-	(11)	-	(11)
(5)	Restructured Standard advances which cease to attract higher provisioning and/ or additional risk weight at the end of the year and hence need not be shown as restructured standard advances at the beginning of the next FY	No. of borrowers	Nil					(5)	-	-	-	(5)		(5)	-	-	-	(5)
		Amount outstanding (Restructured facility)						(9,480)	-	-	-	(9,480)		(9,480)	-	-	-	(9,480)
		Amount outstanding (Other facility)						-	-	-	-	-		-	-	-	-	-
		Provision Thereon						(403)	-	-	-	(403)		(403)	-	-	-	(403)
(6)	Down gradation of restructured accounts during the year	No. of borrowers	Nil					(5)	(2)	-	-	(7)		(5)	(2)	-	-	(7)
		Amount outstanding (Restructured facility)						(8,171)	(786)	-	-	(8,957)		(8,171)	(786)	-	-	(8,957)
		Amount outstanding (Other facility)						-	-	-	-	-		-	-	-	-	-
		Provision Thereon						(442)	(79)	-	-	(521)		(442)	(79)	-	-	(521)
(7)	Addition due to downgradation of restructured accounts during the year	No. of borrowers	Nil					-	5	2	-	7		-	5	2	-	7
		Amount outstanding (Restructured facility)						-	8,639	786	-	9,425		-	8,639	786	-	9,425
		Amount outstanding (Other facility)						-	-	-	-	-		-	-	-	-	-
		Provision Thereon						-	788	157	-	945		-	788	157	-	945
(8)	Write-offs restructured accounts during the year	No. of borrowers	Nil					-	-	-	-	-		-	-	-	-	-
		Amount outstanding (Restructured facility)						-	-	-	-	-		-	-	-	-	-
		Amount outstanding (Other facility)						-	-	-	-	-		-	-	-	-	-
		Provision Thereon						-	-	-	-	-		-	-	-	-	-
(9)	Restructured accounts as on 31st March 2018	No. of borrowers	Nil					8	5	3	-	16		8	5	3	-	16
		Amount outstanding (Restructured facility)						6,290	8,639	2,131	-	17,060		6,290	8,639	2,131	-	17,060
		Amount outstanding (Other facility)						-	-	-	-	-		-	-	-	-	-
		Provision Thereon						464	789	561	-	1,814		464	789	561	-	1,814

31.2 The Classification of Loan Assets of the Company (classified in Note No. 11) as per RBI Prudential Norms is as under:

(₹ in Crores)

	Asset Classification	As at 31.03.2018		As at 31.03.2017	
		Loan Balance	Provision created against Loan Assets	Loan Balance	Provision created against Loan Assets
(i)	**Standard Assets**				
(a)	Restructured Standard Loan Assets (Refer Note below)	6,290.13	463.95	23,495.57	1,241.19
(b)	Other than (a) above	2,16,030.77	889.40	1,73,560.42	607.46
	Sub-total (i)	**2,22,320.90**	**1,353.35**	**1,97,055.99**	**1,848.65**
(ii)	**Non Performing Assets**				
(a)	Sub-standard Assets	12,473.52	1,302.90	1,226.75	205.92
(b)	Doubtful Assets	4,637.68	2,196.14	3,628.71	1,412.20
(c)	Loss Assets	17.22	17.22	17.22	17.22
	Sub-total (ii)	**17,128.42**	**3,516.26**	**4,872.68**	**1,635.34**
	Total	**2,39,449.32**	**4,869.61**	**2,01,928.67**	**3,483.99**

Note : Loan assets as mentioned in (i)(a) refer to restructured standard loan assets as specified in Accounting Policy No. B 2.3(iv).

Reserve Bank of India (RBI) vide Notification No. DBR.No.BP.BC.101/21.04.048/2017-18 dated 12th February 2018 issued a Revised Framework for Resolution of Stressed Asset, which superseded the existing guidelines on CDR/ SDR/ Change in ownership outside SDR, Flexible Structuring of Existing Long Term Project Loans (5/25 Scheme) and S4A scheme. While the notification is applicable to all Scheduled Commercial Banks (excluding Regional Rural Banks (RRB)) and all-India Financial Institutions (Exim Bank, NABARD, NHB and SIDBI), the guidelines per se are not applicable to the Company, being NBFC-IFC. However, as a matter of prudence, REC has also followed these guidelines and classified loans amounting to ₹ 9,591.39 crores as NPAs as at 31st March 2018.

31.3 Sector-wise NPAs - Percentage of NPAs to Total Advances in that sector

Particulars	As at 31.03.2018	As at 31.03.2017
- Power Sector	7.15%	2.41%

31.4 Movement of NPAs

(₹ in Crores)

	Particulars	As at 31.03.2018	As at 31.03.2017
(i)	**Net NPAs to Net Advances (%)**	**5.77%**	**1.62%**
(ii)	**Movement of NPAs (Gross)**		
(a)	Opening balance	4,872.69	4,243.57
(b)	Additions during the year	12,560.99	686.56
(c)	Reductions during the year	305.26	57.44
(d)	Closing balance	**17,128.42**	**4,872.69**
(iii)	**Movement of NPAs (Net)**		
(a)	Opening balance	3,237.35	3,230.30
(b)	Additions during the year	10,636.51	56.25
(c)	Reductions during the year	261.70	49.20
(d)	Closing balance	**13,612.16**	**3,237.35**
(iv)	**Movement of provisions for NPAs**		
(a)	Opening balance	1,635.34	1,013.27
(b)	Provisions made during the year	1,924.48	630.31
(c)	Write-off / write-back of excess provisions	43.56	8.24
(d)	Closing balance	**3,516.26**	**1,635.34**

32. Exposure Related Disclosures

32.1 Exposure to Real Estate Sector

The Company has no exposure to real estate sector as at 31st March 2018 (Previous year Nil).

32.2 Exposure to Capital Market

(₹ in Crores)

	Particulars	As at 31.03.2018	As at 31.03.2017
(i)	Direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	579.37	520.85
(ii)	Advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	-	-
(iii)	Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	-	-
(iv)	Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds 'does not fully cover the advances;	-	-
(v)	Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	-	-
(vi)	Loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	-	-
(vii)	Bridge loans to companies against expected equity flows/ issues;	-	-
(viii)	All exposures to Venture Capital Funds (both registered and unregistered)	6.15	6.15
	Total Exposure to Capital Market	**585.52**	**527.00**

32.3 Unsecured Advances against Intangible Assets

There are no such advances outstanding as at 31st March 2018 (Previous year Nil) for which intangible collaterals such as rights, licenses, authority, etc. are charged in favour of the Company in respect of projects financed by the Company.

33. Concentration of Advances, Exposures and NPAs

	Particulars	As at 31.03.2018	As at 31.03.2017
(i)	**Concentration of Advances**		
	Total Advances to twenty largest borrowers (₹ in Crores)	1,36,285.52	1,11,916.90
	Percentage of Advances to twenty largest borrowers to Total Advances of the Company	56.92%	55.42%
(ii)	**Concentration of Exposures**		
	Total Exposure to twenty largest borrowers (₹ in Crores)	2,36,006.27	1,97,327.07
	Percentage of Exposures to twenty largest borrowers to Total Exposure of the Company on borrowers	59.25%	60.34%
(iii)	**Concentration of NPAs**		
	Total Outstanding to top four NPA Accounts (₹ in Crores)	8,558.91	3,444.72
	Total Exposure to the above four NPA Accounts (₹ in Crores)	8,558.91	3,444.72

34. The Company has not entered into any securitisation/ assignment transactions during the year ended 31st March 2018 (Previous year Nil). Further, no assets have been sold to securitisation/ reconstruction company for asset reconstruction. The Company has also not entered into any transaction of sale and purchase of non-performing financial assets.

35. Implementation of Govt. Schemes

35.1 Pradhan Mantri Sahaj Bijli Har Ghar Yojana (SAUBHAGYA)

Government of India has launched a scheme "Pradhan Mantri Sahaj Bijli Har Ghar Yojana" - Saubhagya to achieve universal household electrification in the country. The scheme envisages to provide last mile connectivity and electricity connections to all remaining un-electrified households in rural areas and poor households in urban areas by 31st March 2019. The scheme has been launched with a total cost of ₹ 16,320 Crore including Gross Budgetary Support of ₹ 12,320 Crore from Govt. of India during the entire implementation period. REC has been nominated as the Nodal Agency responsible for operationalization of scheme in the entire country.

35.2 Deen Dayal Upadhyaya Gram Jyoti Yojana (DDUGJY)

Government of India has launched Deen Dayal Upadhyaya Gram Jyoti Yojana (DDUGJY) with the following components:

(i) Separation of agriculture and non-agriculture feeders facilitating judicious rostering of supply to agriculture & non-agriculture consumers in the rural areas;

(ii) Strengthening and augmentation of sub-transmission & distribution infrastructure in rural areas, including metering of distribution transformers/feeders/consumers

(iii) Rural electrification, as per CCEA approval dated 01.08.2013 for completion of the targets laid down under RGGVY for 12th and 13th Plans by carrying forward the approved outlay for RGGVY to DDUGJY.

The components at (i) and (ii) of the above scheme will have an estimated outlay of ₹ 43,033 crore including budgetary support of ₹ 33,453 crore from Government of India during the entire implementation period. The scheme of RGGVY as approved by CCEA for continuation in 12th and 13th plan will get subsumed in this scheme as a separate Rural Electrification (RE) component. REC has been nominated as nodal agency for operationalization of this scheme.

35.3 National Electricity Fund (NEF)

The National Electricity Fund (NEF), an interest subsidy scheme, has become operational during the year 2012-13. The scheme has been introduced by Govt. of India to promote the capital investment in the distribution sector. The scheme shall provide interest subsidy linked with reform measures, on the loans taken by public and private distribution power utilities for various capital works under Distribution sector. NEF would provide interest subsidy aggregating upto ₹ 8,466 Crores (including interest subsidy to the borrowers, service charges to the nodal agency, payments to independent evaluators and other incidental expenses) spread over 14 years for loan disbursement against projects approved during 2012-13 and 2013-14. REC has been nominated as Nodal Agency for operationalisation of the NEF scheme in entire country.

35.4 J&K Prime Minister's Development Plan (PMDP)

Government of Jammu & Kashmir, Power Development Department has appointed RECPDCL and RECTPCL as a Project Implimenting Agency (PIA) for design, engineering, procurement, supply, erection, testing and commsioning of all the material and services works to be taken-up for execution of distribution work under PMDP in J&K state on nomination basis, as per actual cost to be discovered through competitive biddings.

35.5 Urja Mitra and 11 kV Feeder Monitoring

Ministry of Power has initiated two schemes namely Urja Mitra and 11 kV Feeder Monitoring. Urja Mitra is an initiative which aims to provide information about power outage/cuts /breakdown/shutdown (both planned and unplanned) to the consumers. Feeder Monitoring scheme is to develop a Self-sustained independent web based system for automated 11 kV Rural Feeder Monitoring System through Data Logging of various essential parameters of all the Outgoing 11kV rural feeders from 66, 33/11 kV sub stations and make the information available online for various stake holders including public portal, on real time basis for power supply monitoring, alerts, meter data analysis, information dissemination and energy audit. RECTPCL has been appointed as nodal agency for the both the schemes.

36. In the opinion of the management, the current assets, loans and advances appearing in the balance sheet have a value equivalent to the amount stated therein if realized during the ordinary course of business and all known liabilities have been provided.

37. Disclosure under Micro, Small and Medium Enterprises Development Act, 2006:

(₹ in Crores)

Particulars	As at 31.03.2018	As at 31.03.2017
Principal amount remaining unpaid but due as at year end	1.83	0.30
Interest due thereon as at year end	0.14	0.06
Interest paid by the company in terms of Section 16 of MSME Development Act, 2006 along with the amount of the payment made to the supplier beyond the appointed day during the year.	-	-
Interest due and payable for the period of delay in making payment but without adding the interest specified under MSME Development Act, 2006.	-	-
Interest accrued and remaining unpaid as at year end.	0.14	0.06
Further interest remaining due and payable even in the succeeding years, until such date when the interest due as above are actually paid to the small enterprises.	-	-

38. Derivatives Related Disclosures

38.1 Forward Rate Agreements/ Interest Rate Swaps

(₹ in Crores)

	Particulars	As at 31.03.2018	As at 31.03.2017
(i)	The notional principal of swap agreements	38,608.11	41,664.18
(ii)	Losses which would be incurred if counterparties failed to fulfill their obligations under the agreements	690.38	628.07
(iii)	Collateral required by the NBFC upon entering into swaps	Nil	Nil
(iv)	Concentration of credit risk arising from the swaps	Refer Note Below	Refer Note Below
(v)	The fair value of the swap book	372.62	273.61

Note : REC, being NBFC has entered into swap agreements with Category-I, Authorized Dealers Banks only, in accordance with the RBI guidelines. All the swap agreements entered into with banks are well with in the credit risk limit defined in the Board approved Risk Management Policy.

38.2 The Company has not entered into any exchange traded Interest Rate (IR) derivatives.

38.3 Disclosure on Risk Exposure in Derivatives

38.3.1 Qualitative Disclosures

REC has Risk Management Policy duly approved by the Board. The policy covers the currency risk of the company. This policy provides the guiding parameters within which the Company can take decisions for managing the Currency Risk that it is exposed to on account of foreign currency loan. The purpose of the policy is to provide a framework to the Company for management of its foreign currency risk.

Risk Management Structure

An Asset Liability Management Committee (ALCO) is currently functioning under the chairmanship of CMD, Director (Finance), Director (Technical), Executive Directors and General Managers from Finance and Operating Divisions as its members. ALCO monitors Foreign currency risk with exchange rate and interest rate managed through various derivative instruments.

Derivative transactions include forwards, interest rate swaps, cross currency swaps and currency and cross currency options to hedge assets and liabilities. These derivative transactions are done for hedging purpose and not for trading or speculative purpose.

Type of Risks Involved

(i) **Credit Risk -** Credit risk is the risk of loss due to counterparty's failure to perform on an obligation to the Company.

(ii) **Market Risk -** Market risk is the risk of loss due to adverse changes in the market value (the price) of an instrument or portfolio of instruments. Such exposures occurs with respect to derivative instruments when changes occur in market factors such as underlying interest rates, exchange rates etc or in the volitality of these factors.

(iii) **Liquidity Risk -** Liquidity risk is the risk of loss due to failure of the institution to meet its funding requirments or execute a transaction at a reasonable price. This may be market liquidity risk or funding liquidity risk.

(iv) **Operational Risk -** Operational risk is the risk of loss occuring as a result of inadequate system and control, deficiencies in information system, human error or a management failure. Derivative activities can pose challenging operational risk issue because of complexity of certain products and their continual evolution.

(v) **Legal Risk -** Legal risk is the risk of loss arising from contracts which are not legally enforceable or documented correctly.

(vi) **Regulatory Risk -** Regulatory risk is the risk of loss arising from failure to comply with regulatory or legal requirements.

38.3.2 Quantitative Disclosures

(₹ in Crores)

	Particulars	Currency Derivatives *		Interest Rate Derivatives **	
		As at 31.03.2018	As at 31.03.2017	As at 31.03.2018	As at 31.03.2017
(i)	Derivatives (Notional Principal Amount)				
	For hedging	18,162.11	18,482.32	20,446.00	23,181.86
(ii)	Marked to Market Positions				
a)	Asset (+)	453.61	370.75	236.76	257.32
b)	Liability (-)	232.67	289.24	85.08	65.22
(iii)	Credit Exposure	18,162.11	18,482.32	20,446.00	23,181.86
(iv)	Unhedged Exposures	11,810.92	2,701.67	N.A.	N.A.

* Includes Full Hedge, Principal only Swap and Call Spread.

** Includes Interest Rate Derivatives as a strategy of cost reduction

39. Related Party Disclosures :

(1) Key Managerial Personnel

Dr. P.V. Ramesh	Chairman & Managing Director
Sh. Ajeet Kumar Agarwal	Director (Finance)
Sh. Sanjeev Kumar Gupta	Director (Technical)
Sh. J.S. Amitabh	GM & Company Secretary

(2) Wholly owned Subsidiaries of REC Transmission Projects Company Limited

Dinchang Transmission Limited - Incorporated on 02.12.2015

Ghatampur Transmission Limited - Incorporated on 02.12.2016

ERSS XXI Transmission Limited - Incorporated on 11.01.2017 and transferred to M/s Powergrid Corporation of India Limited (PGCIL) on 12.01.2018, substantially upon the terms and conditions as detailed in the Share Purchase Agreement executed between RECTPCL, ERSS XXI Transmission Limited and PGCIL.

WR-NR Power Transmission Limited - Incorporated on 12.01.2017 and transferred to M/s Powergrid Corporation of India Limited (PGCIL) on 27.03.2018, substantially upon the terms and conditions as detailed in the Share Purchase Agreement executed between RECTPCL, WR-NR Power Transmission Limited and PGCIL.

Chandil Transmission Limited - Incorporated on 14th March, 2018

Koderma Transmission Limited - Incorporated on 19th March, 2018

Dumka Transmission Limited - Incorporated on 23rd March, 2018

Mandar Transmission Limited - Incorporated on 26th March, 2018

In view of Ministry of Power's Office Memorandum dated 30th August, 2017 and to have better operational efficiency and to reap the benefits of higher capital base & pooled resources, it was decided to merge two unlisted wholly owned subsidiary companies of Rural Electrification Corporation Limited i.e. REC Power Distribution Company Limited (RECPDCL) and REC Transmission Projects Company Limited (RECTPCL) into one single entity.

Accordingly, as per provisions of the Companies Act, 2013 and Rules made thereunder, after the approval of Board of Directors, shareholders, creditors of respective companies and approval of Holding company i.e. REC, an application has been filed with the Ministry of Corporate Affairs (MCA) on 27th March, 2018 for sanction of Scheme of Arrangement for amalgamation of RECTPCL (Transferor Company) with RECPDCL (Transferee Company) and approval of the same is awaited.

Details of amount due from/ to the related parties :

(₹ in Crores)

Particulars	As at 31.03.2018	As at 31.03.2017
Long-term Debt		
Key Managerial Personnel	0.10	0.10
Loans & Advances		
Key Managerial Personnel	0.53	0.50

Details of Transactions with the related parties :

(₹ in Crores)

Particulars	For the year ended 31.03.2018	For the year ended 31.03.2017
Long Term Debt - Amount Invested		
Key Managerial Personnel	-	-
Loans & Advances		
Key Managerial Personnel	0.20	0.06
Interest Income - Loans & Advances		
Key Managerial Personnel	0.02	0.03
Finance Cost		
Interest Paid to Key Managerial Personnel	0.01	0.01
Employee Benefits Expense - Managerial Remuneration	2.04	2.09

40. Disclosures for Employee Benefits as required under AS 15:

(1) Defined Contribution Plans

A. Provident Fund

Company pays fixed contribution of Provident Fund at pre-determined rates to a separate trust registered under The Provident Fund Act, 1925 which invests the funds in permitted securities. The trust fixes the rate of interest on contribution to the members of the fund based upon the returns earned on investments during the year. Since the Act does not prescribe the minimum interest to be paid to the members of the fund, it is considered as Defined Contribution Plan as per the provisions of AS 15.

In case of RECPDCL & EESL, there is no separate trust and the Company makes Provident Fund Contributions to defined contribution plans.

B. Defined Contribution Superannuation Scheme

The Company pays fixed contribution towards superannuation scheme at pre-determined rates to NPS Trust/ separate trust which invests the funds with the Insurers. The Insurers fix the rate of interest on the balance standing to the credit of the accounts of the members of the trust. When the pension becomes payable to the member, the Insurers shall appropriate the member's accumulation towards various annuities, as opted for by the member.

Amount recognised as expenses towards defined contribution plans:

(₹ in Crores)

	Particulars	For the year ended 31.03.2018	For the year ended 31.03.2017
(i)	Provident Fund	8.75	8.05
(ii)	Defined Contribution Superannuation Scheme	5.91	5.46
	Total	**14.66**	**13.51**

(2) Defined Benefit Plans - Post-Employment Benefits

A. Gratuity

The Company has a defined benefit gratuity plan. Every employee is entitled to gratuity as per the provisions of the Payment of Gratuity Act, 1972. The scheme is funded by the Company and is managed by separate trust. The liability of Gratuity is recognized on the basis of actuarial valuation.

In case of EESL, there is no separate trust and the liability for gratuity is provided for in the books of accounts as per the provisions of the Payment of Gratuity Act, 1972 and is recognized on the basis of actuarial valuation.

B. Post Retirement Medical Facility (PRMF)

The Company has Post Retirement Medical Facility under which the entitled retired employees (including his/her spouse) are covered as per Company Rules. The expenditure is recognized in the Statement of Profit & Loss on the basis of actuarial valuation.

C. Other Defined Retirement Benefit (ODRB)

The Company has a scheme for settlement of the employee and their dependents at the time of superannuation at home town. The expenditure is recognized in the Statement of Profit & Loss on the basis of actuarial valuation.

The summarized position of various defined benefits recognized in the Statement of Profit & Loss, Balance Sheet and the funded status is as under:

Expense recognised in Statement of Profit & Loss:

(₹ in Crores)

Particulars	Gratuity		PRMF		ODRB	
	31.03.2018	31.03.2017	31.03.2018	31.03.2017	31.03.2018	31.03.2017
Current Service Cost	2.30	2.25	1.96	1.63	0.06	0.06
Interest Cost	3.81	3.00	7.29	6.93	0.10	0.10
Expected Return on Plan Assets	2.93	2.97	0.00	0.00	0.00	0.00
Actuarial (Gain)/ Loss	(0.10)	11.42	6.45	8.65	(0.07)	(0.02)
Expense recognized*	3.08	13.70	15.70	17.21	0.09	0.14

* Includes amount of ₹ 0.24 crores (Previous Year ₹ 0.11 crores) in respect of EESL

Amounts recognised in Balance Sheet:

(Amounts below in 'Gratuity' columns denotes respective amounts in the Balance Sheet of gratuity trust)

(₹ in Crores)

Particulars	Gratuity		PRMF		ODRB	
	31.03.2018	31.03.2017	31.03.2018	31.03.2017	31.03.2018	31.03.2017
Present value of obligation as at the end of the year	53.04	50.80	105.19	97.15	1.24	1.27
Fair value of Plan Assets as at the end of the year	48.66	35.69	-	-	-	-
Net Assets/ (Liability) recognized*	(3.48)	(14.73)	(105.19)	(97.15)	(1.24)	(1.27)

* Includes amount of ₹ 0.45 crores (Previous Year ₹ 0.19 crores) in respect of EESL

Changes in the Present value of defined benefit/ Obligation:

(₹ in Crores)

Particulars	Gratuity		PRMF		ODRB	
	31.03.2018	31.03.2017	31.03.2018	31.03.2017	31.03.2018	31.03.2017
Present value of obligation as at the beginning of the year	50.81	37.43	97.15	86.62	1.27	1.22
Acquisition Adjustment	0.04	0.00	0.00	0.00	0.00	0.00
Interest Cost	3.81	3.00	7.29	6.93	0.10	0.10
Past Service Cost	0.00	0.00	0.00	0.00	0.00	0.00
Current Service Cost	2.30	2.25	1.96	1.63	0.06	0.06
Benefit Paid	(3.84)	(3.30)	(7.66)	(6.68)	(0.12)	(0.09)
Actuarial (Gain)/ Loss on obligation	(0.08)	11.42	6.45	8.65	(0.07)	(0.02)
Present Value of defined benefit obligation at the end of the year*	53.04	50.80	105.19	97.15	1.24	1.27

* Includes amount of ₹ 0.45 crores (Previous Year ₹ 0.19 crores) in respect of EESL

Changes in the Fair Value of Plan Assets:

(Amounts below in 'Gratuity' columns denotes respective amounts for the gratuity trust)

(₹ in Crores)

Particulars	Gratuity		PRMF		ODRB	
	31.03.2018	31.03.2017	31.03.2018	31.03.2017	31.03.2018	31.03.2017
Fair value of Plan Assets as at the beginning of the year	35.69	35.48	-	-	-	-
Return on Plan Assets	2.93	2.97	-	-	-	-
Contributions	13.83	0.53	-	-	-	-
Benefit Paid	-3.81	-3.29	-	-	-	-
Actuarial Gain/ (Loss) on Plan Assets	0.02	-	-	-	-	-
Fair value of Plan Assets as at the end of the year	48.66	35.69	-	-	-	-

Funded Status and Experience adjustments for liability towards Gratuity:

(₹ in Crores)

Particulars	31.03.2018	31.03.2017	31.03.2015	31.03.2014	31.03.2013
Present value of obligation at year end	53.04	50.80	37.34	38.16	38.07
Fair value of Plan Assets at year end	48.66	35.69	35.48	36.25	35.94
Funded Status	**(4.38)**	**(15.11)**	**(1.86)**	**(1.91)**	**(2.13)**
Experience adjustment; Gain/(Loss):					
Experience adjustment on plan liabilities	0.32	(10.26)	1.51	1.17	0.68
Experience adjustment on plan assets	0.02	-	(0.23)	(0.40)	(0.30)

The effect of an increase/ decrease of one percent point in inflation rate on PRMF:

(₹ in Crores)

Particulars	1% (+)		1% (-)	
	31.03.2018	31.03.2017	31.03.2018	31.03.2017
Service & Interest Cost	1.48	0.84	-0.99	-1.34
PBO (Closing)	13.49	12.14	-10.96	-9.86

Actuarial Assumptions:

Particulars	Gratuity		PRMF		ODRB	
	31.03.2018	31.03.2017	31.03.2018	31.03.2017	31.03.2018	31.03.2017
Method Used	Projected Unit Credit (PUC)	Projected Unit Credit (PUC)	Projected Unit Credit (PUC)	Projected Unit Credit (PUC)	Projected Unit Credit (PUC)	Projected Unit Credit (PUC)
Discount Rate*	7.60%	7.50%	7.60%	7.50%	7.60%	7.50%
Expected Rate of Return on Plan Assets	8.00%	8.20%	-	-	-	-
Future Salary Increase	6.50%	6.00%	6.50%	6.00%	6.50%	6.00%

* In case of EESL, discount rate has been assumed to be 7.80%.

- The Expected Rate of Return on Assets is the assumed rate of return (annualised).
- The Principle assumptions are the discount rate and salary growth rate. The discount rate is generally based on the market yields available on govt. bonds at the reporting date with a term that matches the liabilities and the salary growth rate takes account of inflation, seniority, promotions and other relevant factors as long term basis. The above information is certified by the Actuary.

41. Status of Documentation Subsequent to Unbundling of SEBs

Some of the erstwhile State Electricity Boards (SEBs) against whom loans were outstanding or on whose behalf guarantees were given, were restructured by the respective State Governments and new entities were formed in the past. Consequently, the liabilities of the erstwhile SEBs stand transferred to new entities. However, transfer agreements in the case of Chhattisgarh State Electricity Board (CSEB) are yet to be executed amongst the Company, new entity and the State Government.

Agreements in case of erstwhile Tamil Nadu State Electricity Board (TNEB) have been executed based on the provisional provisions of the Tamil Nadu Electricity (Re-organisation and Reforms) Transfer Scheme, 2010. However further transfer agreements in this regard shall be executed, once finalized based on the discussion with the Tamilnadu utilities.

Status of Documentation Subsequent to Reorganisation of the State of Andhra Pradesh

Subsequent to the reorganisation of erstwhile State of Andhra Pradesh, the state of Telangana has been formed on 2 June 2014. However, the assets and liabilities are yet to be transferred to the respective power utilities through a formal Gazette Notification.

Status of Documentation is as under:

(i) Where ever the loans have been sanctioned to erstwhile APCPDCL, APNPDCL and APGENCO prior to bifurcation and documentation has not been done, these schemes have been re-sanctioned in the name of newly formed utilities and documentation formalities completed and accordingly the charge has been registered with the Ministry of Corporate Affairs (MCA).

(ii) Where ever the loans sanctioned in the name of erstwhile APCPDCL, APNPDCL prior to bifurcation and documentation formalities completed and drawls have been made, in these schemes an undertaking has been obtained from the name changed / newly formed utility and disbursements have been made to the newly formed utility by changing the name of the borrower in the name of new / name changed utility.

(iii) Where ever the Loan is sanctioned in the name of erstwhile APCPDCL, APNPDCL prior to bifurcation and documentation formalities completed with Government Guarantee and drawls have been made, further documentation for these schemes shall be done on Gazette Notification.

(iv) Once the final transfer scheme is notified through Gazette Notification by Govt, duly indicating the transfer of assets and liabilities among the power utilities, action for execution of documentation formalities will be taken up in respect of all the outstanding loans with the new / name changed utilities. Till that time, the demand for payment of interest / principal is being segregated by the Utilities and the respective portions are being paid by Utilities in Telangana and Andhra Pradesh.

42. The Ministry of Power launched a scheme 'Ujwal DISCOM Assurance Yojana' (UDAY) for achieving financial turnaround of the DISCOMs which are reeling under burden of heavy debt and losses. As per the OM dated 20 November 2015 issued by MoP on the UDAY scheme, States shall take over 75% of the DISCOM debt as on 30th September 2015 over 2 years.

The DISCOMs of Punjab, Uttar Pradesh, Chhattisgarh, Rajasthan, Haryana, Bihar, Tamil Nadu, Madhya Pradesh, Telangana, Himachal Pradesh and Andhra Pradesh have pre-paid their outstanding loan amounting to ₹ 42,700 Crores till date under the scheme.

43. 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.

44. Capital to Risk-weighted Assets Ratio (CRAR)

Being an Infrastructure Finance Company (IFC), REC is required to maintain a Capital to Risk Weighted Assets Ratio (CRAR) of 15% (with a minimum Tier I Capital of 10%).

	Particulars	As at / For the year ended 31.03.2018	As at / For the year ended 31.03.2017
(i)	CRAR (%)	19.39%	21.18%
(ii)	CRAR - Tier I Capital (%)	16.84%	18.43%
(iii)	CRAR - Tier II Capital (%)	2.55%	2.75%
(iv)	Amount of subordinated debt raised as Tier-II capital (₹ in crore)	-	-
(v)	Amount raised by issue of Perpetual Debt Instruments (₹ in crore)	-	-

45. Asset Liability Management - Maturity pattern of certain items of Assets and Liabilities :

(₹ in Crores)

As at 31.03.2018	Advances	Investments	Borrowings		Foreign Currency Items	
			Domestic Borrowings	Foreign Currency Borrowings	Assets	Liabilities (Other than Borrowings)
Upto 30/31 days	1,424	12	312	976	-	-
Over 1 month upto 2 months	1,693	-	428	-	-	-
Over 2 months upto 3 months	3,626	-	973	110	-	-
Over 3 month & upto 6 months	8,007	-	9,646	1,698	-	-
Over 6 months & upto 1 year	12,296	172	16,658	7,257	-	-
Over 1 year & upto 3 years	49,686	94	61,359	11,140	-	-
Over 3 years & upto 5 years	45,866	-	32,876	3,698	-	-
Over 5 years	1,13,335	2,303	47,269	5,095	-	-
Total	**2,35,933**	**2,581**	**1,69,520**	**29,973**	**-**	**-**

(₹ in Crores)

As at 31.03.2017	Advances	Investments	Borrowings		Foreign Currency Items	
			Domestic Borrowings	Foreign Currency Borrowings	Assets	Liabilities (Other than Borrowings)
Upto 30/31 days	1,117	-	403	1,103	-	-
Over 1 month upto 2 months	3,160	-	366	-	-	-
Over 2 months upto 3 months	2,363	-	326	89	-	-
Over 3 month & upto 6 months	5,405	-	9,854	102	-	-
Over 6 months & upto 1 year	9,573	184	5,772	157	-	-
Over 1 year & upto 3 years	38,153	189	46,646	13,161	-	-
Over 3 years & upto 5 years	36,044	-	33,475	6,325	-	-
Over 5 years	1,04,478	2,244	49,826	248	-	-
Total	**2,00,293**	**2,617**	**1,46,667**	**21,184**	**-**	**-**

46. Disclosures in respect of Entities Consolidated as required under Schedule III to the Companies Act, 2013 (after adjustment of intergroup transactions):

Sl. No.	Name of the Entity	Net Assets i.e. Total Assets minus Total Liabilities		Share in Profit or Loss	
		As % of Consolidated Net Assets	Amount (₹ in Crores)	As % of Consolidated Profit or Loss	Amount (₹ in Crores)
(1)	**Parent**				
	Rural Electrification Corporation Limited	98.74%	35,419.04	98.62%	4,624.96
(2)	**Subsidiaries - Indian**				
1.	REC Power Distribution Company Limited	0.46%	166.23	0.53%	24.71
2.	REC Transmission Projects Company Limited	0.32%	115.25	0.65%	30.59
(3)	**Joint Venture - Indian**				
1.	Energy Efficiency Services Limited	0.48%	171.78	0.20%	9.20
	Total	**100.00%**	**35,872.30**	**100.00%**	**4,689.46**

47. Disclosures in respect of different accounting policies of Group Companies

(i) RECPDCL has adopted different useful life for certain fixed assets item- camera, gps, other hand held wireless devices, mobile/tablet, furniture & fixtures and intangible assets from that of Rural Electrification Corporation Limited, the impact of which is immaterial.

(ii) In case of Energy Efficiency Services Limited (EESL), depreciation on cell phone, ESCO Projects and residential assets are provided at different rates from that of Rural Electrification Corporation Limited. The total amount of gross block and depreciation charged during the year on these assets pertaining to the Company's share in the Joint Venture, EESL considered in the Consolidated Financial Statements for the year 2017-18 are ₹ 405.93 crores (Previous Year ₹ 275.94 crores) and ₹ 62 crores (Previous Year ₹ 50.62 crores) respectively.

(iii) In case of EESL, a Joint Venture of the Company, the exchange differences arising on reporting of long-term foreign currency monetary items

(a) on account of a depreciable asset, is recognized by adjusting the cost of the depreciable asset and depreciated over the balance life of the asset.

(b) in other cases, is recognized as income or expense in the statement of profit and loss.

48. There are no Off-Balance Sheet SPVs sponsored by the Company, which need to be consolidated as per accounting norms.

49. No penalties have been levied on the Company by any regulator during the year ended 31st March 2018 (Previous year Nil).

50. No complaints have been received by the Company from the borrowers under the Fair Practices Code during the year ended 31st March 2018 (Previous year Nil).

51. Previous year figures have been reclassified/ regrouped to conform to the current classification.

52. Figures in Rupees have been rounded off to the nearest crores with two decimals, unless expressly stated.

The Significant Accounting Policies and Notes to Accounts 1 to 52 are an integral part of the Consolidated Financial Statements.

CONSOLIDATED NOTES TO ACCOUNTS FOR THE YEAR 31.03.2017

1. The consolidated financial statements represent consolidation of accounts of the company (Rural Electrification Corporation Limited), its subsidiary companies and joint venture entity as detailed below:

Name of the Subsidiary Company/ Joint Venture	Country of Incorporation	Proportion of ownership Interest	Status of Accounts
Name of the Subsidiaries			
- REC Transmission Projects Company Limited (RECTPCL)	India	100%	Audited
- REC Power Distribution Company Limited (RECPDCL)	India	100%	Audited
Name of the Joint Ventures			
- Energy Efficiency Services Limited (EESL) *	India	31.71%	Un-audited

* The financial statements are un-audited and certifed by the management and have been considered for Consolidated Financial Statements of the Group. The figures appearing in the financial statements may change upon completion of the audit.

RECTPCL forms wholly owned subsidiaries to act as SPVs for transmission projects with an intention that these SPVs will be handed over to the successful bidder on completion of the bidding process. As per Para 11 of AS-21, a subsidiary should be excluded from consolidation when control is intended to be temporary because the subsidiary is acquired and held exclusively with a view to its subsequent disposal in the near future. Therefore, the financial statements of the subsidiaries of RECTPCL namely Dinchang Transmission Limited, Ghatampur Transmission Limited, ERSS XXI Transmission Limited and WR-NR Power Transmission Limited have not been consolidated with the financial statements of the Company.

2. **Share Capital**

(₹ in Crores)

Particulars	As at 31.03.2017		As at 31.03.2016	
	No. of Shares	Amount	No. of Shares	Amount
Authorised : Equity shares of ₹ 10 each	5,00,00,00,000	5,000.00	1,20,00,00,000	1,200.00
Issued, Subscribed and Paid up : Fully paid up Equity shares of ₹ 10 each	1,97,49,18,000	1,974.92	98,74,59,000	987.46
Total	**1,97,49,18,000**	**1,974.92**	**98,74,59,000**	**987.46**

2.1 **Reconciliation of the number of shares outstanding at the beginning and at the end of the year**

(₹ in Crores)

Particulars	As at 31.03.2017		As at 31.03.2016	
	No. of Shares	Amount	No. of Shares	Amount
Number of shares at the beginning of the year	98,74,59,000	987.46	98,74,59,000	987.46
Add: Bonus shares issued & allotted during the year	98,74,59,000	987.46	-	-
Number of shares at the end of the year	**1,97,49,18,000**	**1,974.92**	**98,74,59,000**	**987.46**

The shareholders of the Company in Annual General Meeting (AGM) held on 21 September 2016 inter alia approved the increase in Authorised Capital of the Company from ₹ 1,200 crores to ₹ 5,000 crores and issue of Bonus shares in the ratio of 1:1 (i.e. one bonus equity share of ₹ 10/- each for every one fully paid up Equity Share of ₹ 10/- each), to the shareholders by capitalizing existing reserves by a sum of ₹ 987.46 Crores. Accordingly, 98,74,59,000 bonus shares were issued & allotted on 30 September 2016.

2.2 **Allotment of Bonus Shares during the year and during preceding five years**
The Company has allotted 98,74,59,000 Equity Shares as fully paid up by way of bonus shares during FY 2016-17.

2.3 The holders of the equity shares of the Company are entitled to receive dividends as and when declared by the Company and enjoy proportionate voting rights in case any resolution is put to vote. Further, the shareholders have all such rights, as may be available to a shareholder of a listed public company, under the Companies Act, 2013 and rules made thereunder, Companies Act, 1956 (to the extent applicable), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Memorandum of Association and Articles of Association of the Company.

2.4 **Shareholders holding more than 5% of fully paid-up equity shares :**

Name	As at 31.03.2017		As at 31.03.2016	
	No. of Shares	Percentage	No. of Shares	Percentage
The President of India	1,16,25,04,472	58.86%	59,87,67,680	60.64%
Life Insurance Corporation of India	12,63,22,504	6.40%	8,64,90,414	8.76%

During the financial year 2016-17, the President of India acting through Ministry of Power, Government of India divested/sold 2,51,33,733 equity shares i.e. 1.28 % of total paid up capital of the Company on 25 January 2017 and 98,97,155 equity shares i.e. 0.50% of total paid up capital of the Company on 22 March 2017 through Off-market sale of shares under the Central Public Sector Enterprises Exchange Traded Fund (CPSE ETF). Accordingly, as on 31 March 2017, the President of India holds 58.86 % of the paid up equity share capital of the Company.

3. Reserves and Surplus

(₹ in Crores)

Particulars	As at 31.03.2017	As at 31.03.2016
	Amount	Amount
Capital Reserve	**105.00**	**105.00**
Securities Premium Account (Refer Note 3.1 & 3.4)		
Balance as at the beginning of the year	3,224.00	3,223.72
Add: Additions during the year	-	0.28
Less: Deductions/ Adjustments during the year	**987.46**	-
Balance as at the end of the year	**2,236.54**	**3,224.00**
Debenture Redemption Reserve (Refer Note 3.2)		
Balance as at the beginning of the year	728.36	531.77
Add: Amount transferred from Surplus Account	201.20	196.59
Balance as at the end of the year	**929.56**	**728.36**
Special Reserve created u/s 36(1) (viii) of the Income Tax Act, 1961		
Balance as at the beginning of the year	10,349.64	8,449.64
Add: Amount transferred from Surplus Account	1,881.06	1,900.00
Balance as at the end of the year	**12,230.70**	**10,349.64**
Reserve for Bad and doubtful debts u/s 36(1)(viia) of the Income Tax Act, 1961		
Balance as at the beginning of the year	2,011.97	1,621.97
Add: Amount transferred from Surplus Account	413.33	390.00
Balance as at the end of the year	**2,425.30**	**2,011.97**
Foreign Currency Monetary Item Translation Difference Account (Refer Note 3.3)		
Balance as at the beginning of the year	-172.41	-335.46
Add: Foreign Currency Translation Gain/ Loss (-) on long term monetary items during the year	153.63	-503.08
Amortisation during the year	55.09	666.13
Balance as at the end of the year	**36.31**	**-172.41**
General Reserve		
Balance as at the beginning of the year	4,727.04	4,154.15
Add: Amount transferred from Surplus Account	3.50	572.89
Balance as at the end of the year	**4,730.54**	**4,727.04**
Surplus Account		
Balance as at the beginning of the year	6,932.34	6,334.33
Less: Adjustment of MTM in respect of Interest Rate Swaps as at 31 March 2016 (Refer Note 3.4)	86.75	-
Add: Profit during the year	6,313.37	5,691.42
Add: Adjustments during the year (Refer Note 3.6)	1.72	0.30
Less : Appropriations		
- Transfer to Special Reserve u/s 36(1)(viii) of the Income Tax Act, 1961	1,881.06	1,900.00
- Transfer to Reserve for Bad & Doubtful Debts u/s 36(1)(viia) of the Income Tax Act, 1961	413.33	390.00
- Dividend		
- Interim Dividend	1,382.44	1,184.95
- Proposed Dividend (Final) (Refer Note 3.5)	-	503.60
- Dividend Distribution Tax		
- Interim Dividend	277.46	239.19
- Proposed Dividend (Final)	-	106.49
- Transfer to Debenture Redemption Reserve	201.20	196.59
- Transfer to General Reserve	3.50	572.89
Balance as at the end of the year	**9,001.69**	**6,932.34**
Total Reserves and Surplus	**31,695.64**	**27,905.94**

3.1 Additions in Securities Premium Account for the year ended 31 March 2017 represent the premium of Nil (Previous year ₹ 0.28 Crores) received on issue of Tax Free Bonds through private placement.

3.2 Debenture Redemption Reserve (DRR)

In accordance with provisions of Section 71(4) of the Companies Act, 2013 as further clarified by the Companies (Share Capital and Debentures) Rules, 2014 issued by Ministry of Corporate Affairs, Govt. of India, the company creates Debenture Redemption Reserve (DRR) upto 25% of the value of debentures issued through public issue as per present SEBI (Issue and Listing of Debt Securities) Regulations, 2008 during the maturity period of such debentures, and no DRR is required in the case of privately placed debentures. Accordingly, during the year, the company has created DRR amounting to ₹ 196.59 Crores (Previous year ₹ 196.59 Crores).

Further, in case of EESL, a Joint Venture of the Company, DRR is being created upto 25% of the value of debentures during the maturity period of such debentures. Accordingly, during the year, EESL has created DRR amounting to ₹ 14.53 Crores (Previous year Nil), REC's share being ₹ 4.61 Crores (Previous year Nil).

3.3 Foreign Currency Monetary Item Translation Difference Account

The company has opted towards an irrevocable option 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 Para 46A of Accounting Standard 11 'The Effects of Changes in Foreign Exchange Rates'. The balance in 'Foreign Currency Monetary Item Translation Difference Account' remaining to be amortised is ₹ -36.31 Crores as at 31 March 2017 (₹ 172.41 Crores as at 31 March 2016).

3.4 Draw down from Reserves

In accordance with the transitional provisions mentioned in the Guidance Note on Accounting for Derivatives, an amount of ₹ 86.75 crores after netting of taxes of ₹ 45.92 crores has been adjusted in the retained earnings during the year ended 31 March 2017. This represents the change in the fair value of the interest rate swaps till 31 March 2016. Further, bonus shares have been issued to the shareholders by capitalising Securities Premium Account by a sum of ₹ 987.46 Crores during the year.

Further, no amount had been drawn from reserves during the financial year 2015-16.

3.5 Proposed Dividend

The dividend proposed for the year is as follows :

Particulars	**Year ended 31.03.2017**	**Year ended 31.03.2016**
On Equity Shares of ₹ 10 each		
- Amount of Dividend proposed (₹ in Crores)	523.35	503.60
- Rate of Dividend	26.50%	25.50%
- Dividend per equity share (₹)	2.65	2.55

During the previous year, the Company had made a provision for the dividend declared by the Board of Directors as per the requirements of pre-revised Accounting Standard 4 'Contingencies and Events Occurring After the Balance Sheet Date'. However, as per the requirements of Revised AS 4 as amended vide the Companies (Accounting Standards) Amendment Rules, 2016, the Company is not required to provide for dividend proposed by the Board of Directors for the year ended 31 March 2017. Consequently, no provision has been made in respect of the aforesaid dividend. Had the Company continued with creation of provision of proposed dividend, as at Balance Sheet date, the figure of 'Reserves & Surplus' would have been lower by ₹ 635.16 Crores and 'Short term Provisions' would have been higher by the same amount (including dividend distribution tax of ₹ 111.81 crores). Further, the previous year figures have been adjusted in view of the bonus issue in the current year to make the figures comparable (Refer Note 2.1).

3.6 During the previous year, an amount of ₹ 32.89 crore was reported by Energy Efficiency Services Ltd. (EESL), a Joint Venture of the Company, as profit after tax in their un-audited accounts, considered for consolidation of REC Group. Subsequently, the audited accounts of the Company reported a profit of ₹ 35.59 crore. The consequential increase, in proportion to the Company's share holding in the joint venture, amounting to ₹ 0.78 crore has been included in the adjustments to the Surplus account during the current year alongwith the reduction for share in dividend distribution tax amounting to ₹ 0.64 crore.

Further, during the current year, REC has been allotted fresh equity shares worth ₹ 99 crores which has resulted into an increase in shareholding of REC Limited from 28.78% to 31.71%. Due to this change, REC Limited's share of opening balance of surplus account has increased by ₹ 1.58 crore which has been included in the adjustments to the surplus account during the current year. Hence, total adjustment carried out in Surplus account during the current year is ₹ 1.72 crore.

4. Long-Term Debt

Non-current portion of the long term debt has been classified as 'Long-term borrowings' and the current portion of the long term debt has been classified as "Current Maturities of Long-term debt' in Note-10 'Other Current Liabilities'.

(₹ in Crores)

	Particulars	As at 31.03.2017		As at 31.03.2016	
		Non-Current	Current	Non-Current	Current
(A)	**Secured Long-Term Debt**				
(a)	Bonds				
	- Institutional Bonds	22,297.15	5,453.30	27,591.90	7,854.80
	- 54EC Capital Gain Tax Exemption Bonds	14,139.62	5,337.78	11,814.48	5,349.91
	- Tax Free Bonds	12,577.97	-	12,577.97	-
(b)	Term Loans				
	- from Financial Institutions	400.00	381.71	750.00	350.00
	Total Secured Long-Term Debt (a+b)	**49,414.74**	**11,172.79**	**52,734.35**	**13,554.71**
(B)	**Unsecured Long-Term Debt**				
(a)	Bonds				
	- Institutional Bonds	79,424.70	5,359.70	66,184.40	7,055.80
	- Infrastructure Bonds	34.89	76.75	34.90	207.49
	- Zero Coupon Bonds	1,073.09	-	990.64	-
(b)	Other Loans & Advances				
	- Foreign Currency Borrowings	19,733.47	1,450.53	18,839.56	3,149.02
	Total Unsecured Long-Term Debt (a+b)	**1,00,266.15**	**6,886.98**	**86,049.50**	**10,412.31**
	Total Long-Term Debt (A+B)	**1,49,680.89**	**18,059.77**	**1,38,783.85**	**23,967.02**
	Total Long-Term Debt (Non-Current + Current)	**1,67,740.66**		**1,62,750.87**	

Details of Long-term Debt :

4.1 Details of secured long-term debt :

(Refer Note 4.3 for details of the security)

4.1.1 Bonds

(₹ in Crores)

	Particulars	As at 31.03.2017		As at 31.03.2016	
		Non-Current	Current	Non-Current	Current
4.1.1.1	Institutional Bonds				
	123-IIIB Series 9.34% Redeemable at par on 23.08.2024	1,955.00	-	1,955.00	-
	STRPP C 8.07% Redeemable at par on 20.09.2023	79.27	-	-	-
	STRPP B 8.07% Redeemable at par on 20.09.2021	39.64	-	-	-
	123-I Series 9.40% Redeemable at par on 17.07.2021	1,515.00	-	1,515.00	-
	STRPP A 8.07% Redeemable at par on 20.03.2020	39.64	-	-	-
	92-II Series 8.65% Redeemable at par on 22.01.2020	945.30	-	945.30	-
	91-II Series 8.80% Redeemable at par on 18.11.2019	995.90	-	995.90	-
	90-C-II Series 8.80% Redeemable at par on 07.10.2019	1,040.00	-	1,040.00	-
	90-B-II Series 8.72% Redeemable at par on 04.09.2019	868.20	-	868.20	-
	90th Series 8.80% Redeemable at par on 03.08.2019	2,000.00	-	2,000.00	-
	122nd Series 9.02% Redeemable at par on 18.06.2019	1,700.00	-	1,700.00	-
	119th Series 9.63% Redeemable at par on 05.02.2019	2,090.00	-	2,090.00	-
	88th Series 8.65% Redeemable at par on 15.01.2019	1,495.00	-	1,495.00	-

118th Series 9.61% Redeemable at par on 03.01.2019	1,655.00	-	1,655.00	-
117th Series 9.38% Redeemable at par on 06.11.2018	2,878.00	-	2,878.00	-
87-A-III Series 11.15% Redeemable at par on 24.10.2018	61.80	-	61.80	-
116-II Series 9.24% Redeemable at par on 17.10.2018	850.00	-	850.00	-

(₹ in Crores)

Particulars	As at 31.03.2017		As at 31.03.2016	
	Non-Current	Current	Non-Current	Current
87-II Series 10.85% Redeemable at par on 01.10.2018	657.40	-	657.40	-
86-B-III Series 10.85% Redeemable at par on 14.08.2018	432.00	-	432.00	-
86-A Series 10.70% Redeemable at par on 30.07.2018	500.00	-	500.00	-
85th Series 9.68% Redeemable at par on 13.06.2018	500.00	-	500.00	-
83rd Series 9.07% Redeemable at par on 28.02.2018	-	685.20	685.20	-
82nd Series 9.85% Redeemable at par on 28.09.2017	-	883.10	883.10	-
124-I Series 9.06% Redeemable at par on 22.09.2017	-	2,610.00	2,610.00	-
123-IIIA Series 9.25% Redeemable at par on 25.08.2017	-	1,275.00	1,275.00	-
121st Series 9.52% Redeemed at par on 24.03.2017	-	-	-	1,600.00
120th Series 9.67% Redeemed at par on 10.03.2017	-	-	-	1,100.00
81st Series 8.85% Redeemed at par on 20.01.2017	-	-	-	314.80
116-I Series 9.05% Redeemed at par on 17.10.2016	-	-	-	430.00
123-IV Series 8.97% Redeemed at par on 08.09.2016	-	-	-	2,750.00
123-II Series 9.27% Redeemed at par on 08.08.2016	-	-	-	1,660.00
Total - Institutional Bonds	**22,297.15**	**5,453.30**	**27,591.90**	**7,854.80**
4.1.1.2 <u>54EC Capital Gain Tax Exemption Bonds</u>				
Series X (2016-17) 5.25%- 6.00% Redeemable at par during financial year 2019-20	7,662.92	-	-	-
Series X (2015-16) 6.00% Redeemable at par during financial year 2018-19	6,476.70	-	6,476.70	-
Series IX (2014-15) 6.00% Redeemable at par during financial year 2017-18	-	5,337.78	5,337.78	-
Series IX (2013-14) 6.00% Redeemable at par during financial year 2016-17	-	-	-	5,349.91
Total - 54EC Capital Gain Tax Exemption Bonds	**14,139.62**	**5,337.78**	**11,814.48**	**5,349.91**

(₹ in Crores)

	Particulars	As at 31.03.2017		As at 31.03.2016	
		Non-Current	Current	Non-Current	Current
4.1.1.3	**Tax Free Bonds**				
	Series 2015-16 Tranche 1 Redeemable at par. Bonds amounting to ₹ 105.93 Crores are redeemable on 05.11.2025, ₹ 172.90 Crores are redeemable on 05.11.2030 and ₹ 421.17 Crores are redeemable on 05.11.2035 with interest rates varying from 6.89% to 7.43% payable annually	696.56	-	696.56	-
	Series 2015-16 Series 5A 7.17% Redeemable at par on 23.07.2025	300.00	-	300.00	-
	Series 2013-14 Tranche 2 Redeemable at par. Bonds amounting to ₹ 419.32 Crores are redeemable on 22.03.2024, ₹ 530.42 Crores are redeemable on 23.03.2029 and ₹ 109.66 Crores are redeemable on 24.03.2034 with interest rates varying from 8.19% to 8.88% payable annually	1,057.40	-	1,057.40	-
	Series 2013-14 Series 4A & 4B Redeemable at par. Bonds amounting to ₹ 105.00 Crores are redeemable on 11.10.2023 and ₹ 45.00 Crores are redeemable on 11.10.2028 with interest rates varying from 8.18% to 8.54% payable annually	150.00	-	150.00	-
	Series 2013-14 Tranche 1 Redeemable at par. Bonds amounting to ₹ 575.06 Crores are redeemable on 25.09.2023, ₹ 2,810.26 Crores are redeemable on 25.09.2028 and ₹ 55.28 Crores are redeemable on 26.09.2033 with interest rates varying from 8.01% to 8.71% payable annually	3,410.60	-	3,410.60	-
	Series 2013-14 Series 3A & 3B Redeemable at par. Bonds amounting to ₹ 209.00 Crores are redeemable on 29.08.2023 and ₹ 1,141.00 Crores are redeemable on 29.08.2028 with interest rates varying from 8.01% to 8.46% payable annually	1,350.00	-	1,350.00	-
	Series 2012-13 Tranche 2 Redeemable at par. Bonds amounting to ₹ 81.35 Crores are redeemable on 27.03.2023 and bonds amounting to ₹ 49.71 Crores are redeemable on 27.03.2028 with interest rates varying from 6.88% to 7.54% payable annually	131.06	-	131.06	-
	Series 2012-13 Tranche 1 Redeemable at par. Bonds amounting to ₹ 1,165.31 Crores are redeemable on 19.12.2022 and bonds amounting to ₹ 852.04 Crores are redeemable on 20.12.2027 with interest rates varying from 7.22% to 7.88% payable annually	1,982.35	-	1,982.35	-
	Series 2012-13 Series 2A & 2B Redeemable at par. Bonds amounting to ₹ 255.00 Crores are redeemable on 21.11.2022 and bonds amounting to ₹ 245.00 Crores are redeemable on 22.11.2027 with interest rates of 7.21% and 7.38% respectively payable annually	500.00	-	500.00	-
	Series 2011-12 Redeemable at par. Bonds amounting to ₹ 839.67 Crores are redeemable on 28.03.2022 and bonds amounting to ₹ 2,160.33 Crores are redeemable on 29.03.2027 with interest rates varying from 7.93% to 8.32% payable annually	3,000.00	-	3,000.00	-
	Total - Tax Free Bonds	**12,577.97**	**-**	**12,577.97**	**-**

4.1.2 Term Loans

(₹ in Crores)

Particulars	As at 31.03.2017		As at 31.03.2016	
	Non-Current	Current	Non-Current	Current
Term Loan from Financial Institutions				
- Life Insurance Corporation of India (LIC)	400.00	350.00	750.00	350.00
The Loan of ₹ 1500 Crores (present outstanding ₹ 100 Crores @ 6.242% and ₹ 50 Crores @ 6.231%) & ₹ 2,000 Crores (present outstanding ₹ 600 Crores @ 7.35%) repayable in 10 equal annual installments commencing from 01.10.2008 and 01.10.2010 respectively .				
- PTC India Financial Services Limited (PFS)	-	31.71	-	-
The Loan of ₹ 100 Crores (REC's share ₹ 31.71 Crores) with interest rate varying between 10.50% and 10.25% p.a. linked to the PFS Reference Rate is repayable in 4 equal quarterly instalments commencing from 01.04.2017.				
Total - Term Loans	**400.00**	**381.71**	**750.00**	**350.00**

4.2 Details of Unsecured long-term debt :

4.2.1 Bonds

(₹ in Crores)

	Particulars	As at 31.03.2017		As at 31.03.2016	
		Non-Current	Current	Non-Current	Current
4.2.1.1	**Institutional Bonds**				
	147th Series	2,745.00	-	-	-
	7.95% Redeemable at par on 12.03.2027				
	142nd Series	3,000.00	-	-	-
	7.54% Redeemable at par on 30.12.2026				
	140th Series	2,100.00	-	-	-
	7.52% Redeemable at par on 07.11.2026				
	136th Series	2,585.00	-	2,585.00	-
	8.11% Redeemable at par on 07.10.2025				
	95-II Series	1,800.00	-	1,800.00	-
	8.75% Redeemable at par on 14.07.2025				
	94th Series	1,250.00	-	1,250.00	-
	8.75% Redeemable at par on 09.06.2025				
	133rd Series	2,396.00	-	2,396.00	-
	8.30% Redeemable at par on 10.04.2025				
	131st Series	2,285.00	-	2,285.00	-
	8.35% Redeemable at par on 21.02.2025				
	130th Series	2,325.00	-	2,325.00	-
	8.27% Redeemable at par on 06.02.2025				
	129th Series	1,925.00	-	1,925.00	-
	8.23% Redeemable at par on 23.01.2025				
	128th Series	2,250.00	-	2,250.00	-
	8.57% Redeemable at par on 21.12.2024				
	115th Series - Subordinate Tier-II Bonds	2,500.00	-	2,500.00	-
	8.06% Redeemable at par on 31.05.2023				
	114th Series	4,300.00	-	4,300.00	-
	8.82% Redeemable at par on 12.04.2023				
	111-II Series	2,211.20	-	2,211.20	-
	9.02% Redeemable at par on 19.11.2022				
	107th Series	2,378.20	-	2,378.20	-
	9.35% Redeemable at par on 15.06.2022				
	132nd Series	700.00	-	700.00	-
	8.27% Redeemable at par on 09.03.2022				
	145th Series	625.00	-	-	-
	7.46% Redeemable at par on 28.02.2022				
	141st Series	1,020.00	-	-	-
	7.14% Redeemable at par on 09.12.2021				
	127th Series	1,550.00	-	1,550.00	-
	8.44% Redeemable at par on 04.12.2021				
	105th Series	3,922.20	-	3,922.20	-
	9.75% Redeemable at par on 11.11.2021				
	139th Series	2,500.00	-	-	-
	7.24% Redeemable at par on 21.10.2021				
	101-III Series	3,171.80	-	3,171.80	-
	9.48% Redeemable at par on 10.08.2021				
	100th Series	1,500.00	-	1,500.00	-
	9.63% Redeemable at par on 15.07.2021				

(₹ in Crores)

Particulars	As at 31.03.2017		As at 31.03.2016	
	Non-Current	Current	Non-Current	Current
98th Series 9.18% Redeemable at par on 15.03.2021	3,000.00	-	3,000.00	-
97th Series 8.80% Redeemable at par on 30.11.2020	2,120.50	-	2,120.50	-
96th Series 8.80% Redeemable at par on 26.10.2020	1,150.00	-	1,150.00	-
135th Series 8.36% Redeemable at par on 22.09.2020	2,750.00	-	2,750.00	-
144th Series 7.13% Redeemable at par on 21.09.2020	835.00	-	-	-
134th Series 8.37% Redeemable at par on 14.08.2020	2,675.00	-	2,675.00	-
143rd Series 6.83% Redeemable at par on 29.06.2020	1,275.00	-	-	-
148th Series 7.42% Redeemable at par on 17.06.2020	1,200.00	-	-	-
113th Series 8.87% Redeemable at par on 09.03.2020	1,542.00	-	1,542.00	-
111-I Series 9.02% Redeemable at par on 19.11.2019	452.80	-	452.80	-
126th Series 8.56% Redeemable at par on 13.11.2019	1,700.00	-	1,700.00	-
125th Series 9.04% Redeemable at par on 11.10.2019	3,000.00	-	3,000.00	-
108-II Series 9.39% Redeemable at par on 20.07.2019	960.00	-	960.00	-
95-I Series 8.70% Redeemable at par on 12.07.2019	200.00	-	200.00	-
137th Series 8.05% Redeemable at par on 07.12.2018	2,225.00	-	2,225.00	-
146th Series 9.25% Redeemable at par on 03.09.2018	3,300.00	-	-	-
112th Series 8.70% Redeemable at par on 01.02.2018	-	1,500.00	1,500.00	-
109th Series 9.25% Redeemable at par on 28.08.2017	-	1,734.70	1,734.70	-
108-I Series 9.40% Redeemable at par on 20.07.2017	-	2,125.00	2,125.00	-
138th Series 8.28% Redeemed at par on 04.03.2017	-	-	-	2,895.00
106th Series 9.28% Redeemed at par on 15.02.2017	-	-	-	1,500.00
103-I Series 9.35% Redeemed at par on 19.10.2016	-	-	-	50.00
102nd Series 9.38% Redeemed at par on 06.09.2016	-	-	-	2,216.20
101-II Series 9.45% Redeemed at par on 10.08.2016	-	-	-	394.60
Total - Institutional Bonds	**79,424.70**	**5,359.70**	**66,184.40**	**7,055.80**
4.2.1.2 Infrastructure Bonds				
Series-II (2011-12) Redeemable at par. Refer Note 4.6	29.50	-	29.51	128.08
Series-I (2010-11) Redeemable at par. Refer Note 4.6	5.39	76.75	5.39	79.41
Total - Infrastructure Bonds	**34.89**	**76.75**	**34.90**	**207.49**
4.2.1.3 Zero Coupon Bonds				
ZCB - Series II (Net of unamortised discount, 89,510 bonds with face value of ₹ 30,000 each redeemable at par on 03.02.2021)	194.57	-	178.95	-
ZCB - Series I (Net of unamortised discount, 3,92,700 bonds with face value of ₹ 30,000 each redeemable at par on 15.12.2020)	878.52	-	811.69	-
Total - Zero Coupon Bonds	**1,073.09**	**-**	**990.64**	**-**

4.2.2 Other Loans & Advances

(₹ in Crores)

	Particulars	As at 31.03.2017		As at 31.03.2016	
		Non-Current	Current	Non-Current	Current
4.2.2.1	**Foreign Currency Borrowings**				
	CHF Bonds - CHF 200 Mn	-	-	-	1,378.50
	3.50% Redeemed at par on 07.03.2017				
	JICA Loan - Guaranteed by Govt. of India	237.65	169.84	400.61	210.13
	0.75% JICA-I loan repayable in equal half-yearly instalments of 982.33 Mn till 20.03.2021, next instalment falling due on 20.09.2017 and 0.65% JICA-II loan repayable in half-yearly instalments till 20.03.2023, next instalment falling due on 20.09.2017				
	KfW Loan - Guaranteed by Govt. of India	51.03	51.02	93.33	51.10
	3.73% Loan repayable in equal half-yearly instalments of €3.68 Mn, next instalment due on 30.06.2017				
	KfW Loan - Guaranteed by Govt. of India	95.28	-	64.86	-
	1.96% Loan repayable first in 14 equal half-yearly instalments of €2.941 Mn and then in next 3 equal half-yearly instalments of €2.942 Mn, first instalment due on 30.06.2018. Total Loan Amount as on 31.03.2017 ₹ 300.48 Crores (Equivalent to €43.39 Mn), REC'S share ₹ 95.28 cr)				
	AFD Loan - Guaranteed by Govt. of India	8.17	-	-	-
	1.87% Loan repayable in 20 equal half-yearly instalments of €2.50 Mn, first instalment due on 31.10.2020. Total Loan Amount as on 31.03.2017 ₹ 25.75 Crores (Equivalent to €3.72 Mn), REC'S share ₹ 8.17 cr)				
	Syndicated Loan- US $300 Mn	-	-	-	1,367.24
	Repaid on 19.08.2016				
	KfW-II Loan - Guaranteed by Govt. of India	161.58	53.86	213.77	53.44
	2.89% Loan repayable in equal half-yearly instalments of €3.88 Mn, next instalment falling due on 30.06.2017				
	Syndicated Loan- 19.029 Bn	-	1,102.92	1,184.43	-
	Repayable on 10.04.2017				
	KfW-III Loan - Guaranteed by Govt. of India	473.81	72.89	558.76	88.61
	1.86% Loan repayable in equal half-yearly instalments of €5.26 Mn, next instalment falling due on 30.06.2017				
	Syndicated Loan- US $285 Mn	1,847.90	-	1,780.28	-
	Repayable on 02.12.2018				
	Syndicated Loan- US $250 Mn	1,620.97	-	1,521.75	-
	Repayable on 29.05.2019				
	Syndicated Loan- US $400 Mn	2,593.54	-	2,435.78	-
	Loan of US$ 230 Mn and US$ 170 Mn repayable on 24.07.2019 and 27.10.2019 respectively				
	Syndicated Loan- US $400 Mn	2,593.54	-	2,539.64	-
	Repayable on 12.03.2020				
	Syndicated Loan- US $300 Mn	1,945.16	-	1,909.56	-
	Repayable on 29.07.2020				
	Syndicated Loan- US $250 Mn	1,620.97	-	1,653.25	-
	Loan of US$ 150 Mn and US$ 100 Mn repayable on 18.09.2018 and 19.11.2018 respectively				
	Syndicated Loan- US $300 Mn	1,945.16	-	1,997.80	-
	Repayable on 01.12.2020				
	Syndicated Loan- US $250 Mn	1,620.97	-	1,688.46	-
	Repayable on 05.02.2019				
	Syndicated Loan- US $120 Mn	778.06	-	797.28	-
	Repayable on 21.03.2019				
	Syndicated Loan- US $100 Mn	648.39	-	-	-
	Repayable on 05.10.2021				
	Syndicated Loan- US $230 Mn	1,491.29	-	-	-
	Repayable on 19.01.2022				
	Total - Foreign Currency Borrowings	**19,733.47**	**1,450.53**	**18,839.56**	**3,149.02**

4.3 **Security Details of the Secured Borrowings**

The Bond Series 82, 83, 85, 86A, 86 B-III, 87-II, 87 A-III, 88, 90, 90 B-II, 90 C-II, 91-II and 92-II of Institutional Bonds are secured by a charge on (a) mortgage of Flat no. 640, Asiad Games Village, New Delhi and (b) pari passu charge on the receivables of our Company, both present and future, save and except receivables hypothecated to Vistra ITCL (India) Ltd. (formerly known as IL&FS Trust Company Ltd.) on the basis of joint hypothecation agreement dated 24 September 2010 in favour of IDBI Trusteeship Services Ltd.

The Bond Series 116-II, 117, 118, 119 and 122 of Institutional Bonds are secured by a charge on first paripassu charge on the book debts of the issuer both present & future which are charged to other lenders / trustees and as may be agreed between the issuer and the trustee, pursuant to the terms of the Debenture /Bond Trust cum Hypothecation Deed with a minimum security cover of one time of the aggregate face value amount of the bonds outstanding at all times in favor of IDBI Trusteeship Services Ltd.

The Bond Series 123-I, 123-IIIA, 123-IIIB and 124-I of Institutional Bonds are secured by way of first pari passu charge on the Specified Immovable Property and the book debts of the Issuer which are charged to other lender / trustee and as may be agreed between the Issuer and the Trustee, pursuant to the terms of the Bond Trust Deed with a minimum security cover of one time of the aggregate face value of amount of bonds outstanding at all times and amount of interest due thereon in favor of IDBI Trusteeship Services Ltd.

The Bond Series STRPP (Separately Transferrable Redeemable Principal Parts) A, B and C are secured by way of first pari passu charge over movable fixed assets of EESL, a Joint Venture of the Company with minimum asset coverage of 1 times.

The Bond Series IX of 54EC Capital Gain Tax Exemption Bonds is secured by first pari passu charge on (a) mortgage of premises at Sub Plot No. 8, TPS No 2, FP No. 584P, situated at Village Subhanpura, Distt Vadodara and (b) hypothecation of receivables (other than those that are exclusively charged/earmarked to lenders / other Trustees) in favour of IDBI Trusteeship Services Ltd.

Tax Free Bonds issued during FY 2011-12 are secured by first pari passu charge on premises at Shop No. 12, Ground Floor, Block No. 35, Church Road, Mylapore, Chennai and hypothecation of receivables of ₹ 4,998.66 Crores of MSEDCL in favour of Vistra ITCL (India) Ltd. (formerly known as IL&FS Trust Company Ltd.).

Tax Free Bonds issued during FY 2013-14 are secured by first pari passu charge on the book debts (other than those that are exclusively charged/earmarked to lenders / other Trustees) of the Company in favour of SBICap Trustee Company Ltd.

The Bond Series X of 54EC Capital Gain Tax Exemption Bonds and Tax Free Bonds issued during FY 2012-13 & 2015-16 are secured by first pari passu charge on (a) mortgage of premises at Sub Plot No. 8, TPS No 2, FP No. 584P, situated at Village Subhanpura, Distt Vadodara and (b) hypothecation of receivables (other than those that are exclusively charged/ earmarked to lenders / other Trustees) in favour of SBICap Trustee Company Ltd.

The term loans are secured by a charge on the receivables of our Company, both present and future, save and except certain specific receivables hypothecated to IL&FS Trust Company Limited on the basis of joint hypothecation agreement dated September 24, 2010 in favour of IDBI Trusteeship Services Ltd.

4.4 Foreign Currency Borrowings have been raised at interest rates ranging from a spread of 65 bps to 220 bps over 6 Months' USD/JPY LIBOR (London Inter Bank Offered Rate) except where rates have been stated above in Note No. 4.2.2.1.

4.5 **Ratings assigned by credit rating agencies and migration**

Domestic and International Credit Rating

The domestic debt instruments of REC continue to enjoy “AAA” rating – the highest rating assigned by CRISIL, CARE, India Ratings & Research & ICRA-Credit Rating Agencies.

REC enjoys international credit rating equivalent to sovereign rating of India from International Credit Rating Agencies Moody’s and FITCH which is “Baa3” and “BBB-” respectively.

There has been no migration of ratings during the year.

4.6 Details of Infrastructure Bonds Issued are as under :

Series I (2010-11) allotted on 31.03.2011

Rate of Interest	Amount (₹ in Crores)	Redemption Details
8.00%	17.40	Redeemable on the date falling 10 years from the date of allotment with buyback option by

8.20%	59.35	date of allotment with buyback option by bondholders after 5/6/7/8/9 years
8.10% 8.20%	1.60 3.79	Redeemable on the date falling 10 years from the date of allotment
Total	**82.14**	

Series II (2011-12) allotted on 15.02.2012

Rate of Interest	**Amount (₹ in Crores)**	**Redemption Details**
9.15% Cumulative 9.15% Annual	13.43 5.00	Redeemable on the date falling 15 years from the date of allotment with buyback option by bondholders after 7 years
8.95% Cumulative 8.95% Annual	5.73 1.38	Redeemable on the date falling 10 years from the date of allotment
9.15% Cumulative 9.15% Annual	2.83 1.13	Redeemable on the date falling 15 years from the date of allotment
Total	**29.50**	

4.7 During the year, the Company has come across an instance of fraudulent encashment through forged documents of money invested by one of the investors in 54EC Capital Gains tax Exemption Bonds by some impersonator. The Company has lodged complaint with the Police against the unknown person and the officials of then Registrar and Transfer Agent (R&TA). Accordingly, an amount of ₹ 0.59 Crore has been shown recoverable from the RTA in the books of accounts and the matter has been duly reported to the Reserve Bank of India (RBI). Further, as a precautionary measure, the services of then existing RTA have been discontinued and new RTA has been appointed.

5. **Deferred Tax Liabilities (Net)**

(₹ in Crores)

Particulars	As at 31.03.2017	As at 31.03.2016
Deferred Tax Liabilities on account of:		
Depreciation	4.57	4.48
Foreign Currency Exchange Fluctuation Loss	-	59.67
MTM on Interest Rate Swap	66.48	-
Total	**71.05**	**64.15**
Deferred Tax Assets on account of:		
Provision for Earned Leave	10.85	8.13
Provision for Medical Leave	6.67	5.49
Foreign Currency Exchange Fluctuation Loss	12.57	-
Provision for Gratuity	0.03	0.03
Provision for Doubtful Debts	0.88	2.03
Provision for Contingencies of Project Cost Revisions	-	0.79
Provision for Employee benefits	0.09	0.11
Preliminary Expenses	-	-
Operating lease liabilities	0.04	0.03
Total	**31.13**	**16.61**
Deferred Tax Liabilities (Net)	**39.92**	**47.54**

5.1 The Company has no intention to make withdrawal from the special reserve created and maintained under section 36(1)(viii) of the Income Tax Act, 1961. Hence, the special reserve created and maintained is not capable of being reversed and thus, it becomes a permanent difference as per Accounting Standard 22. Accordingly, the Company is not creating any deferred tax liability on the said reserve.

6. **Other Long-term Liabilities**

(₹ in Crores)

Particulars	As at 31.03.2017	As at 31.03.2016
- Non-Current Portion of Interest accrued but not due on borrowings	12.38	9.50
- Others	1.04	0.51
Total	**13.42**	**10.01**

7. **Long-term and Short-term Provisions**

(₹ in Crores)

	Particulars	As at 31.03.2017		As at 31.03.2016	
		Non-Current	**Current**	**Non-Current**	**Current**
	Provisions for				
(A)	**Employee Benefits**				
	Earned Leave Liability	28.48	3.31	21.35	2.31
	Post Retirement Medical Benefits	92.49	4.66	82.50	4.12
	Medical Leave Liability	16.63	2.64	13.65	2.22
	Settlement Allowance	1.10	0.17	1.06	0.16
	Economic Rehabilitation Scheme	3.44	0.01	3.31	0.03
	Long Service Award	2.64	0.19	2.45	0.11
	Loyalty Bonus	0.11	0.04	0.08	0.07
	Gratuity	0.19	-	0.08	-
	Sub-total (A)	**145.08**	**11.02**	**124.48**	**9.02**
(B)	**Others**				
	Standard Loan Assets	536.59	70.87	420.35	123.08
	Restructured Standard Loans	1,167.67	73.52	750.71	70.63
	Interest on Loans Due & Converted into Equity	-	3.96	-	3.96
	Incentive	-	20.34	-	18.13
	Pay Revision	-	14.59	-	-
	Proposed Dividend (Refer Note 3.5)	-	-	-	503.60
	Corporate Dividend Tax	-	-	-	106.49
	CSR Expenses	-	-	-	21.22
	Contigencies of project cost revisions	-	-	-	2.29
	Provision for Warranty	0.13	-	-	-
	Sub-total (B)	**1,704.39**	**183.28**	**1,171.06**	**849.40**
	Total (A+B)	**1,849.47**	**194.30**	**1,295.54**	**858.42**

7.1 Details of Provisions as required under AS-29 are as under :

(in ₹ Crores)

Provisions for	Opening Balance	Additions during the Year	Paid/ Adjusted during the year	Closing Balance
Earned Leave Liability	23.66	12.62	4.51	31.79
Previous year	23.19	6.38	5.87	23.66
Post Retirement Medical Benefits	86.62	17.21	6.68	97.15
Previous year	77.61	15.33	6.32	86.62
Medical Leave Liability	15.87	4.95	1.55	19.27
Previous year	15.22	2.11	1.46	15.87
Settlement Allowance	1.22	0.14	0.09	1.27
Previous year	1.20	0.12	0.10	1.22
Economic Rehabilitation Scheme	3.34	0.95	0.84	3.45
Previous year	2.72	1.26	0.64	3.34
Long Service Award	2.56	1.01	0.74	2.83
Previous year	2.84	0.02	0.30	2.56
Loyalty Bonus	0.15	0.01	0.01	0.15
Previous year	0.09	0.06	-	0.15
Gratuity	0.08	0.11	-	0.19
Previous year	-	0.04	0.04	0.08
Standard Loan Assets	543.43	64.03	-	607.46
Previous year	490.92	138.93	86.42	543.43
Restructured Standard Loans	821.34	419.85	-	1,241.19
Previous year	451.77	369.57	-	821.34
Interest on Loans Due & Converted into Equity	3.96	-	-	3.96
Previous year	-	3.96	-	3.96
Incentive	18.13	15.52	13.31	20.34
Previous year	16.71	14.34	12.92	18.13
Pay Revision	-	14.59	-	14.59
Previous year	-	-	-	-
CSR Expenses	21.22	69.05	90.27	-
Previous year	58.04	126.08	162.90	21.22
Proposed Dividend	503.60	-	503.60	-
Previous year	266.61	503.60	266.61	503.60
Corporate Dividend Tax	106.49	277.46	383.95	-
Previous year	56.32	345.68	295.51	106.49
Income Tax	6,533.48	2,626.66	6,395.15	2,751.95
Previous year	5,322.76	2,560.78	1,351.30	6,533.48
Warranty	-	0.13	-	0.13
Previous year	-	-	-	-
Contigencies of project cost revisions	2.29	0.36	2.65	-
Previous year	2.13	2.96	2.80	2.29

8. Short-term Borrowings

(₹ in Crores)

	Particulars	As at 31.03.2017	As at 31.03.2016
(A)	**Loans Repayable on Demand, unsecured**		
	- from Banks	-	749.93
(B)	**Commercial Paper, unsecured**	-	5,600.00
(C)	**Other Loans and Advances**		
	- from Banks		
	Secured *	110.98	71.97
	Unecured	-	10.08
	- from Financial Institutions, secured *	-	28.79
	Total (A+B+C)	**110.98**	**6,460.77**

*Other loans and advances from banks belonging to EESL, a Joint Venture of the Company are secured by pari-passu charge on book debts of EESL.

9. Trade Payables

(₹ in Crores)

Particulars	As at 31.03.2017	As at 31.03.2016
Trade Payables	160.39	117.96
Total	**160.39**	**117.96**

10. Other Current Liabilities

(₹ in Crores)

Particulars	As at 31.03.2017	As at 31.03.2016
(A) Current maturities of long-term debt *(Refer Note 4)*	18,059.77	23,967.02
(B) Interest accrued but not due on borrowings	6,025.45	6,227.74
(C) Income Received in Advance	8.41	21.50
(D) Unpaid Dividends	2.75	2.73
(E) Unpaid Principal & Interest on Bonds		
- Matured Bonds & Interest Accrued thereon	51.54	44.83
- Interest on Bonds	15.19	12.57
(F) Other payables		
- Funds Received from Govt. of India for Disbursement as Subsidy/ Grant	46,154.67	38,111.60
Add: Interest on Subsidy/ Grant (Refer Note 10.3)	2.18	18.10
Less: Disbursed to Beneficiaries	-46,131.01	-38,091.35
Undisbursed Funds to be disbursed as Subsidy/Grant	**25.84**	**38.35**
- Statutory Dues payable including PF and TDS	53.33	36.37
- Payable towards funded staff benefits	13.63	0.53
- Other Liabilities	269.08	125.79
Sub-total (F)	**361.88**	**201.04**
Total (A to F)	**24,524.99**	**30,477.43**

10.1 Subsidy Under Accelerated Generation & Supply Programme (AG&SP):

The Company is maintaining an Interest Subsidy Fund Account and was given AG&SP subsidy (for disbursement to the eligible borrowers) by Govt. of India at net present value calculated at indicative rates and year in accordance with GOI's letter vide D.O.No. 32024/17/97-PFC dated 23.09.1997 and O.M.No.32024/23/2001-PFC dated 07.03.2003 irrespective of the actual repayment schedule, moratorium year and duration of repayment of the eligible schemes. The impact of difference between the indicative rate and year considered at the time of drawl and the actual can be ascertained only after the end of the respective schemes.

Net amount of ₹ 0.86 Crores as at 31 March 2017 (₹ 1.26 Crores as at 31 March 2016) represents the balance amount of interest subsidy fund, which is to be passed on to the borrowers against their interest liability arising in future, under Accelerated Generation & Supply Programme (AG&SP), which comprises of the following :-

(₹ in Crores)

Particulars	For the Year ended 31.03.2017	For the Year ended 31.03.2016
Opening Balance of Interest Subsidy Fund	1.26	2.22
Add: Interest earned during the year	0.07	0.07
Less: Interest subsidy passed on to the borrower	0.47	1.03
Closing Balance of Interest Subsidy Fund	**0.86**	**1.26**

10.2 Government of India has appointed Rural Electrification Corporation Ltd. as a nodal agency for implementation of Deen Dayal Upadhyaya Gram Jyoti Yojna (DDUGJY). The funds received for disbursement to various agencies under the scheme are kept in a separate bank account. The undisbursed funds for the scheme (including the funds received under erstwhile RGGVY Scheme) including interest earned thereto are classified under "Undisbursed Subsidy/ grant" under the head "Other Current Liabilities".

During the year, interest earned of ₹ 24.84 Crores (Previous year ₹ 39.15 Crores) has been taken to DDUGJY Subsidy account. Further, during the year, an amount of ₹ 40.78 crores (Previous year ₹ 71.66 crores) has been refunded back to MoP out of the total interest on subsidy.

10.3 The movement in Interest on Subsidy/ Grant is explained as under:

(₹ in Crores)

Particulars	For the Year ended 31.03.2017	For the Year ended 31.03.2016
Opening Balance	18.10	51.38
Add: Interest earned during the year	25.94	41.49
Less: Amount refunded to Govt. during the year	41.59	74.19
Less: Disbursement out of Interest earned on account of AG&SP Grant	0.27	0.58
Closing Balance	**2.18**	**18.10**

11. Fixed Assets as at 31 March 2017

(₹ **In Crores**)

FIXED ASSETS	GROSS BLOCK				DEPRECIATION/ AMORTISATION				NET BLOCK	
	As at 01.04.2016	Additions during the year	Sales/ adjustment during the year	Closing as on 31.03.2017	Upto 31.03.2016	During the year	Adjustment during the year	As at 31.03.2017	As at 31.03.2017	As at 31.03.2016
Tangible Assets										
Freehold Land	80.62	2.30	-	82.92	-	-	-	-	82.92	80.62
Leasehold Land	1.93	4.62	-0.04	6.59	0.28	0.12	-0.01	0.41	6.18	1.65
Buildings	33.17	0.72	2.30	31.59	7.76	0.49	0.63	7.62	23.97	25.41
Furniture & Fixtures	8.12	0.52	0.01	8.63	5.12	0.63	0.08	5.67	2.96	3.00
Vehicles	0.43	-	-	0.43	0.24	0.04	-	0.28	0.15	0.19
EDP Equipments	18.81	3.09	3.69	18.21	13.79	2.65	3.49	12.95	5.26	5.02
Office Equipments	158.29	117.17	-15.61	291.07	21.13	35.83	-1.44	58.40	232.67	137.16
Total	**301.37**	**128.42**	**-9.65**	**439.44**	**48.32**	**39.76**	**2.75**	**85.33**	**354.11**	**253.05**
Previous year	138.43	158.99	-3.94	301.36	29.94	19.09	0.72	48.31	253.05	
Intangible Assets										
Computer Software	7.18	0.27	-0.02	7.47	6.15	0.57	-0.01	6.73	0.74	1.03
Total	**7.18**	**0.27**	**-0.02**	**7.47**	**6.15**	**0.57**	**-0.01**	**6.73**	**0.74**	**1.03**
Previous year	7.06	0.12	-0.00	7.18	5.59	0.58	0.02	6.15	1.03	
Capital Work-in-progress	**76.84**	**243.05**	**155.76**	**164.13**	-	-	-	-	**164.13**	**76.84**
Previous year	9.81	195.23	128.20	76.84	-	-	-	-	76.84	
Intangible Assets under Development	1.21	0.25	-	**1.46**	-	-	-	**-**	**1.46**	**1.21**
Previous year	-	1.21	-	**1.21**	-	-	-	**-**	1.21	

11.1 The formalities regarding registration of conveyance deed in respect of certain immovable properties acquired by the Company amounting to ₹ 50.51 Crores (Previous year ₹ 50.51 Crores) are yet to be executed.

11.2 In the opinion of management, there is no impairment of the assets of the Company in terms of AS-28. Accordingly, no provision for impairment loss as required under Accounting Standard-28 'Impairment of Assets' has been made.

11.3 Disclosure in respect of Intangible Assets as required in AS-26 “Intangible Assets” :

Amortisation Rate 20%, 100% in case the total cost of the asset is ₹5,000 or less

12. Investments

(₹ in Crores)

	Particulars	As at 31.03.2017		As at 31.03.2016	
		Number (Face Value in ₹ unless stated)	Amount	Number (Face Value in ₹ unless stated)	Amount
	Valued at Cost				
(1)	**Non-Current Investments**				
(A)	**Trade Investments**				
(i)	**Investment in Equity Instruments - Quoted**				
	- NHPC Limited	18,40,11,865 (10)	400.80	-	-
(ii)	**Investment in Equity Instruments - Unquoted**				
	- Others				
	- Energypro Assets Limited	230680 (£1)	0.60	-	-
	- India Energy Exchange Limited	12,50,000 (10)	1.25	12,50,000 (10)	1.25
	- Universal Commodity Exchange Limited	1,60,00,000 (10)	16.00	1,60,00,000 (10)	16.00
	Less: Provision for Diminution in Investment		(16.00)		-16.00
			-		-
(iii)	**Investment in Government Securities - Unquoted**				
	- 8% Government of Madhya Pradesh Power Bonds-II *	4 (47,16,00,000)	188.64	6 (47,16,00,000)	282.96
	Maturing in equal half yearly Instalments of one bond each, next instalment due on 01.10.2017				
(iv)	**Investment in Debentures - Unquoted**				
	- 9.68% Bonds of UP Power Corporation Ltd.	30,385 (1,00,000)	303.85	38,050 (1,00,000)	380.50
(v)	**Investment in Venture Capital Funds - Unquoted**				
	- 'Small is Beautiful' Fund	61,52,200 (10)	6.15	61,52,200 (10)	6.15
(B)	**Other Investments**				
(ii)	**Investment in Tax Free Bonds - Quoted**				
	8.76% Bonds of HUDCO Ltd.	50000 (1000)	5.00	50000 (1000)	5.00
	7.39% Bonds of HUDCO Ltd.	86798 (1000)	8.68	86798 (1000)	8.68
	7.35% Bonds of NHAI	42855 (1000)	4.29	42855 (1000)	4.29
	7.39% Bonds of NHAI	35463 (1000)	3.55	35463 (1000)	3.55
	7.49% Bonds of IREDA Ltd.	61308 (1000)	6.13	61308 (1000)	6.13
	7.35% Bonds of IRFC Ltd.	22338 (1000)	2.23	22338 (1000)	2.23
	7.35% Bonds of NABARD	14028 (1000)	1.40	14028 (1000)	1.40
(iii)	**Investment in Debentures - Quoted**				
	- 11.15% Additional Tier-1 Perpetual Bonds of Indian Bank	5,000 (10,00,000)	500.00	5,000 (10,00,000)	500.00
	- 11.25% Additional Tier-1 Perpetual Bonds of Vijaya Bank	5,000 (10,00,000)	500.00	5,000 (10,00,000)	500.00
	- 11.25% Additional Tier-1 Perpetual Bonds of Syndicate Bank	5,000 (10,00,000)	500.00	5,000 (10,00,000)	500.00
	Total - Non-Current Investments (1)		**2,432.57**		**2,202.14**
(2)	**Current Investments**				
	Valued at Lower of Cost and Fair Value				
(i)	**Investment in Equity Instruments (Unquoted)**				
	- Lanco Teesta Hydro Power Limited	10,20,00,000 (10)	102.00	10,20,00,000 (10)	102.00
	- Dinchang Transmission Limited	50000 (10)	0.05	50000 (10)	0.05
	- Ghatampur Transmission Limited	50000 (10)	0.05	-	-
	- ERSS XXI Transmission Limited	50000 (10)	0.05	-	-
	- WR-NR Power Transmission Limited	50000 (10)	0.05	-	-
	- NRSS XXXVI Transmission Limited	-	-	50000 (10)	0.05
	- North Karanpura Transco Limited	-	-	50000 (10)	0.05
	- Khargone Transmission Limited	-	-	50000 (10)	0.05
	- NER II Transmission Limited	-	-	50000 (10)	0.05
	- Nellore Transmission Limited	-	-	50000 (10)	-
	- Baira Siul Sarna Transmission Limited	-	-	50000 (10)	-
(ii)	**Investment in Government Securities (Unquoted)**				
	- 8% Government of Madhya Pradesh Power Bonds-II *				
	Maturing in equal half yearly Instalments of one bond each, next instalment due on 01.10.2017	1 (47,16,00,000)	47.16	1 (47,16,00,000)	47.16
(iii)	**Investment in Inter Corporate Deposit**				
	- LIC Housing Finance Limited		17.50		-
	- PNB Housing Finance Limited		17.50		-
	Total - Current Investments (2)		**184.36**		**149.41**
	Total (1+2)		**2,616.93**		**2,351.55**

* The number of bonds and the amount of the investment in current portion represents the investments maturing within the next 12 months and the balance is the non-current portion.

12.1 Investments include ₹ 6.15 Crores (Previous year ₹ 6.15 Crores) representing company's contribution in the units of 'Small is Beautiful (SIB) Venture Capital fund' promoted by KSK Energy Ventures Limited.

Name of the Company	Contribution towards Fund	Country of	Percentage of Share
SIB Fund of KSK Energy Ventures Ltd	₹ 6.15 Crores	India	9.74%

The face value of the fund is ₹ 10 per unit. The NAV as on 31.03.2017 is ₹ 10.24 per unit (Previous year ₹ 10.24 per unit).

Further, investments also include ₹ 1.25 Crores (Previous year ₹ 1.25 Crores) representing company's investment in equity shares of India Energy Exchange Limited

Name of the Company	No. of Shares	Amount	Incorporation	Shareholding %
India Energy Exchange Limited	12,50,000	₹ 1.25 Crores	India	4.34%

12.2 Information in relation to the interest of the Company in Joint Ventures (JVs):

1. Energy Efficiency Services Limited

Proportion of Interest in Equity	31.71%
Country of Incorporation	India
Area of Operation	India
JV Partners (% share)	1. NTPC Limited (31.71%) 2. Power Grid Corporation of India Limited (4.87%) 3. Power Finance Corporation Limited (31.71%)

An amount of ₹ 99.00 Crores had been paid to Energy Efficiency Services Limited (EESL) on 31 March 2016 as share application money. EESL has allotted 9,90,00,000 equity shares of ₹ 10 each to the Company on 25 April 2016 and the share of the Company in the JV has accordingly increased to 31.71%.

The Company's share of assets, liabilities, contingent liabilities and capital commitments as at 31.03.2017 and income and expenses for the year in respect of joint venture are given below :

(₹ in Crores)

	Particulars	As at / For the year ended 31.03.2017 (Unaudited)	As at / For the year ended 31.03.2016 (Unaudited)	As at / For the year ended 31.03.2016 (Audited) *
(i)	Total Assets	838.77	427.98	428.74
(ii)	Total Liabilities	662.90	308.16	311.84
(iii)	Total Reserves & Surplus	29.37	15.32	12.39
(iv)	Contingent Liabilities	11.74	-	10.66
(v)	Capital Commitments	103.95	84.24	254.63
(vi)	Total Income	408.83	205.87	206.04
(vii)	Total Expenses	384.81	191.59	192.12

** The consolidated financial statements of the Company for the FY 2015-16 had been prepared considering the unaudited financial statements of the joint venture, Energy Efficiency Services Limited (EESL). However, the financial statements of EESL were subsequently audited on 16 September 2016. The change in the unaudited and audited figures in the assets and liabilities has already been adjusted in the balance sheet figures of EESL for the financial year 2016-17. Further, the change in profit after tax has been adjusted in surplus account.*

12.3 Additional disclosures required in respect of the investments :

(₹ in Crores)

	Particulars	As at 31.03.2017		As at 31.03.2016	
		Non-Current	Current	Non-Current	Current
(1)	**Value of Investments**				
(i)	Gross Value of Investments				
(a)	In India	2,447.97	184.36	2,218.14	149.51
(b)	Outside India,	0.60	-	-	-
(ii)	**Provisions for Depreciation**				
(a)	In India	16.00	-	16.00	0.10
(b)	Outside India,	-	-	-	-
(iii)	**Net Value of Investments**				
(a)	In India	2,431.97	184.36	2,202.14	149.41
(b)	Outside India.	0.60	-	-	-
(2)	**Movement of provisions held towards depreciation on investments.**				
(i)	Opening balance	16.00	0.10	-	0.10
(ii)	Add : Provisions made during the year	-	-	16.00	-
(iii)	Less : Write-off / write-back of excess provisions during the year	-	0.10	-	-
(iv)	**Closing balance**	16.00	-	16.00	0.10
(3)	**Aggregate amount of Quoted Investments**	1,932.08	-	1,531.28	-
	Market Value of Quoted Investments	2,125.57	-	1,532.32	-
(4)	**Aggregate amount of Unquoted Investments**	516.49	184.36	686.86	149.41
(5)	**Aggregate provision for diminution in value of investments**	16.00	-	16.00	0.10

13. Long-term Loans & Advances

(₹ in Crores)

	Particulars	As at 31.03.2017	As at 31.03.2016
(A)	**Capital Advances (Unsecured, considered good)**	40.23	49.14
(B)	**Security Deposits (Unsecured, considered good)**	1.55	4.34
(C)	**Loans & Advances to Related Parties**		
	- To Key Managerial Personnel (KMP)	0.37	0.63
		0.37	**0.63**
(D)	**Other Loans & Advances**		
	- Staff Loans & Advances (except to KMP)	32.29	36.72
	- Loan Assets	1,77,275.24	1,57,703.84
	- Others (Unsecured, considered good)	1.90	2.15
		1,77,309.43	**1,57,742.71**
	Total (A to D)	**1,77,351.58**	**1,57,796.82**

Details of Staff Loans & Advances and Loan Assets :

13.1 Staff Loans & Advances

Non-current portion of the staff loans & advances has been classified under 'Long-term Loans & Advances' above and the current portion of the staff loans & advances has been classified under Note-19 'Other Current Assets'.

(₹ in Crores)

	Particulars	As at 31.03.2017		As at 31.03.2016	
		Non-Current	Current	Non-Current	Current
(A)	**Secured Staff Loans & Advances**				
(A1)	**To Key Managerial Personnel**				
	(a) Considered Good	0.01	-	0.01	0.01
(A2)	**To Others**				
	(a) Considered Good	3.43	0.68	2.93	0.73
	Sub-total (A1+ A2)	**3.44**	**0.68**	**2.94**	**0.74**
(B)	**Unecured Staff Loans & Advances**				
(B1)	**To Key Managerial Personnel**				
	(a) Considered Good	0.36	0.13	0.62	0.19
(B2)	**To Others**				
	(a) Considered Good	28.86	10.42	33.79	10.24
	Sub-total (B1+ B2)	**29.22**	**10.55**	**34.41**	**10.43**
	Grand Total (A+B)	**32.66**	**11.23**	**37.35**	**11.17**

13.2 Loan Assets

Non-current portion of the loan assets has been classified under 'Long-term Loans & Advances' above and the current portion of the loan assets has been classified under Note-19 'Other Current Assets'.

(₹ in Crores)

	Particulars	As at 31.03.2017		As at 31.03.2016	
		Non-Current	Current	Non-Current	Current
(A)	**Secured Loans**				
(A1)	**Loans to State Power Utilities/ State Electricity Boards/Corpn. (Secured by hypothecation and/or mortgage of materials/ tangible assets)**				
	(a) Considered Good	1,25,811.34	11,014.90	1,09,569.70	15,194.43
(A2)	**Loans to Others (Secured by hypothecation and/or mortgage of tangible assets)**				
	(a) Considered Good	24,691.95	3,553.12	24,377.49	1,841.42
	(b) Classified Doubtful	2,220.01	2,169.10	2,243.97	1,569.50
	Less: Provision for bad & doubtful debts	383.89	767.87	257.65	325.52
		1,836.12	1,401.23	1,986.32	1,243.98
	Sub-total (A1+ A2)	**1,52,339.41**	**15,969.25**	**1,35,933.51**	**18,279.83**
(B)	**Unsecured Loans**				
(B1)	**Loans Guaranteed by respective State Governments**				
	(a) Considered good	19,109.20	2,850.00	18,092.54	22,522.84
(B2)	**Loans to State Governments**				
	(a) Considered good	2,647.90	351.22	2,467.29	886.78
(B3)	**Loans - Others**				
	(a) Considered Good	3,178.73	258.78	1,210.50	99.51
	(b) Classified Doubtful	5.18	478.40	-	430.10
	Less: Provision for Bad & doubtful debts	5.18	478.40	-	430.10
		-	-	-	-
	Sub-total (B1+ B2+B3)	**24,935.83**	**3,460.00**	**21,770.33**	**23,509.13**
	Grand Total (A+B)	**1,77,275.24**	**19,429.25**	**1,57,703.84**	**41,788.96**

13.2.1 Loan balance confirmations for 86% of total loan assets as at 31 March 2017 have been received from the borrowers. Out of the remaining 14% loan assets amounting to ₹ 28,474 crore for which balance confirmations have not been received, 82% loans are secured by way of hypothecation of assets, 13% by way of Government Guarantee/ Loans to Government and 5% are unsecured loans.

13.2.2 Loan Assets also include amount financed by the Company as per the Scheme for Financial Restructuring of State Distribution Companies (Discoms).

13.2.3 REC, as a lead lender had sanctioned ₹ 650 Crore as initial sanction to Corporate Power Limited for 540 MW Phase-I TPP at Chandwa, Jharkhand. The debt is secured by way of combination of securities representing charge on all the Company's present and future immovable properties, movables, all bank accounts, project documents, clearances, letter of credits, guarantees, insurance contracts and insurance proceeds etc., pledge of shares representing 51% of the total paid up equity share capital of the Company and Corporate Guarantee of Corporate Ispat and Alloys Limited (CIAL). Subsequently, REC, had sanctioned ₹ 196 Crore as additional loan towards funding of cost overrun. As at 31 March 2017, the loan outstanding is ₹ 811.74 crores.

The progress of Phase-I of the Project (where REC is Lead) as per last available Lender Independent Engineer's Report, is approximately 96%. However, the account has become NPA on 30 June 2014. As at 31 March 2017, the account of the borrower is classified as Doubtful asset. As per the Independent valuer's report, the realisable sale value of Phase-I & Phase-II project assets is ₹ 1,424.35 Crores. Accordingly, 100% provision to the extent of loan not covered by the realizable value of the security amounting to ₹ 587.47 Crores and for the balance loan amount of ₹ 224.27 Crores, 30% provision amounting to ₹ 67.29 Crores is created in the books as per Significant Accounting Policy no 2.3(ii). As such, total provision created as on 31 March 2017 is ₹ 654.75 Crores.

Recall notice has been served to the borrower and Corporate guarantee of promoter Company, CIAL, has been invoked. REC and ARCIL have filled winding up petition before the Calcutta High Court against CIAL. Meanwhile CIAL moved to Board of Industrial and Financial Reconstruction (BIFR), pursuant thereto, Hon'ble High Court abated the winding up petition. Lenders are exploring various options for the revival of the project including change in the management. With the consent of lenders, ARCIL has initiated the proceedings under SARFAESI Act. ARCIL has taken the possession of the Project site and deployed security for protection of the project. Lenders have also filed joint Original Application (OA) before Debt Recovery Tribunal (DRT), Calcutta for recovery of dues.

13.2.4 REC has sanctioned ₹ 1,150 Crore to Jas Infrastructure & Power Limited (JIPL) wherein total disbursement is ₹ 33.24 Crores till 31 March 2017. The account has become NPA on 30 June 2014. As at 31 March 2017, the account of the borrower is classified as Doubtful asset. As per the Independent valuer's report, the realizable sale value of project assets is valued at ₹ 143.35 Crores. Accordingly, 100% provision to the extent of loan not covered by the realizable value of the security amounting to ₹ 31.48 crore and for the balance loan amount of ₹ 1.77 crores, 30% provision amounting to ₹ 0.53 crores is created in the books as per Significant Accounting Policy No. 2.3(ii). As such, total provision created as at 31 March 2017 is ₹ 32.01 Crores on total loan outstanding of ₹ 33.24 Crores.

Lenders have already initiated recovery. Recall notice has been served to the borrower and Personal guarantee of promoter has been invoked. Original Application has been filed by the REC in DRT for recovery of dues. Further, action as per SARFAESI Act is being explored by Lenders.

13.2.5 As at 31 March 2017, 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 18 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, 10% provision as applicable for sub-standard loans on the loan outstanding ₹ 2,301.99 Crores has not been created. Based on the decision taken by lenders in the JLF subsequent to the court order, the accrued interest of ₹ 426.09 crores (₹ 88.79 cr pertaining to Financial year 2016-17) has been adjusted through disbursement of loan as per the terms of sanction and the income recognised accordingly. However, since the account is currently into Restructured Standard Loan Assets category, a provision of 5% amounting to ₹ 115.10 Crores had been created in full in respect of the loan as against creating the same in phased manner in accordance with Significant Accounting Policy 2.3(iv). Apart from this, as a matter of prudence, an additional provision amounting to ₹ 103.59 Crores has been created @ 4.50% of the loan over and above 5% provision. Accordingly, as on 31 March 2017, the total provision of ₹ 218.69 Crores stands created against the project and unrealized income of ₹ 271.78 Crores has

13.2.6 REC had sanctioned ₹ 390 Crores to M/s Lanco Teesta Hydro Power Limited with ICICI Bank as Lead lender having initial project SCOD in May 2012. However, due to equity crunch of promoters, geological surprises and poor rock strata, project couldn't be commissioned till date. In order to revive the Project, which is stalled at present, change in ownership is an important imperative which ensures that additional resources are brought in by the new investor. Towards this end, change of ownership could be effectively considered under the recent RBI dispensation on Strategic Debt Restructuring (SDR) dated 8 June 2015. In terms of SDR Regulations dated 8 June 2015 issued by RBI, the Lenders' consortium had decided to invoke the SDR in the lenders' meet held on 24 July 2015. Accordingly, REC, on 24 September 2015, approved the Strategic Debt Restructuring (SDR) package pursuant to RBI circular dated 8 June 2015, for conversion of ₹ 102 Crores out of REC's outstanding loan into equity at face value of ₹ 10/- per share towards effecting the change in Management. Subsequently, on 20 October 2015, necessary documentation had been carried out along with the signing of shareholder's agreement and an amount of ₹ 102 Crores of REC's sanction had been converted into equity on 20 October 2015. As per SDR scheme, asset classification shall remain standard up to 18 months from 24 July 2015 i.e. 23 January 2017 within this timeline a suitable investor has to be identified and the exercise of change in management shall have to be completed failing which the asset classification will be as per the extant IRAC norms, assuming the aforesaid 'stand-still' in asset classification had not been given. As no investor had been identified till 23 January 2017, the asset classification has now been downgraded to Doubtful Category with provision created @ 20% of the outstanding loan. Further, in view of the Management, there has been no decline in the fair value of the investment in equity shares of the Company on the basis of the latest available audited financial statements of the Company for the FY 2016-17. Accordingly, no provision is being made in respect of the investment in the equity shares.

13.2.7 REC has extended a loan of ₹ 217 Crores (Outstanding loan amount as at 31 March 2017 - ₹ 198.16 Crores) to Gati Infrastructure Private Limited for the implementation of 2X55 MW HEP in Sikkim with IDFC as Lead lender. Project achieved COD on 18th May 2013 and is operational since then. However, since the Company is selling its entire power under short term arrangements, lower revenue realization is causing stress on project cash flows. Lenders have invoked the implementation of Strategic Debt Restructuring (SDR)/ outside SDR with Reference Date as 5 December 2016 under the prevailing RBI norms. The process under SDR / outside SDR is in progress.

13.2.8 REC has given a loan to M/s Ind Barath Power (Madras) Limited (IBPML) under consortium lending with PFC being the lead lender, wherein the loan outstanding as at 31 March 2017 is ₹ 416.21 Crores. The total disbursement towards IBPML by three consortium lenders was ₹ 947.71 crore. Out of this, ₹ 573.99 cr. kept as FDs, were utilized by the borrower from TRA for other than the project purposes. The account has become NPA on 31 December 2016. As at 31 March 2017, the account of the borrower is classified as Sub-standard asset. Accordingly, 10% provision amounting to ₹ 41.62 Crores has been created in the books as per Significant Accounting Policy No. 2.3(iii). Further, considering the physical progress in the project, an additional provision amounting to ₹ 83.24 Crores has been made during the year 2016-17 in respect of the loan as a matter of prudence. The provisioning of the account shall be reviewed during the year 2017-18 on the basis of latest valuation report and financials.

13.2.9 REC sanctioned a loan of ₹ 750 crore to M/s Lanco Vidharbha Thermal Power Limited (LVTPL), promoted by Lanco Group, for setting up of 1320 MW (2x660 MW) thermal power project at Mandwa, district Wardha, Maharashtra. The loan outstanding as at 31 March 2017 is ₹ 539.56 Crores. As at 31 March 2017, the account of the borrower is classified as Restructured Standard asset. Accordingly, 4.25% provision amounting to ₹ 22.93 Crores has been created in the books as per Significant Accounting Policy No. 2.3(iv). Further, considering the physical progress in the project, an additional provision amounting to ₹ 60 Crores has been made during the year 2016-17 in respect of the loan as a matter of prudence.

13.2.10 One of the borrowers with an outstanding loan amount of ₹ 2,143.38 Crores as at 31 March 2017 has expressed his intention to prepay its loan. Further, the borrower has already prepaid more than 40% of the outstanding loan before the Balance sheet date and has further intimated his intention to prepay the balance loan within the FY 2017-18. Accordingly, the loan outstanding has been considered as 'Current' in terms of Schedule III to the Companies Act, 2013.

14. Other Non-Current Assets

(₹ in Crores)

	Particulars	As at 31.03.2017	As at 31.03.2016
(A)	**Non-Current Portion of Interest Accrued on Staff Advances**	7.74	6.79
(B)	Advance Income-tax & TDS	2,800.34	6,633.82
	Less : Provision for Income Tax	2,751.95	6,533.48
	Advance Income-tax & TDS (Net)	48.39	100.34
(C)	**Forward Contract Receivables**	143.79	-
(D)	**Receivables in respect of Derivative Contracts**	192.10	-
(E)	**Term Deposits with Banks with more than 12 months maturity**	2.05	2.13
	Total (A to E)	**394.07**	**109.26**
	-Term deposits held as security/ margin money in (E) above	2.05	2.13

15. Inventories

(₹ in Crores)

Particulars	As at 31.03.2017	As at 31.03.2016
(a) Stock-in-trade	51.14	49.68
(b) Work-in-progress	0.04	17.11
Total	**51.18**	**66.79**

16. Trade Receivables

(₹ in Crores)

Particulars	As at 31.03.2017	As at 31.03.2016
(a) Unsecured		
Outstanding for a period more than 6 months		
- Considered Good	213.15	90.19
- Considered Doubtful	2.53	5.87
Less: Provision for bad & doubtful debts	*2.53*	5.87
	-	-
Less than 6 months		
- Considered Good	225.25	141.70
Total	**438.40**	**231.89**

17. Cash and Bank Balances

(₹ in Crores)

Particulars	As at 31.03.2017	As at 31.03.2016
(A) Cash & Cash Equivalents		
- Balances with Banks	937.97	1,038.01
- Cash on Hand (including postage & imprest)	0.03	0.01
- Others		
- Short Term Deposits with Scheduled Banks	2,482.34	778.54
- Short term Investment in Debt Mutual Funds	1,160.00	-
Sub-total (A)	**4,580.34**	**1,816.56**
(B) Others		
- Term Deposits with Scheduled Banks	70.45	47.52
Sub-total (B)	**70.45**	**47.52**
Total (A+B)	**4,650.79**	**1,864.08**

Balances with Banks include:		
- Earmarked Balances with Banks in separate accounts		
- For unpaid dividends	2.75	2.73
- For DDUGJY, AG&SP, NEF and other grants	0.51	34.17
- Amount set aside for grants disbursement	2.13	1.77

Further, Short-term Deposits with Scheduled Banks include ₹ 23.20 Crores (Previous year ₹ 2.41 Crores) earmarked towards DDUGJY and other grants and ₹ 5.64 Crores (Previous year ₹ 7.86 Crores) earmarked towards Swachh Vidyalaya Abhiyan (SVA) Project. Figure in (B) Others - Term Deposits with Scheduled Banks includes deposits for ₹ 1.98 Crores (Previous year ₹ 0.36 Crores) made and earmarked in compliance of Court orders and ₹ 35.27 Crores (Previous year Nil) earmarked towards Swachh Vidyalaya Abhiyan (SVA) .

- Term deposits held as security/ margin money	33.78	-
- Term Deposits with Scheduled Banks with more than twelve months original maturity	0.56	15.86

17.1 The Company makes all the payments through electronic means of payment viz. NEFT/ RTGS. However, for certain petty expenses incurred in the normal course of business only, payment is made in cash. The disclosure in respect of transactions in Specified Bank Notes (SBN) held and transacted during the period 8 November 2016 to 30 December 2016 is provided in the Table below:

(₹ in Crores)

Particulars	**Specified Bank Notes (SBNs)**	**Other Denomination Notes**	**Total**
Closing Cash in hand as on 8 November 2016	0.05	0.01	0.06
Add: Permitted Receipts	-	-	-
Less: Permitted Payments	-	0.01	0.01
Less: Amount deposited in Banks	0.05	-	0.05
Closing Cash in hand as on 30 December 2016	**-**	**-**	**-**

18. Short-term Loans & Advances

(₹ in Crores)

	Particulars	**As at 31.03.2017**	**As at 31.03.2016**
(A)	**Loans & Advances to Related Parties**		
	(a) Secured, Considered Good	-	-
	- Unsecured		
	(a) Considered Good	2.89	3.35
	(b) Classified Doubtful	0.06	0.06
	Less: Provision for bad & doubtful debts	0.06	0.06
		-	-
(B)	**Others**		
(i)	**Advances recoverable in cash or in kind or value to be received**		
	(a) Secured, Considered Good	-	-
	(b) Unsecured		
	(a) Considered Good	26.98	33.80
	(b) Classified Doubtful	5.59	2.06
	Less: Provision for bad & doubtful debts	5.59	2.06
		-	-
	Total (i)	**26.98**	**33.80**
(ii)	**Loan Assets**		
(a)	Secured Loans		
	- Loans to State Power Utilities/ State Electricity Boards/Corpn. (Secured by hypothecation and/or mortgage of materials/ tangible assets)		
	Considered Good	740.67	-
	Sub-total (a)	**740.67**	**-**
(b)	Unsecured Loans		
	- Loans Guaranteed by respective State Governments		
	- Considered Good	197.18	672.22
	- Loans - Others		
	- Considered Good	2,651.00	100.00
	Sub-total (b)	**2,848.18**	**772.22**
	Total (ii)	**3,588.85**	**772.22**
	Grand Total	**3,618.72**	**809.37**

19. Other Current Assets

(₹ in Crores)

	Particulars	As at 31.03.2017	As at 31.03.2016
(A)	**Current recoverable of Long-term Loan Assets (Net)** (Refer Note 13.2)	19,429.25	41,788.96
(B)	**Current recoverable of Staff Advances (Net)** (Refer Note 13.1)	11.23	11.17
(C)	**Interest Accrued & Not Due on:**		
	- Long Term Investments	14.25	18.40
	- Term Deposits	7.06	3.20
	Sub-total	21.31	21.60
(D)	**Interest Accrued & Due on Loan Assets**	781.26	1,112.89
(E)	**Interest Accrued & Not Due on Loan Assets**	288.31	301.73
(F)	**Current Portion of Interest Accrued on Staff Advances**	0.33	0.30
(G)	**Recoverable from GOI**		
	- DDUGJY Expenses	9.02	9.71
	- NEF Expenses	0.42	0.37
	Sub-total	9.44	10.08
(H)	**Recoverable from SEBs/ Govt. Deptt/Others**	35.53	16.15
(I)	**Income Tax Recoverable**	1.97	0.18
(J)	**Prepaid Financial Charges on Commercial Paper**	-	67.30
(K)	**Prepaid Expenditure**	16.80	9.90
(L)	**Current Portion of Unamortized Expenses**		
	- Discount on Issue of Bonds	-	0.14
(M)	**Others**	7.38	42.63
	Total (A to M)	**20,602.81**	**43,383.03**

20. Revenue from Operations

(₹ in Crores)

	Particulars	Year ended 31.03.2017		Year ended 31.03.2016	
(A)	**Interest on Loan Assets**				
(i)	Long term financing	22,479.98		23,375.20	
	Less: Rebate for timely payments/ completion etc.	0.26	22,479.72	1.49	23,373.71
(ii)	Short term financing		455.89		96.95
	Sub-total (A)		**22,935.61**		**23,470.66**
(B)	**Revenue from Other Financial Services**				
(i)	Processing, Upfront, Lead fees, LC Commission etc.		48.49		24.71
(ii)	Prepayment Premium		147.44		30.50
(iii)	Fee for DDUGJY Implementation/ others		23.86		32.78
	Sub-total (B)		**219.79**		**87.99**
(C)	**Income from Short-term Investment of Surplus Funds**				
(i)	Interest from Deposits		98.39		68.21
(ii)	Gain on Sale of Mutual Funds		67.13		11.49
(iii)	Interest from CP/ ICD		29.87		-
	Sub-total (C)		**195.39**		**79.70**
(D)	**Revenue from Sale of Goods**		**326.72**		**173.36**
(E)	**Income from Consulting Engineer Services**		**192.96**		**170.21**
(F)	**Income from Execution of IT Implementation Project**		**74.69**		**30.96**
	Total (A to F)		**23,945.16**		**24,012.88**

21. Other Income

(₹ in Crores)

	Particulars	Year ended 31.03.2017	Year ended 31.03.2016
(A)	**Interest Income (Other than Operating Income)**		
	- Interest from Govt. Securities	24.52	43.23
	- Interest from Long Term Investments/Term Deposits/Others	214.18	52.05
	- Interest from Income Tax Refund	9.03	-
	- Interest from Staff Advances	1.52	2.22
	- Interest from Subsidiary Companies/SPVs	0.51	0.29
	- Interest on Application Money	-	0.19
	Sub-Total (A)	**249.76**	**97.98**
(B)	**Dividend Income**		
	- Dividend from Long-Term Investments	63.15	2.37
	Sub-Total (B)	**63.15**	**2.37**
(C)	**Net Gain on Sale of Long Term Investments**	**79.75**	**12.29**
(D)	**Changes in Fair Value of Swap**	**324.77**	**-**
(E)	**Other Non-Operating Income**		
	- Provision & Liabilities no longer required written back	2.87	1.04
	- Miscellaneous Income	20.54	3.37
	Sub-Total (E)	**23.41**	**4.41**
	Total (A to E)	**740.84**	**117.05**

22. Finance Costs

(₹ in Crores)

	Particulars	Year ended 31.03.2017	Year ended 31.03.2016
(A)	**Interest Expense**		
	- On Govt. Loans	-	0.15
	- On Bonds	11,743.83	11,369.39
	- On Loans from Banks/ Financial Institutions	106.47	134.18
	- On External Commercial Borrowings	1,423.65	1,616.97
	- On Commercial Paper	300.46	285.91
	- On AREP Subsidy	-	0.04
	- On Advance Income Tax	3.28	0.46
	- Others	0.18	-
	Sub-Total (A)	**13,577.87**	**13,407.10**
(B)	**Other Borrowing Costs**		
	- Guarantee Fee	18.25	19.14
	- Public Issue Expenses	-	0.70
	- Bonds Handling Charges	0.80	1.04
	- Bonds Brokerage	15.68	19.33
	- Stamp Duty on Bonds/ Shares	5.59	3.88
	- Debt Issue and Other Finance Charges	80.88	157.80
	Sub-Total (B)	**121.20**	**201.89**
(C)	**Net Translation/ Transaction Exchange Loss**	**87.29**	**673.36**
	Total (A to C)	**13,786.36**	**14,282.35**

23. Employee Benefits Expense

(₹ in Crores)

Particulars	Year ended 31.03.2017	Year ended 31.03.2016
- Salaries and Allowances	130.39	101.50
- Contribution to Provident Fund and Other Funds	13.58	12.44
- Gratuity	15.30	0.57
- Expenses towards Post Retirement Medical Facility	17.21	15.33
- Staff Welfare Expenses	16.27	13.35
Total	**192.75**	**143.19**

The pay revision of the employees of the Company is due w.e.f.1 January 2017. Pending final notification of the revised Pay Scales and other benefits by the Govt. of India, an estimated provision of ₹ 14.59 crores has been created during the year towards pay revision arrears as per the recommendations of 3rd Pay Revision Committee constituted by the Department of Public Enterprises (DPE), Govt. of India. This provision is inclusive of the provision created for non-executive employees for whom arrears have also been considered in line with these recommendations. Actuarial valuation of employees benefits has also been carried out on the basis of proposed pay scales

24. Corporate Social Responsibility Expenses

(₹ in Crores)

Particulars	Year ended 31.03.2017	Year ended 31.03.2016
- Direct Expenditure	65.78	116.81
- Overheads	3.16	3.48
Total	**68.94**	**120.29**

24.1 Disclosure in respect of CSR Expenses:

Amount spent during the year (₹ in Crores) :

	Particulars	Year ended 31.03.2017			Year ended 31.03.2016		
		In Cash	Yet to be paid*	Total	In Cash	Yet to be paid*	Total
(i)	Construction/ acquisition of any asset	-	-	-	-	-	-
(ii)	On purpose other than (i) above	68.94	-	68.94	99.07	21.22	120.29

* denotes amount provided for.

25. Other Expenses

(₹ in Crores)

Particulars	Year ended 31.03.2017		Year ended 31.03.2016	
- Travelling and Conveyance		13.60		12.85
- Publicity & Promotion Expenses		16.53		11.70
- Repairs and Maintenance				
- Building	2.89		3.18	
- ERP & Data Centre	4.85		4.64	
- Others	2.72	10.46	1.20	9.02
- Rent & Hiring Charges		7.04		4.92
- Rates and Taxes		1.27		0.44
- Power & Fuel		2.34		2.30
- Insurance Charges		0.19		0.05
- Postage and Telephone		2.86		2.12
- Auditors' Remuneration		1.24		1.09
- Legal & Consultancy Charges		7.72		5.13
- Project Expenses		96.64		70.31
- Distribution Expense		25.96		13.77
- Loss on Sale of Assets		0.52		0.38
- Miscellaneous Expenses		34.21		30.31
Total		**220.58**		**164.39**

25.1 Auditors' Remuneration includes :

(₹ in Crores)

Particulars	Year ended 31.03.2017	Year ended 31.03.2016
- Audit Fees	0.65	0.49
- Tax Audit Fees	0.14	0.09
- Limited Review Fees	0.24	0.21
- Payment for Other Services		
(i) Certification of Offer Document for Public Issue/ MTN Setup	0.07	0.12
(ii) Other Certifications	0.04	0.03
- Expenses Incurred	0.05	0.09
- Service tax component	0.05	0.05
Total	**1.24**	**1.08**

The figures above include ₹ 0.06 crores (Previous year Nil) of Audit Fees and ₹ 0.02 crores (Previous year Nil) of Tax Audit fees pertaining to earlier years.

25.2 Earnings and Expenditure in Foreign Currency :

(₹ in Crores)

Particulars	Year ended 31.03.2017	Year ended 31.03.2016
Earnings	1.27	0.16
Expenditure		
- Royalty, Know-how, Professional, Consultation Fees	1.17	0.49
- Interest	462.70	551.84
- Finance Charges	68.61	130.91
- Other Expenses	3.11	3.11
Total	**535.59**	**686.35**

25.3 The Group Companies has taken office space, accommodations for staff and space for ERP Data Centre on lease. These are classified as operating lease. Lease payments in respect of office space and data centre amounting to ₹ 8.39 Crores (Previous year ₹ 6.60 Crores) is shown under the head ‘Other Expenses’. Lease payments in respect of accommodations for staff amounting to ₹ 2.92 Crores (Previous year ₹ 2.99 Crores) form part of 'Employees Benefit Expense.' Future lease payments in respect of these lease agreements are as under:

(₹ in Crores)

Future minimum lease rent payments	As at 31.03.2017		As at 31.03.2016	
	Data Centre	Office & Accomodations	Data Centre	Office & Accomodations
Not later than one year	0.36	6.51	0.36	5.85
Later than one year and not later than 5 years	0.26	8.03	0.62	6.71
Later than 5 years	-	6.83	-	4.73
Total	**0.62**	**21.37**	**0.98**	**17.29**

26. Provisions and Contingencies

(₹ in Crores)

Particulars	Year ended 31.03.2017	Year ended 31.03.2016
Provision for bad & doubtful debts	626.43	651.18
Contingent Provision against Standard Loan Assets	64.03	52.51
Provision against Restructured Standard Loans	419.85	369.57
Provision for Interest due & Converted into Equity	-	3.96
Provision for depreciation on Investment	-	16.00
Provision for contigencies of project cost revision	-	2.96
Total	**1,110.31**	**1,096.18**

27. Changes in inventories

(₹ in Crores)

Particulars	Year ended 31.03.2017	Year ended 31.03.2016
Stock-in-Trade		
Opening Balance	56.83	-
Closing Balance	51.14	49.68
Changes in inventories of Stock-in-Trade	**5.69**	(49.68)
Work-in-Progress		
Opening Balance	17.11	-
Closing Balance	0.04	17.11
Changes in inventories of Work-in-Progress	**17.07**	(17.11)
Total	**22.76**	**(66.79)**

28. Prior Period Items

(₹ in Crores)

Particulars	Year ended 31.03.2017	Year ended 31.03.2016
- Travelling and Conveyance (Refer Note 28.1)	(1.01)	-
- Others	(0.50)	0.39
Total	**(1.51)**	**0.39**

28.1 During the year, the Company had noticed a case of over-charging of the air ticket bills by the travel agent. The excess booking of the travel expense during the earlier years has been rectified and the resultant amount being shown as Recoverable from the Travel Agent in the books of accounts.

29. Earnings per Share

Particulars	Year ended 31.03.2017	Year ended 31.03.2016
Numerator		
Profit after Tax as per Statement of Profit and Loss (₹ in Crores)	6,313.37	5,691.42
Denominator		
Weighted average Number of equity shares	1,97,49,18,000	1,97,49,18,000
Basic & Diluted Earnings per share of ₹10 each (in ₹)	**31.97**	**28.82**

Pursuant to the approval of the shareholders, the Company had allotted bonus shares in the ratio of one equity share of ₹ 10/- each for one existing equity share of ₹ 10/- each on 30 September 2016. Accordingly, Earnings Per Share (EPS) (basic and diluted) have been restated for the previous periods presented in accordance with the provisions of AS-20.

30 Contingent Liabilities and Commitments :

30.1 Contingent Liabilities not provided for in respect of:

(₹ in Crores)

	Particulars	As at 31.03.2017	As at 31.03.2016
(A)	Claims against the Company not acknowledged as debts	97.63	58.28
(B)	Guarantees	35.32	28.04
(C)	Others		
	- Letters of Comfort	173.36	461.56

The amount referred to in 'A' above includes ₹ 2.37 Crores (Previous year ₹ 3.86 Crores) in respect of cases pending in various courts including arbitration cases and is dependent upon the outcome of settlement of court/arbitration cases.

Further, it also includes ₹ 95.26 Crores (Previous year ₹ 54.42 Crores) against various demands raised by the Income Tax Department/ Service Tax Department including the cases pending in Delhi High Court/ Supreme Court.The company is contesting these tax demands and the management believes that its position will likely be upheld in the appellate process. Further, the ultimate outcome of these proceedings will not have a material adverse effect on the Company's financial position and results of operations.

30.2 Commitments not provided for in respect of:

(₹ in Crores)

Particulars	As at 31.03.2017	As at 31.03.2016
- Contracts remaining to be executed on capital account		
- Towards Tangible Assets	376.28	372.20
- Towards Intangible Assets	2.60	2.84
- Other Commitments		
- CSR Commitments	145.99	89.44

31. Details of Registration/ License/ authorisation obtained from financial sector regulators:

	Particulars	Regulator Name	Registration Details
(i)	Corporate Identification No.	Ministry of Corporate Affairs	L40101DL1969GOI005095
(ii)	Registration Number	Reserve Bank of India	14.000011

32. The Company is registered with the Reserve Bank of India (RBI) as a Non-Banking Financial Company (NBFC) since 1997-98. As per notification No.DNBS(PD).CC No.12/02.01/99-2000 dated 13.1.2000 of RBI, Govt. companies as defined under Section 617 of the Companies Act, 1956 have been exempted from applicability of the provisions of Reserve Bank of India Act, 1934 relating to maintenance of liquid assets and creation of Reserve Funds and the Directions relating to acceptance of public deposits and Prudential Norms. The said notification is also applicable to REC, being a Govt. company as defined under Section 2 (45) of the Companies Act, 2013 (Section 617 of the erstwhile Companies Act, 1956). Accordingly, the Reserve Fund is not created.

Further, as per Para No. 2 (3) of RBI's Master Circular No. DNBR.PD.008/ 03.10.119 / 2016-17 dated 1 September, 2016, REC being a Government Company continues to be exempted from the applicability of "Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015". However, RBI, vide its letters dated 25 July 2013 and 4 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 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 11 June 2014 has allowed exemption to the Company from RBI restructuring norms till 31 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. 1 April 2015, the provisioning requirement would be 5% and for stock of loans as on 31 March 2015 of such projects, the provisioning shall commence with a provision of 2.75% w.e.f 31 March 2015 and reaching 5% by 31 March 2018.

33. RBI, vide its letter dated September 17, 2010 had categorized REC as an Infrastructure Finance Company (IFC) in terms of instructions contained in RBI Circular CC No.168 dated February 12, 2010. As an IFC, the total permissible exposure for lending in the private sector is 25% of owned funds in case of single borrower and 40% in case of a single group of borrowers and exposure for lending and investing taken together can be upto 30% and 50% of owned funds, respectively.

In respect of Central/State Government entities, 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 till 31 March, 2022. In view of the above, our maximum credit exposure limits to Central and State power Utilities continue to vary from 50% to 250% of owned funds, depending upon entity appraisal.

In respect of Private Sector entities, the Company's credit exposure to single borrowers and group borrowers did not exceed the RBI prudential exposure limits as at 31 March 2017 and 31 March 2016.

34. <u>Changes in Accounting Policies</u>

a. <u>Rural Electrificaiton Corporation Limited</u>

During the year ended 31 March 2017, the Company has revised the Significant Accounting Policy No. 16 in respect of 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 1 April 2016. In accordance with the transitional provisions mentioned in the Guidance Note, an amount of ₹ 86.75 Crores after netting of taxes of ₹ 45.92 Crores had been adjusted in the opening balance of reserves, representing the change in the fair value of the interest rate swaps till 31 March 2016. Further, the fair value gain on interest rate swaps of ₹ 324.77 Crores has been booked to the Statement of Profit & Loss for the year ended 31 March 2017 in accordance with the revised accounting policy.

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 year amounting to ₹ 6.69 Crores has been adjusted in the Finance Cost for the year ended 31 March 2017.

Due to these changes in accounting policies, profit before tax for the year ended 31 March 2017 is higher by ₹ 301.67 Crores.

b. <u>Group Companies</u>

RECPDCL, a subsidiary of REC Limited, has, during the current year, discontinued its policy of making a provision for contingencies of Project Cost Revisions @ 2% of its annual turnover. Due to this change in accounting policy, profit before tax for the FY 2016-17 is higher by ₹ 3.65 crores.

Further, RECPDCL has, during the current year, changed its existing policy of making percentage based provision for doubtful debts to actual provision on prudence basis. Due to this change in accounting policy, profit before tax for the FY 2016-17 is higher by ₹ 2.72 crores.

35. Quality of Loan Assets

35.1

Details of Restructured Accounts on which restructuring provisioning as per RBI norms is applicable, along-with provisions thereon, are given below

(₹ in Crores)

	Type of restructuring		Under CDR / SME Mechanism					Others					Total				
	Asset Classification details		Standard	Substandard	Doubtful	Loss	Total	Standard	Substandard	Doubtful	Loss	Total	Standard	Substandard	Doubtful	Loss	Total
(1)	Restructured Accounts as on 1 April 2016	No. of borrowers			Nil			10	4	-	-	14	10	4	-	-	14
		Amount outstanding (Restructured facility)						21,058	2,179	-	-	23,238	21,058	2,179	-	-	23,238
		Amount outstanding (Other facility)						-	-	-	-	-	-	-	-	-	-
		Provision Thereon						821	218	-	-	1,039	821	218	-	-	1,039
(2)	Movement of balance in account appearing in opening balance	No. of borrowers			Nil			9	2	-	-	11	9	2	-	-	11
		Amount outstanding (Restructured facility)						3,974	(3)	-	-	3,971	3,974	(3)	-	-	3,971
		Amount outstanding (Other facility)						-	-	-	-	-	-	-	-	-	-
		Provision Thereon						425	-	-	-	426	425	-	-	-	426
(3)	Fresh restructuring during the year	No. of borrowers			Nil			3	1	-	-	4	3	1	-	-	4
		Amount outstanding (Restructured facility)						3,167	9	-	-	3,176	3,167	9	-	-	3,176
		Amount outstanding (Other facility)						-	-	-	-	-	-	-	-	-	-
		Provision Thereon						158	1	-	-	159	158	1	-	-	159
(4)	Up gradations to restructured standard category during the year	No. of borrowers			Nil			2	-	-	-	2	2	-	-	-	2
		Amount outstanding (Restructured facility)						54	-	-	-	54	54	-	-	-	54
		Amount outstanding (Other facility)						-	-	-	-	-	-	-	-	-	-
		Provision Thereon						3	-	-	-	3	3	-	-	-	3
(5)	Restructured Standard advances which cease to attract higher provisioning and/ or additional risk weight at the end of the year and hence need not be shown as restructured standard advances at the beginning of the next FY	No. of borrowers			Nil			(1)	(2)	-	-	(3)	(1)	(2)	-	-	(3)
		Amount outstanding (Restructured facility)						(4,758)	(54)	-	-	(4,812)	(4,758)	(54)	-	-	(4,812)
		Amount outstanding (Other facility)						-	-	-	-	-	-	-	-	-	-
		Provision Thereon						(167)	(6)	-	-	(172)	(167)	(6)	-	-	(172)
(6)	Down gradation of restructured accounts during the year	No. of borrowers			Nil			-	(1)	1	-	-	-	(1)	1	-	-
		Amount outstanding (Restructured facility)						-	(1,345)	1,345	-	-	-	(1,345)	1,345	-	-
		Amount outstanding (Other facility)						-	-	-	-	-	-	-	-	-	-
		Provision Thereon						-	(134)	269	-	135	-	(134)	269	-	135
(7)	Write-offs restructured accounts during the year	No. of borrowers			Nil			-	-	-	-	-	-	-	-	-	-
		Amount outstanding (Restructured facility)						-	-	-	-	-	-	-	-	-	-
		Amount outstanding (Other facility)						-	-	-	-	-	-	-	-	-	-
		Provision Thereon						-	-	-	-	-	-	-	-	-	-
(8)	Restructured accounts as on 31 March 2017	No. of borrowers			Nil			14	2	1	-	17	14	2	1	-	17
		Amount outstanding (Restructured facility)						23,496	786	1,345	-	25,627	23,496	786	1,345	-	25,627
		Amount outstanding (Other facility)						-	-	-	-	-	-	-	-	-	-
		Provision Thereon						1,241	79	269	-	1,589	1,241	79	269	-	1,589

35.2 The Classification of Loan Assets of the Company (classified in Note No. 13 and 18) as per RBI Prudential Norms is as under:

(₹ in Crores)

	Asset Classification	As at 31.03.2017		As at 31.03.2016	
		Loan Balance	Provision created against Loan Assets	Loan Balance	Provision created against Loan Assets
(i)	**Standard Assets**				
(a)	Restructured Standard Loan Assets (Refer Note below)	23,495.57	1,241.19	21,058.26	821.34
(b)	Other than (a) above	1,73,560.42	607.46	1,75,976.46	543.43
	Sub-total (i)	**1,97,055.99**	**1,848.65**	**1,97,034.72**	**1,364.77**
(ii)	**Non Performing Assets**				
(a)	Sub-standard Assets *	1,226.75	205.92	2,908.19	291.01
(b)	Doubtful Assets	3,628.71	1,412.20	1,318.16	705.04
(c)	Loss Assets	17.22	17.22	17.22	17.22
	Sub-total (ii)	**4,872.68**	**1,635.34**	**4,243.57**	**1,013.27**
	Total	**2,01,928.67**	**3,483.99**	**2,01,278.29**	**2,378.04**

* Includes loans classified as NPAs due to restructuring/ non-achievement of DCCO amounting to ₹ 777.00 Crores (Previous year ₹ 811.33 crores) and provisioning thereof ₹ 77.70 Crores (Previous year ₹ 81.27 crores).

Note : Loan assets as mentioned in (i)(a) refer to restructured standard loan assets as specified in Accounting Policy No. B-2.3(iv).

35.3 Sector-wise NPAs - Percentage of NPAs to Total Advances in that sector

Particulars	As at 31.03.2017	As at 31.03.2016
- Power Sector *	2.41%	2.11%

* Includes 0.38% (Previous year 0.40%) loans classified as NPAs due to restructuring/ non-achievement of DCCO, amounting to ₹ 777.00 Crores (Previous period ₹ 811.33 crores).

35.4 Movement of NPAs

(₹ in Crores)

	Particulars	As at 31.03.2017	As at 31.03.2016
(i)	**Net NPAs to Net Advances (%)**	**1.62%**	**1.61%**
(ii)	**Movement of NPAs (Gross)**		
(a)	Opening balance	4,243.57	1,335.38
(b)	Additions during the year	686.56	2,910.13
(c)	Reductions during the year	57.44	1.94
(d)	Closing balance	**4,872.69**	**4,243.57**
(iii)	**Movement of NPAs (Net)**		
(a)	Opening balance	3,230.30	969.93
(b)	Additions during the year	56.25	2,262.31
(c)	Reductions during the year	49.20	1.94
(d)	Closing balance	**3,237.35**	**3,230.30**
(iv)	**Movement of provisions for NPAs**		
(a)	Opening balance	1,013.27	365.45
(b)	Provisions made during the year	630.31	647.82
(c)	Write-off / write-back of excess provisions	8.24	-
(d)	Closing balance	**1,635.34**	**1,013.27**

Note - The closing figures above include loans classified as NPAs due to restructuring/ non-achievement of DCCO, amounting to ₹ 777.00 Crores (Gross) (Previous year ₹ 811.33 crores) and provisioning thereof ₹ 77.70 Crores (Previous year ₹ 81.27 crores).

36. Exposure Related Disclosures

36.1 Exposure to Real Estate Sector

The Company has no exposure to real estate sector as at 31 March 2017 (Previous year Nil).

36.2 Exposure to Capital Market

(₹ in Crores)

	Particulars	As at 31.03.2017	As at 31.03.2016
(i)	Direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	520.05	119.25
(ii)	Advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	-	-
(iii)	Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	-	-
(iv)	Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds 'does not fully cover the advances;	-	-
(v)	Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	-	-
(vi)	Loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	-	-
(vii)	Bridge loans to companies against expected equity flows/ issues;	-	-
(viii)	All exposures to Venture Capital Funds (both registered and unregistered)	6.15	6.15
	Total Exposure to Capital Market	**526.20**	**125.40**

36.3 Unsecured Advances against Intangible Assets

There are no such advances outstanding as at 31 March 2017 (Previous year Nil) for which intangible collaterals such as rights, licenses, authority, etc. are charged in favour of the Company in respect of projects financed by the Company.

37. Concentration of Advances, Exposures and NPAs

	Particulars	As at 31.03.2017	As at 31.03.2016
(i)	**Concentration of Advances**		
	Total Advances to twenty largest borrowers (₹ in Crores)	1,11,916.90	1,17,632.78
	Percentage of Advances to twenty largest borrowers to Total Advances of the Company	55.42%	58.44%
(ii)	**Concentration of Exposures**		
	Total Exposure to twenty largest borrowers (₹ in Crores)	1,97,327.07	1,94,864.96
	Percentage of Exposures to twenty largest borrowers to Total Exposure of the Company on borrowers	60.34%	58.54%
(iii)	**Concentration of NPAs ***		
	Total Outstanding to top four NPA Accounts (₹ in Crores)	3,444.72	3,444.72
	Total Exposure to the above four NPA Accounts (₹ in Crores)	3,444.72	3,444.72

* Includes loans of ₹ 777.00 Crores (Previous year ₹ 777.00 crores) classified as NPAs due to restructuring/ non-achievement of DCCO.

38. The Company has not entered into any securitisation/ assignment transactions during the year ended 31 March 2017 (Previous year Nil). Further, no assets have been sold to securitisation/ reconstruction company for asset reconstruction.

39. The National Electricity Fund (NEF), an interest subsidy scheme, has become operational during the year 2012-13. The scheme has been introduced by Govt. of India to promote the capital investment in the distribution sector. The scheme shall provide interest subsidy linked with reform measures, on the loans taken by public and private distribution power utilities for various capital works under Distribution sector. NEF would provide interest subsidy aggregating upto ₹ 8,466 Crores (including interest subsidy to the borrowers, service charges to the nodal agency, payments to independent evaluators and other incidental expenses) spread over 14 years for loan disbursement against projects approved during 2012-13 and 2013-14. REC has been nominated as Nodal Agency for operationalisation of the NEF scheme in entire country.

40. Government of India has launched Deen Dayal Upadhyaya Gram Jyoti Yojana (DDUGJY) with the following components:

(i) Separation of agriculture and non-agriculture feeders facilitating judicious rostering of supply to agriculture & non-agriculture consumers in the rural areas;

(ii) Strengthening and augmentation of sub-transmission & distribution infrastructure in rural areas, including metering of distribution transformers/feeders/consumers

(iii) Rural electrification, as per CCEA approval dated 01.08.2013 for completion of the targets laid down under RGGVY for 12th and 13th Plans by carrying forward the approved outlay for RGGVY to DDUGJY.

The components at (i) and (ii) of the above scheme will have an estimated outlay of ₹ 43,033 crore including budgetary support of ₹ 33,453 crore from Government of India during the entire implementation period. The scheme of RGGVY as approved by CCEA for continuation in 12th and 13th plan will get subsumed in this scheme as a separate Rural Electrification (RE) component. REC has been nominated as nodal agency for operationalization of this scheme.

41. In the opinion of the management, the current assets, loans and advances appearing in the balance sheet have a value equivalent to the amount stated therein if realized during the ordinary course of business and all known liabilities have been provided.

42. Disclosure under Micro, Small and Medium Enterprises Development Act, 2006:

(₹ in Crores)

Particulars	**As at 31.03.2017**	**As at 31.03.2016**
Principal amount remaining unpaid but due as at year end	0.30	4.21
Interest due thereon as at year end	0.06	0.14
Interest paid by the company in terms of Section 16 of MSME Development Act, 2006 along with the amount of the payment made to the supplier beyond the appointed day during the year.	-	-
Interest due and payable for the period of delay in making payment but without adding the interest specified under MSME Development Act, 2006.	-	0.11
Interest accrued and remaining unpaid as at year end.	0.06	0.14
Further interest remaining due and payable even in the succeeding years, until such date when the interest due as above are actually paid to the small entereprises.	-	-

43. Derivatives Related Disclosures

43.1 Forward Rate Agreements/ Interest Rate Swaps

(₹ in Crores)

	Particulars	**As at 31.03.2017**	**As at 31.03.2016**
(i)	The notional principal of swap agreements	41,664.18	24,770.59
(ii)	Losses which would be incurred if counterparties failed to fulfill their obligations under the agreements	628.07	1,529.12
(iii)	Collateral required by the NBFC upon entering into swaps	Nil	Nil
(iv)	Concentration of credit risk arising from the swaps	Refer Note Below	Refer Note Below
(v)	The fair value of the swap book	273.61	1,223.39

Note : REC, being NBFC has entered into swap agreements with Category-I , Authorized Dealers Banks only, in accordance with the RBI guidelines. All the swap agreements entered into with banks are well with in the credit risk limit defined in the Board approved Risk Management Policy.

43.2 The Company has not entered into any exchange traded Interest Rate (IR) derivatives.

43.3 Disclosure on Risk Exposure in Derivatives

43.3.1 Qualitative Disclosures

REC has Risk Management Policy duly approved by the Board. The policy covers the currency risk of the company. This policy provides the guiding parameters within which the Company can take decisions for managing the Currency Risk that it is exposed to on account of foreign currency loan. The purpose of the policy is to provide a framework to the Company for management of its foreign currency risk.

Risk Management Structure

An Asset Liability Management Committee (ALCO) is currently functioning under the chairmanship of CMD, Director (Finance), Director (Technical), Executive Directors and General Managers from Finance and Operating Divisions as its members. ALCO monitors Foreign currency risk with exchange rate and interest rate managed through various derivative instruments.

Derivative transactions include forwards, interest rate swaps, cross currency swaps and currency and cross currency options to hedge assets and liabilities. These derivative transactions are done for hedging purpose and not for trading or speculative purpose.

Type of Risks Involved

(i) Credit Risk - Credit risk is the risk of loss due to counterparty's failure to perform on an obligation to the Company.

(ii) Market Risk - Market risk is the risk of loss due to adverse changes in the market value (the price) of an instrument or portfolio of instruments. Such exposures occurs with respect to derivative instruments when changes occur in market factors such as underlying interest rates, exchange rates etc or in the volitality of these factors.

(iii) Liquidity Risk - Liquidity risk is the risk of loss due to failure of the institution to meet its funding requirments or execute a transaction at a reasonable price. This may be market liquidity risk or funding liquidity risk.

(iv) Operational Risk - Operational risk is the risk of loss occuring as a result of inadequate system and control, deficiencies in information system, human error or a management failure. Derivative activities can pose challenging operational risk issue because of complexity of certain products and their continual evolution.

(v) Legal Risk - Legal risk is the risk of loss arising from contracts which are not legally enforceable or documented correctly.

(vi) Regulatory Risk - Regulatory risk is the risk of loss arising from failure to comply with regulatory or legal requirements.

43.3.2 Quantitative Disclosures

(₹ in Crores)

	Particulars	Currency Derivatives *		Interest Rate Derivatives **	
		As at 31.03.2017	As at 31.03.2016	As at 31.03.2017	As at 31.03.2016
(i)	Derivatives (Notional Principal Amount)				
	For hedging	18,482.32	17,876.79	23,181.86	6,893.80
(ii)	Marked to Market Positions				
a)	Asset (+)	370.75	1,487.63	257.32	41.49
b)	Liability (-)	289.24	131.57	65.22	174.16
(iii)	Credit Exposure	18,482.32	17,876.79	23,181.86	6,893.80
(iv)	Unhedged Exposures	2,598.22	4,046.93	N.A.	N.A.

* Includes Full Hedge, Principal only Swap and Call Spread.

** Includes Interest Rate Derivatives as a strategy of cost reduction

44. The outstanding position of Foreign Currency Exposure as at 31st March, 2017 is as under:

(Foreign Currency amounts in Millions)

Currency	Total Exposure		Hedged Portion (Currency & Interest rate)		Unhedged Exposure	
	As at 31.03.2017	As at 31.03.2016	As at 31.03.2017	As at 31.03.2016	As at 31.03.2017	As at 31.03.2016
JPY	26,059.52	30,014.85	23,985.15	27,940.48	2,074.37	2,074.37
EURO	139.74	159.15	99.35	125.02	40.39	34.13
USD $	2,885.00	2,855.00	2,530.00	2,500.00	355.00	355.00
CHF (Swiss Franc)	-	200.00	-	-	-	200.00

44.1 In terms of Accounting Policy B-14, the foreign currency monetary items as at the reporting date have been translated at the following rates:

Exchange Rates	USD/INR	JPY/INR	Euro/INR	CHF/INR
As at 31st March, 2017	64.8386	0.5796	69.2476	-
As at 31st March, 2016	66.3329	0.5906	75.0955	68.9249

45. Related Party Disclosures :

(1) Key Managerial Personnel

Dr. P.V. Ramesh	Chairman & Managing Director w.e.f. 5 January 2017
Sh. B.P. Pandey	Chairman & Managing Director from 1 October 2016 to 4 January 2017
Sh. Rajeev Sharma	Chairman & Managing Director upto 30 September 2016
Sh. Ajeet Kumar Agarwal	Director (Finance)
Sh. Sanjeev Kumar Gupta	Director (Technical)
Sh. J.S. Amitabh	GM & Company Secretary

(2) Wholly owned Subsidiaries of REC Transmission Projects Company Limited

Nellore Transmission Limited - Incorporated on 04.12.2012 and struck off from the Register of Companies u/s 560 of Companies Act, 1956 vide certificate dated 25.05.2016

Baira Siul Sarna Transmission Limited - Incorporated on 24.01.2013 and struck off from the Register of Companies u/s 560 of Companies Act, 1956 vide certificate dated 16.07.2016

NER II Transmission Limited - Incorporated on 21.04.2015 and transferred to M/s Sterlite Grid 4 Limited (SG4L) on 31.03.2017, substantially upon the terms and conditions as detailed in the Share Purchase Agreement executed between RECTPCL, Khargone Transmission Limited and SG4L.

NRSS XXXVI Transmission Limited - Incorporated on 18.08.2015 and transferred to M/s Essel Infraprojects Limited(EIL) on 22.08.2016, substantially upon the terms and conditions as detailed in the Share Purchase Agreement executed between RECTPCL, NRSS XXXVI Transmission Limited and EIL.

North Karanpura Transco Limited - Incorporated on 27.11.2015 and transferred to M/s Adani Transmission Limited (ATL) on 08.07.2016, substantially upon the terms and conditions as detailed in the Share Purchase Agreement executed between RECTPCL, North Karanpura Transco Limited and ATL.

Khargone Transmission Limited - Incorporated on 28.11.2015 and transferred to M/s Sterlite Grid 4 Limited on 22.08.2016, substantially upon the terms and conditions as detailed in the Share Purchase Agreement executed between RECTPCL, Khargone Transmission Limited and Sterlite.

Dinchang Transmission Limited - Incorporated on 02.12.2015

Ghatampur Transmission Limited - Incorporated on 02.12.2016

ERSS XXI Transmission Limited - Incorporated on 11.01.2017

WR-NR Power Transmission Limited - Incorporated on 12.01.2017

Details of amount due from/ to the related parties :

(₹ in Crores)

Particulars	As at 31.03.2017	As at 31.03.2016
Long-term Debt		
Key Managerial Personnel	0.10	0.10
Loans & Advances		
Key Managerial Personnel	0.50	0.83

Details of Transactions with the related parties :

(₹ in Crores)

Particulars	For the year ended 31.03.2017	For the year ended 31.03.2016
Long Term Debt - Amount Invested		
Key Managerial Personnel	-	0.01
Loans & Advances		
Key Managerial Personnel	0.06	0.53
Interest Income - Loans & Advances		
Key Managerial Personnel	0.03	0.04
Finance Cost		
Interest Paid to Key Managerial Personnel	0.01	0.01
Employee Benefits Expense - Managerial Remuneration	2.09	2.33

46. Disclosures for Employee Benefits as required under AS 15:

(1) Defined Contribution Plans

A. Provident Fund

Company pays fixed contribution of Provident Fund at pre-determined rates to a separate trust registered under The Provident Fund Act, 1925 which invests the funds in permitted securities. The trust fixes the rate of interest on contribution to the members of the fund based upon the returns earned on investments during the year. Since the Act does not prescribe the minimum interest to be paid to the members of the fund, it is considered as Defined Contribution Plan as per the provisions of AS 15.

In case of RECPDCL & EESL, there is no separate trust and the Company makes Provident Fund Contributions to defined contribution plans.

B. Defined Contribution Superannuation Scheme

The Company pays fixed contribution towards superannuation scheme at pre-determined rates to a separate trust which invests the funds with the Insurers. The Insurers fix the rate of interest on the balance standing to the credit of the accounts of the members of the trust. When the pension becomes payable to the member, the Insurers shall appropriate the member's accumulation towards various annuities, as opted for by the member.

Amount recognised as expenses towards defined contribution plans:

(₹ in Crores)

	Particulars	For the year ended 31.03.2017	For the year ended 31.03.2016
(i)	Provident Fund	8.05	7.25
(ii)	Defined Contribution Superannuation Scheme	5.46	5.10
	Total	**13.51**	**12.35**

(2) Defined Benefit Plans - Post-Employment Benefits

A. Gratuity

The Company has a defined benefit gratuity plan. Every employee is entitled to gratuity as per the provisions of the Payment of Gratuity Act, 1972. The scheme is funded by the Company and is managed by separate trust. The liability of Gratuity is recognized on the basis of actuarial valuation.

In case of EESL, there is no separate trust and the liability for gratuity is provided for in the books of accounts as per the provisions of the Payment of Gratuity Act, 1972 and is recognized on the basis of actuarial valuation

B. Post Retirement Medical Facility (PRMF)

The Company has Post Retirement Medical Facility under which the entitled retired employees (including his/her spouse) are covered as per Company Rules. The expenditure is recognized in the Statement of Profit & Loss on the basis of actuarial valuation.

C. Other Defined Retirement Benefit (ODRB)

The Company has a scheme for settlement of the employee and their dependents at the time of superannuation at home town. The expenditure is recognized in the Statement of Profit & Loss on the basis of actuarial valuation.

The summarized position of various defined benefits recognized in the Statement of Profit & Loss, Balance Sheet and the funded status is as under:

Expense recognised in Statement of Profit & Loss:

(₹ in Crores)

Particulars	Gratuity		PRMF		ODRB	
	31.03.2017	31.03.2016	31.03.2017	31.03.2016	31.03.2017	31.03.2016
Current Service Cost	2.25	2.05	1.63	1.45	0.06	0.05
Interest Cost	3.00	3.05	6.93	6.21	0.10	0.10
Expected Return on Plan Assets	2.97	3.03	0.00	0.00	0.00	0.00
Actuarial (Gain)/ Loss	11.42	(1.50)	8.65	7.67	(0.02)	(0.03)
Expense recognized*	13.70	0.57	17.21	15.33	0.14	0.12

* Includes amount of ₹0.11 crores (Previous Year ₹0.04 crores) in respect of EESL

Amounts recognised in Balance Sheet:

(Amounts below in 'Gratuity' columns denotes respective amounts in the Balance Sheet of gratuity trust)

(₹ in Crores)

Particulars	Gratuity		PRMF		ODRB	
	31.03.2017	31.03.2016	31.03.2017	31.03.2016	31.03.2017	31.03.2016
Present value of obligation as at the end of the year	50.80	37.42	97.15	86.62	1.27	1.22
Fair value of Plan Assets as at the end of the year	35.69	35.48	-	-	-	-
Net Assets/ (Liability) recognized*	(14.73)	(1.78)	(97.15)	(86.62)	(1.27)	(1.22)

* Includes amount of ₹0.19 crores (Previous Year ₹0.08 crores) in respect of EESL

Changes in the Present value of defined benefit/ Obligation:

(₹ in Crores)

Particulars	Gratuity		PRMF		ODRB	
	31.03.2017	31.03.2016	31.03.2017	31.03.2016	31.03.2017	31.03.2016
Present value of obligation as at the beginning of the year	37.43	38.21	86.62	77.61	1.22	1.20
Interest Cost	3.00	3.05	6.93	6.21	0.10	0.10
Current Service Cost	2.25	2.05	1.63	1.45	0.06	0.05
Benefit Paid	(3.30)	(4.42)	(6.68)	(6.32)	(0.09)	(0.10)
Actuarial (Gain)/ Loss on obligation	11.42	(1.47)	8.65	7.67	(0.02)	(0.03)
Present Value of defined benefit obligation at the end of the year*	50.80	37.42	97.15	86.62	1.27	1.22

* Includes amount of ₹0.19 crores (Previous Year ₹0.08 crores) in respect of EESL

Changes in the Fair Value of Plan Assets:

(Amounts below in 'Gratuity' columns denotes respective amounts for the gratuity trust)

(₹ in Crores)

Particulars	Gratuity		PRMF		ODRB	
	31.03.2017	31.03.2016	31.03.2017	31.03.2016	31.03.2017	31.03.2016
Fair value of Plan Assets as at the beginning of the year	35.48	36.25	-	-	-	-
Return on Plan Assets	2.97	3.03	-	-	-	-
Contributions	0.53	0.62	-	-	-	-
Benefit Paid	- 3.29	- 4.42	-	-	-	-
Actuarial Gain/ (Loss) on Plan Assets	-	-	-	-	-	-
Fair value of Plan Assets as at the end of the year	35.69	35.48	-	-	-	-

Funded Status and Experience adjustments for liability towards Gratuity:

(₹ in Crores)

Particulars	31.03.2017	31.03.2016	31.03.2015	31.03.2014	31.03.2013
Present value of obligation at year end	50.80	37.42	38.16	38.07	37.85
Fair value of Plan Assets at year end	35.69	35.48	36.25	35.94	35.14
Funded Status	**(15.11)**	**(1.94)**	**(1.91)**	**(2.13)**	**(2.71)**
Experience adjustment; Gain/(Loss):					
Experience adjustment on plan liabilities	(10.26)	1.51	1.17	0.68	(0.01)
Experience adjustment on plan assets	-	(0.23)	(0.40)	(0.30)	0.58

The effect of an increase/ decrease of one percent point in inflation rate on PRMF:

(₹ in Crores)

Particulars	1% (+)		1% (-)	
	31.03.2017	31.03.2016	31.03.2017	31.03.2016
Service & Interest Cost	0.84	1.25	-1.34	-0.84
PBO (Closing)	12.14	11.93	-9.86	-8.45

Actuarial Assumptions:

Particulars	Gratuity		PRMF		ODRB	
	31.03.2017	31.03.2016	31.03.2017	31.03.2016	31.03.2017	31.03.2016
Method Used	Projected Unit Credit (PUC)	Projected Unit Credit (PUC)	Projected Unit Credit (PUC)	Projected Unit Credit (PUC)	Projected Unit Credit (PUC)	Projected Unit Credit (PUC)
Discount Rate*	7.50%	8.00%	7.50%	8.00%	7.50%	8.00%
Expected Rate of Return on Plan Assets	8.20%	8.36%	-	-	-	-
Future Salary Increase	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%

* In case of EESL, discount rate has been assumed to be 7.35%.

- The Expected Rate of Return on Assets is the assumed rate of return (annualised).
- The Principle assumptions are the discount rate and salary growth rate. The discount rate is generally based on the market yields available on govt. bonds at the reporting date with a term that matches the liabilities and the salary growth rate takes account of inflation, seniority, promotions and other relevant factors as long term basis. The above information is certified by the Actuary.

47. Status of Documentation Subsequent to Unbundling of SEBs

Some of the erstwhile State Electricity Boards (SEBs) against whom loans were outstanding or on whose behalf guarantees were given, were restructured by the respective State Governments and new entities were formed in the past. Consequently, the liabilities of the erstwhile SEBs stand transferred to new entities. However, transfer agreements in the case of Chhattisgarh State Electricity Board (CSEB) is yet to be executed amongst the Company, new entity and the State Government.

Agreements in case of erstwhile Tamil Nadu State Electricity Board (TNEB) have been executed based on the provisional provisions of the Tamil Nadu Electricity (Re-organisation and Reforms) Transfer Scheme, 2010. The final notification for giving effect to transfer of assets and liabilities to successor entities of erstwhile TNEB has been issued. The transferee entities are repaying the outstanding loan of the Company as per the provisional transfer schemes. REC shall take further steps to execute the Final Loan Transfer Agreements after the finalisation of financial statements for FY 2016-17.

Status of Documentation Subsequent to Reorganisation of the State of Andhra Pradesh

Subsequent to the reorganisation of erstwhile State of Andhra Pradesh, the state of Telangana has been formed on 2 June 2014. However, the assets and liabilities are yet to be transferred to the respective power utilities through a formal Gazette Notification.

Status of Documentation is as under:

(i) Where ever the loans have been sanctioned to erstwhile APCPDCL, APNPDCL and APGENCO prior to bifurcation and documentation has not been done, these schemes have been re-sanctioned in the name of newly formed utilities and documentation formalities completed and accordingly the charge has been registered with the Ministry of Corporate Affairs (MCA).

(ii) Where ever the loans sanctioned in the name of erstwhile APCPDCL, APNPDCL prior to bifurcation and documentation formalities completed and drawls have been made, in these schemes an undertaking has been obtained from the name changed / newly formed utility and disbursements have been made to the newly formed utility by changing the name of the borrower in the name of new / name changed utility.

(iii) Where ever the Loan is sanctioned in the name of erstwhile APCPDCL, APNPDCL prior to bifurcation and documentation formalities completed with Government Guarantee and drawls have been made, further documentation for these schemes shall be done on Gazette Notification.

(iv) Once the final transfer scheme is notified through Gazette Notification by Govt, duly indicating the transfer of assets and liabilities among the power utilities, action for execution of documentation formalities will be taken up in respect of all the outstanding loans with the new / name changed utilities. Till that time, the demand for payment of interest / principal is being segregated by the Utilities and the respective portions are being paid by Utilities in Telangana and Andhra Pradesh.

48. The Ministry of Power launched a scheme ‘Ujwal DISCOM Assurance Yojana’ (UDAY) for achieving financial turnaround of the DISCOMs which are reeling under burden of heavy debt and losses. As per the OM dated 20 November 2015 issued by MoP on the UDAY scheme, States shall take over 75% of the DISCOM debt as on 30 September 2015 over 2 years.

The DISCOMs of Punjab, Uttar Pradesh, Chhattisgarh, Rajasthan, Haryana, Bihar, Tamil Nadu, Madhya Pradesh, Telangana, Himachal Pradesh and Andhra Pradesh have pre-paid their outstanding loan amounting to ₹ 42,700 Crores till date under the scheme.

49. 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.

50. Capital to Risk-weighted Assets Ratio (CRAR)

Being an Infrastructure Finance Company (IFC), REC is required to maintain a Capital to Risk Weighted Assets Ratio (CRAR) of 15% (with a minimum Tier I Capital of 10%).

	Particulars	As at / For the year ended 31.03.2017	As at / For the year ended 31.03.2016
(i)	CRAR (%)	21.18%	20.38%
(ii)	CRAR - Tier I Capital (%)	18.43%	17.48%
(iii)	CRAR - Tier II Capital (%)	2.75%	2.90%
(iv)	Amount of subordinated debt raised as Tier-II capital (₹ in crore)	-	-
(v)	Amount raised by issue of Perpetual Debt Instruments (₹ in crore)	-	-

51. Asset Liability Management - Maturity pattern of certain items of Assets and Liabilities :

(₹ in Crores)

As at 31.03.2017	Advances	Investments	Borrowings		Foreign Currency Items	
			Domestic Borrowings	Foreign Currency Borrowings	Assets	Liabilities (Other than Borrowings)
Upto 30/31 days	1,201	-	403	1,103	-	-
Over 1 month upto 2 months	3,244	-	366	-	-	-
Over 2 months upto 3 months	2,479	-	326	89	-	-
Over 3 month & upto 6 months	5,437	-	9,854	102	-	-
Over 6 months & upto 1 year	11,903	184	5,772	157	-	-
Over 1 year & upto 3 years	38,419	189	46,646	13,161	-	-
Over 3 years & upto 5 years	35,976	-	33,475	6,325	-	-
Over 5 years	1,03,270	2,260	49,826	248	-	-
Total	**2,01,929**	**2,633**	**1,46,667**	**21,184**	**-**	**-**

(₹ in Crores)

As at 31.03.2016	Advances	Investments	Borrowings		Foreign Currency Items	
			Domestic Borrowings	Foreign Currency Borrowings	Assets	Liabilities (Other than Borrowings)
Upto 30/31 days	2,798	-	2,118	-	-	-
Over 1 month upto 2 months	1,971	-	2,999	-	-	-
Over 2 months upto 3 months	6,610	-	2,366	97	-	-
Over 3 month & upto 6 months	21,395	-	8,256	1,473	-	-
Over 6 months & upto 1 year	10,543	149	11,539	1,579	-	-
Over 1 year & upto 3 years	36,506	189	36,540	7,828	-	-
Over 3 years & upto 5 years	34,735	94	27,305	10,716	-	-
Over 5 years	86,720	1,920	56,100	296	-	-
Total	**2,01,278**	**2,352**	**1,47,222**	**21,989**	**-**	**-**

52. Disclosures in respect of Entities Consolidated as required under Schedule III to the Companies Act, 2013

Sl. No.	Name of the Entity	Net Assets i.e. Total Assets minus Total Liabilities		Share in Profit or Loss	
		As % of Consolidated Net Assets	Amount (₹ in Crores)	As % of Consolidated Profit or Loss	Amount (₹ in Crores)
(1)	**Parent** Rural Electrification Corporation Limited	98.75%	33251.45	99.11%	6257.02
(2)	**Parent Subsidiaries - Indian**				
1.	REC Power Distribution Company Limited	0.44%	146.94	0.19%	11.80
2.	REC Transmission Projects Company Limited	0.29%	96.30	0.46%	29.10
(3)	**Joint Venture - Indian**				
1.	Energy Efficiency Services Limited	0.52%	175.87	0.24%	15.45
	Total	**100.00%**	**33,670.56**	**100.00%**	**6,313.37**

53. Disclosures in respect of different accounting policies of Group Companies

(i) RECPDCL, during the year, has adopted different useful life for certain fixed assets item- camera, gps, other hand held wireless devices in addition to existing different useful life for certain fixed assets- mobile/tablet, furniture & fixtures and intangible assets from that of Rural Electrification Corporation Limited. Due to this change in accounting policy, profit before tax for the FY 2016-17 is lower by ₹ 0.05 crores.

(ii) In case of Energy Efficiency Services Limited (EESL), depreciation on cell phone is provided at different rates from that of Rural Electrification Corporation Limited. The total amount of gross block and depreciation charged during the year on cell phone pertaining to the Company's share in the Joint Venture, EESL consolidated in these Consolidated Financial Statements for the year 2016-17 is ₹ 0.14 crores and ₹ 0.03 crores, the impact of which is immaterial.

(iii) In case of EESL, a Joint Venture of the Company, the exchange differences arising on reporting of long-term foreign currency monetary items

(a) on account of a depreciable asset, is recognized by adjusting the cost of the depreciable asset and depreciated over the balance life of the asset.

(b) in other cases, is recognized as income or expense in the statement of profit and loss.

54. Two SPVs namely Nellore Transmission Limited and Baira Siul Sarna Transmission Limited were denotified vide notification No. 15/9/2013-Trans dtd 03.01.2014 and 100/1/EC (33)/SP&PA/2013 dtd 09.02.2015 respectively by the Ministry of Power. Consequent to the de-notification the application for dissolution were filed by the said two SPVs through “Fast Track Exit" mode. Nellore Transmission Limited and Baira Siul Sarna Transmission Limited were struck off on 25.05.2016 and 16.07.2016 respectively from the register of the Registrar of Companies (RoC), NCT of Delhi and Haryana.

55. There are no Off-Balance Sheet SPVs sponsored by the Company, which need to be consolidated as per accounting norms.

56. No penalties have been levied on the Company by any regulator during the year ended 31 March 2017 (Previous year Nil).

57. No complaints have been received by the Company from the borrowers under the Fair Practices Code during the year ended 31 March 2017 (Previous year Nil).

58. Previous year figures have been reclassified/ regrouped to conform to the current classification.

59. Figures in Rupees have been rounded off to the nearest crores with two decimals, unless expressly stated.

The Significant Accounting Policies and Notes to Accounts 1 to 59 are an integral part of the Consolidated Financial Statements.

CONSOLIDATED NOTES TO ACCOUNTS FOR THE YEAR 2015 16

1. The consolidated financial statements represent consolidation of accounts of the company (Rural Electrification Corporation Limited), its subsidiary companies and joint venture entity as detailed below:

Name of the Subsidiary Company/ Joint Venture	Country of Incorporation	Proportion of ownership Interest	Status of Accounts
Name of the Subsidiaries			
- REC Transmission Projects Company Limited (RECTPCL)	India	100%	Audited
- REC Power Distribution Company Limited (RECPDCL)	India	100%	Audited
Name of the Joint Ventures			
- Energy Efficiency Services Limited (EESL) *	India	28.79%	Un-audited

* The financial statements are un-audited and certifed by the management and have been considered for Consolidated Financial Statements of the Group. The figures appearing in the financial statements may change upon completion of the audit.

RECTPCL forms wholly owned subsidiaries to act as SPVs for transmission projects with an intention that these SPVs will be handed over to the successful bidder on completion of the bidding process. As per Para 11 of AS-21, a subsidiary should be excluded from consolidation when control is intended to be temporary because the subsidiary is acquired and held exclusively with a view to its subsequent disposal in the near future. Therefore, the financial statements of the subsidiaries of RECTPCL (namely Dinchang Transmission Limited, NRSS XXXVI Transmission Limited, North Karanpura Transco Limited, Khargone Transmission Limited, NER II Transmission Limited, Nellore Transmission Limited and Baira Siul Sarna Transmission Limited have not been consolidated with the financial statements of the Company.

2. Share Capital

(₹ in Crores)

Particulars	As at 31.03.2016		As at 31.03.2015	
	No. of Shares	Amount	No. of Shares	Amount
Authorised :				
Equity shares of ₹ 10 each	1,20,00,00,000	1,200.00	1,20,00,00,000	1,200.00
Issued, Subscribed and Paid up :				
Fully paid up Equity shares of ₹ 10 each	98,74,59,000	987.46	98,74,59,000	987.46
Total	**98,74,59,000**	**987.46**	**98,74,59,000**	**987.46**

2.1 The holders of the equity shares of the Company are entitled to receive dividends as and when declared by the Company and enjoy proportionate voting rights in case any resolution is put to vote. Further, the shareholders have all such rights, as may be available to a shareholder of a listed public company, under the Companies Act, 1956 (to the extent applicable), Companies Act, 2013 and rules made thereunder (to the extent notified), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Memorandum of Association and Articles of Association of the Company.

2.2 Shareholders holding more than 5% of fully paid-up equity shares :

Name	As at 31.03.2016		As at 31.03.2015	
	No. of Shares	Percentage	No. of Shares	Percentage
The President of India	59,87,67,680	60.64%	64,81,68,218	65.64%
Life Insurance Corporation of India	8,64,90,414	8.76%	3,08,77,781	3.13%

3. Reserves and Surplus

(₹ in Crores)

Particulars	As at 31.03.2016 Amount	As at 31.03.2015 Amount
Capital Reserve	**105.00**	105.00
Securities Premium Account (Refer Note 3.1)		
Balance as at the beginning of the year	3,223.72	3,223.72
Add: Additions during the year	0.28	-
Balance as at the end of the year	**3,224.00**	3,223.72
Debenture Redemption Reserve (Refer Note 3.2)		
Balance as at the beginning of the year	531.77	345.98
Add: Amount transferred from Surplus Account	196.59	185.79
Balance as at the end of the year	**728.36**	531.77
Special Reserve created u/s 36(1) (viii) of the Income Tax Act, 1961		
Balance as at the beginning of the year	8,449.64	6,820.64
Add: Amount transferred from Surplus Account	1,900.00	1,629.00
Balance as at the end of the year	**10,349.64**	8,449.64
Reserve for Bad and doubtful debts u/s 36(1)(viia) of the Income Tax Act, 1961		
Balance as at the beginning of the year	1,621.97	1,268.97
Add: Amount transferred from Surplus Account	390.00	353.00
Balance as at the end of the year	**2,011.97**	**1,621.97**
Foreign Currency Monetary Item Translation Difference Account (Refer Note 3.3)		
Balance as at the beginning of the year	-335.46	-532.65
Add: Foreign Currency Translation Gain/ Loss (-) on long term monetary items during the year	-503.08	-62.80
Amortisation during the year	666.13	259.99
Balance as at the end of the year	**-172.41**	**-335.46**
General Reserve		
Balance as at the beginning of the year	4,154.15	3,623.39
Add: Amount transferred from Surplus Account	572.89	530.76
Balance as at the end of the year	**4,727.04**	**4,154.15**
Surplus Account		
Balance as at the beginning of the year	6,334.33	4,959.99
Less: Transfer of Depreciation in accordance with provisions of Companies Act, 2013 (Refer Note 3.4)	-	0.74
Add: Profit during the year	5,691.42	5,344.42
Add: Adjustments during the year (Refer Note 3.6)	0.30	-
Less : Appropriations		
- Transfer to Special Reserve u/s 36(1)(viii) of the Income Tax Act, 1961	1,900.00	1,629.00
- Transfer to Reserve for Bad & Doubtful Debts u/s 36(1)(viia) of the Income Tax Act, 1961	390.00	353.00
- Dividend		
- Interim Dividend	1,184.95	789.97
- Proposed Dividend (Final) (Refer Note 3.5)	503.60	266.61
- Dividend Distribution Tax		
- Interim Dividend	239.19	157.89
- Proposed Dividend (Final)	106.49	56.32
- Transfer to Debenture Redemption Reserve	196.59	185.79
- Transfer to General Reserve	572.89	530.76
Balance as at the end of the year	**6,932.34**	**6,334.33**
Total Reserves and Surplus	**27,905.94**	**24,085.12**

3.1 Additions in Securities Premium Account for the year ended 31st March, 2016 represent the premium of ₹ 0.28 Crores (Previous year Nil) received on issue of Tax Free Bonds through private placement.

3.2 Debenture Redemption Reserve (DRR)

In accordance with provisions of Section 71(4) of the Companies Act, 2013 as further clarified by the Companies (Share Capital and Debentures) Rules, 2014 issued by Ministry of Corporate Affairs, Govt. of India, the company creates Debenture Redemption Reserve (DRR) upto 25% of the value of debentures issued through public issue as per present SEBI (Issue and Listing of Debt Securities) Regulations, 2008 during the maturity period of such debentures, and no DRR is required in the case of privately placed debentures.

Accordingly, during the year, the company has created DRR amounting to ₹ 196.59 Crores (Previous year ₹ 185.79 Crores).

3.3 Foreign Currency Monetary Item Translation Difference Account

The company has opted towards an irrevocable option 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 Para 46A of Accounting Standard 11 'The Effects of Changes in Foreign Exchange Rates'. Amount remaining to be amortised in 'Foreign Currency Monetary Item Translation Difference Account' as at 31st March, 2016 is ₹ 172.41 Crores (Previous year ₹ 335.46 Crores).

3.4 Draw down from Reserves

No amount has been drawn from reserves during the financial year 2015-16. However, an amount of ₹ 0.74 crores (net of tax ₹ 0.38 crores) had been adjusted in the retained earnings during the financial year 2014-15 in respect of fixed assets, where the remaining useful life of such assets was Nil as at 1st April, 2014 in line with the provisions of the Schedule-II to the Companies Act, 2013.

3.5 Proposed Dividend

The final dividend proposed for the year is as follows :

Particulars	**Year ended 31.03.2016**	**Year ended 31.03.2015**
On Equity Shares of ₹ 10 each		
- Amount of Dividend proposed (₹ in Crores)	503.60	266.61
- Rate of Dividend	51.00%	27.00%
- Dividend per equity share (₹)	5.10	2.70

3.6 During the previous year, an amount of ₹ 10.36 crore was reported by Energy Efficiency Services Ltd. (EESL), a Joint Venture of the Company, as profit after tax in their un-audited accounts, considered for consolidation of REC Group. Subsequently, the audited accounts of the Company reported a profit of ₹ 9.06 crore. The consequential reduction, in proportion to the Company's share holding in the joint venture, amounting to ₹ 0.33 crore has been included in the adjustments to the Surplus account during the current year alongwith the reduction for share in dividend distribution tax amounting to ₹ 0.14 crore.

Further, during the current year, REC has made fresh investments of ₹ 25 crores which has resulted into an increase in shareholding of REC Limited from 25% to 28.78%. Due to this change, REC Limited's share of opening balance of surplus account has increased by ₹ 0.77 crore which has been included in the adjustments to the surplus account during the current year. Hence, total adjustment carried out in Surplus account during the current year is ₹ 0.30 crore.

4 Long-Term Debt

Non-current portion of the long term debt has been classified as 'Long-term borrowings' and the current portion of the long term debt has been classified as "Current Maturities of Long-term debt' in Note-10 'Other Current Liabilities'.

(₹ in Crores)

	Particulars	As at 31.03.2016		As at 31.03.2015	
		Non-Current	Current	Non-Current	Current
(A)	**Secured Long-Term Debt**				
(a)	Bonds				
	- Institutional Bonds	27,591.90	7,854.80	35,446.70	2,992.80
	- 54EC Capital Gain Tax Exemption Bonds	11,814.48	5,349.91	10,687.69	4,903.25
	- Tax Free Bonds	12,577.97	-	11,581.41	-
(b)	Term Loans				
	- from Financial Institutions	750.00	350.00	1,100.00	350.00
	Total Secured Long-Term Debt (a+b)	**52,734.35**	**13,554.71**	**58,815.80**	**8,246.05**
(B)	**Unsecured Long-Term Debt**				
(a)	Bonds				
	- Institutional Bonds	66,184.40	7,055.80	57,714.20	-
	- Infrastructure Bonds	34.90	207.49	162.98	213.34
	- Zero Coupon Bonds	990.64	-	914.48	-
(b)	Term Loans				
	- from Banks	-	-	-	125.00
	- from Govt. of India	-	-	-	3.07
(c)	Other Loans & Advances				
	- Foreign Currency Borrowings	18,839.56	3,149.02	13,515.80	10,534.34
	Total Unsecured Long-Term Debt (a+b+c)	**86,049.50**	**10,412.31**	**72,307.46**	**10,875.75**
	Total Long-Term Debt (A+B)	**1,38,783.85**	**23,967.02**	**1,31,123.26**	**19,121.80**
	Total Long-Term Debt (Non-Current + Current)	**1,62,750.87**		**1,50,245.06**	

<u>Details of Long-term Debt :</u>

4.1 Details of secured long-term debt :

(Refer Note 4.3 for details of the security)

4.1.1 Bonds

(₹ in Crores)

	Particulars	As at 31.03.2016		As at 31.03.2015	
		Non-Current	Current	Non-Current	Current
4.1.1.1	**<u>Institutional Bonds</u>**				
	123-IIIB Series 9.34% Redeemable at par on 23.08.2024	1,955.00	-	1,955.00	-
	123-I Series 9.40% Redeemable at par on 17.07.2021	1,515.00	-	1,515.00	-
	92-II Series 8.65% Redeemable at par on 22.01.2020	945.30	-	945.30	-
	91-II Series 8.80% Redeemable at par on 18.11.2019	995.90	-	995.90	-
	90-C-II Series 8.80% Redeemable at par on 07.10.2019	1,040.00	-	1,040.00	-
	90-B-II Series 8.72% Redeemable at par on 04.09.2019	868.20	-	868.20	-
	90th Series 8.80% Redeemable at par on 03.08.2019	2,000.00	-	2,000.00	-
	122nd Series 9.02% Redeemable at par on 18.06.2019	1,700.00	-	1,700.00	-
	119th Series 9.63% Redeemable at par on 05.02.2019	2,090.00	-	2,090.00	-
	88th Series 8.65% Redeemable at par on 15.01.2019	1,495.00	-	1,495.00	-
	118th Series 9.61% Redeemable at par on 03.01.2019	1,655.00	-	1,655.00	-
	117th Series 9.38% Redeemable at par on 06.11.2018	2,878.00	-	2,878.00	-
	87-A-III Series 11.15% Redeemable at par on 24.10.2018	61.80	-	61.80	-
	116-II Series 9.24% Redeemable at par on 17.10.2018	850.00	-	850.00	-
	87-II Series 10.85% Redeemable at par on 01.10.2018	657.40	-	657.40	-

(₹ in Crores)

	Particulars	As at 31.03.2016		As at 31.03.2015	
		Non-Current	Current	Non-Current	Current
	86-B-III Series 10.85% Redeemable at par on 14.08.2018	432.00	-	432.00	-
	86-A Series 10.70% Redeemable at par on 30.07.2018	500.00	-	500.00	-
	85th Series 9.68% Redeemable at par on 13.06.2018	500.00	-	500.00	-
	83rd Series 9.07% Redeemable at par on 28.02.2018	685.20	-	685.20	-
	82nd Series 9.85% Redeemable at par on 28.09.2017	883.10	-	883.10	-
	124-I Series 9.06% Redeemable at par on 22.09.2017	2,610.00	-	2,610.00	-
	123-IIIA Series 9.25% Redeemable at par on 25.08.2017	1,275.00	-	1,275.00	-
	121st Series 9.52% Redeemable at par on 24.03.2017	-	1,600.00	1,600.00	-
	120th Series 9.67% Redeemable at par on 10.03.2017	-	1,100.00	1,100.00	-
	81st Series 8.85% Redeemable at par on 20.01.2017	-	314.80	314.80	-
	116-I Series 9.05% Redeemable at par on 17.10.2016	-	430.00	430.00	-
	123-IV Series 8.97% Redeemable at par on 08.09.2016	-	2,750.00	2,750.00	-
	123-II Series 9.27% Redeemable at par on 08.08.2016	-	1,660.00	1,660.00	-
	80th Series 8.20% Redeemed at par on 20.03.2016	-	-	-	500.00
	79th Series 7.85% Redeemed at par on 14.03.2016	-	-	-	500.00
	78th Series 7.65% Redeemed at par on 31.01.2016	-	-	-	1,795.70
	77th Series 7.30% Redeemed at par on 30.06.2015	-	-	-	197.10
	Total - Institutional Bonds	**27,591.90**	**7,854.80**	**35,446.70**	**2,992.80**
4.1.1.2	**<u>54EC Capital Gain Tax Exemption Bonds</u>**				
	Series X (2015-16) 6.00% Redeemable at par during financial year 2018-19	6,476.70	-	-	-
	Series IX (2014-15) 6.00% Redeemable at par during financial year 2017-18	5,337.78	-	5,337.78	-
	Series IX (2013-14) 6.00% Redeemable at par during financial year 2016-17	-	5,349.91	5,349.91	-
	Series VIII (2012-13) 6.00% Redeemed at par during financial year 2015-16	-	-	-	4,903.25
	Total - 54EC Capital Gain Tax Exemption Bonds	**11,814.48**	**5,349.91**	**10,687.69**	**4,903.25**

(₹ in Crores)

	Particulars	As at 31.03.2016		As at 31.03.2015	
		Non-Current	Current	Non-Current	Current
4.1.1.3	**Tax Free Bonds**				
	Series 2015-16 Tranche 1 Redeemable at par. Bonds amounting to ₹ 105.93 Crores are redeemable on 05.11.2025, ₹ 172.90 Crores are redeemable on 05.11.2030 and ₹ 417.73 Crores are redeemable on 05.11.2035 with interest rates varying from 6.89% to 7.43% payable annually	696.56	-	-	-
	Series 2015-16 Series 5A 7.17% Redeemable at par on 23.07.2025	300.00	-	-	-
	Series 2013-14 Tranche 2 Redeemable at par. Bonds amounting to ₹ 419.32 Crores are redeemable on 22.03.2024, ₹ 528.42 Crores are redeemable on 23.03.2029 and ₹ 109.66 Crores are redeemable on 24.03.2034 with interest rates varying from 8.19% to 8.88% payable annually	1,057.40	-	1,057.40	-
	Series 2013-14 Series 4A & 4B Redeemable at par. Bonds amounting to ₹ 105.00 Crores are redeemable on 11.10.2023 and ₹ 45.00 Crores are redeemable on 11.10.2028 with interest rates varying from 8.18% to 8.54% payable annually	150.00	-	150.00	-
	Series 2013-14 Tranche 1 Redeemable at par. Bonds amounting to ₹ 575.06 Crores are redeemable on 25.09.2023, ₹ 2,780.26 Crores are redeemable on 25.09.2028 and ₹ 55.28 Crores are redeemable on 26.09.2033 with interest rates varying from 8.01% to 8.71% payable annually	3,410.60	-	3,410.60	-
	Series 2013-14 Series 3A & 3B Redeemable at par. Bonds amounting to ₹ 209.00 Crores are redeemable on 29.08.2023 and ₹ 1,141.00 Crores are redeemable on 29.08.2028 with interest rates varying from 8.01% to 8.46% payable annually	1,350.00	-	1,350.00	-
	Series 2012-13 Tranche 2 Redeemable at par. Bonds amounting to ₹ 81.35 Crores are redeemable on 27.03.2023 and bonds amounting to ₹ 49.71 Crores are redeemable on 27.03.2028 with interest rates varying from 6.88% to 7.54% payable annually	131.06	-	131.06	-
	Series 2012-13 Tranche 1 Redeemable at par. Bonds amounting to ₹ 1,165.31 Crores are redeemable on 19.12.2022 and bonds amounting to ₹ 817.04 Crores are redeemable on 20.12.2027 with interest rates varying from 7.22% to 7.88% payable annually	1,982.35	-	1,982.35	-
	Series 2012-13 Series 2A & 2B Redeemable at par. Bonds amounting to ₹ 255.00 Crores are redeemable on 21.11.2022 and bonds amounting to ₹ 245.00 Crores are redeemable on 22.11.2027 with interest rates of 7.21% and 7.38% respectively payable annually	500.00	-	500.00	-
	Series 2011-12 Redeemable at par. Bonds amounting to ₹ 839.67 Crores are redeemable on 27.03.2022 and bonds amounting to ₹ 2,160.33 Crores are redeemable on 27.03.2027 with interest rates varying from 7.93% to 8.32% payable annually	3,000.00	-	3,000.00	-
	Total - Tax Free Bonds	**12,577.97**	**-**	**11,581.41**	**-**

4.1.2 Term Loans

(₹ in Crores)

Particulars	As at 31.03.2016		As at 31.03.2015	
	Non-Current	Current	Non-Current	Current
Term Loan from Financial Institutions				
- Life Insurance Corporation of India (LIC) The Loan of ₹1500 Crores (present outstanding ₹ 200 Crores @ 6.242% and ₹ 100 Crores @ 6.231%) & ₹ 2,000 Crores (present outstanding ₹ 800 Crores @ 7.35%) repayable in 10 equal annual installments commencing from 01.10.2008 and 01.10.2010 respectively .	750.00	350.00	1,100.00	350.00
Total - Term Loans	**750.00**	**350.00**	**1,100.00**	**350.00**

4.2 **Details of Unsecured long-term debt :**

4.2.1 **Bonds**

(₹ in Crores)

	Particulars	**As at 31.03.2016**		**As at 31.03.2015**	
		Non-Current	**Current**	**Non-Current**	**Current**
4.2.1.1	**Institutional Bonds**				
	136th Series 8.11% Redeemable at par on 07.10.2025	2,585.00	-	-	-
	95-II Series 8.75% Redeemable at par on 14.07.2025	1,800.00	-	1,800.00	-
	94th Series 8.75% Redeemable at par on 09.06.2025	1,250.00	-	1,250.00	-
	133rd Series 8.30% Redeemable at par on 10.04.2025	2,396.00	-	-	-
	131st Series 8.35% Redeemable at par on 21.02.2025	2,285.00	-	2,285.00	-
	130th Series 8.27% Redeemable at par on 06.02.2025	2,325.00	-	2,325.00	-
	129th Series 8.23% Redeemable at par on 23.01.2025	1,925.00	-	1,925.00	-
	128th Series 8.57% Redeemable at par on 21.12.2024	2,250.00	-	2,250.00	-
	115th Series - Subordinate Tier-II Bonds 8.06% Redeemable at par on 31.05.2023	2,500.00	-	2,500.00	-
	114th Series 8.82% Redeemable at par on 12.04.2023	4,300.00	-	4,300.00	-
	111-II Series 9.02% Redeemable at par on 19.11.2022	2,211.20	-	2,211.20	-
	107th Series 9.35% Redeemable at par on 15.06.2022	2,378.20	-	2,378.20	-
	132nd Series 8.27% Redeemable at par on 09.03.2022	700.00	-	700.00	-
	127th Series 8.44% Redeemable at par on 04.12.2021	1,550.00	-	1,550.00	-
	105th Series 9.75% Redeemable at par on 11.11.2021	3,922.20	-	3,922.20	-
	101-III Series 9.48% Redeemable at par on 10.08.2021	3,171.80	-	3,171.80	-
	100th Series 9.63% Redeemable at par on 15.07.2021	1,500.00	-	1,500.00	-
	98th Series 9.18% Redeemable at par on 15.03.2021	3,000.00	-	3,000.00	-
	97th Series 8.80% Redeemable at par on 30.11.2020	2,120.50	-	2,120.50	-
	96th Series 8.80% Redeemable at par on 26.10.2020	1,150.00	-	1,150.00	-
	135th Series 8.36% Redeemable at par on 22.09.2020	2,750.00	-	-	-
	134th Series 8.37% Redeemable at par on 14.08.2020	2,675.00	-	-	-
	113th Series 8.87% Redeemable at par on 09.03.2020	1,542.00	-	1,542.00	-
	111-I Series 9.02% Redeemable at par on 19.11.2019	452.80	-	452.80	-
	126th Series 8.56% Redeemable at par on 13.11.2019	1,700.00	-	1,700.00	-
	125th Series 9.04% Redeemable at par on 11.10.2019	3,000.00	-	3,000.00	-
	108-II Series 9.39% Redeemable at par on 20.07.2019	960.00	-	960.00	-
	95-I Series 8.70% Redeemable at par on 12.07.2019	200.00	-	200.00	-
	137th Series 8.05% Redeemable at par on 07.12.2018	2,225.00	-	-	-
	112th Series 8.70% Redeemable at par on 01.02.2018	1,500.00	-	1,500.00	-
	109th Series 9.25% Redeemable at par on 28.08.2017	1,734.70	-	1,734.70	-
	108-I Series 9.40% Redeemable at par on 20.07.2017	2,125.00	-	2,125.00	-
	138th Series 8.28% Redeemable at par on 04.03.2017	-	2,895.00	-	-

(₹ in Crores)

	Particulars	As at 31.03.2016		As at 31.03.2015	
		Non-Current	Current	Non-Current	Current
	106th Series 9.28% Redeemable at par on 15.02.2017	-	1,500.00	1,500.00	-
	103-I Series 9.35% Redeemable at par on 19.10.2016	-	50.00	50.00	-
	102nd Series 9.38% Redeemable at par on 06.09.2016	-	2,216.20	2,216.20	-
	101-II Series 9.45% Redeemable at par on 10.08.2016	-	394.60	394.60	-
	Total - Institutional Bonds	**66,184.40**	**7,055.80**	**57,714.20**	**-**
4.2.1.2	**Infrastructure Bonds**				
	Series-II (2011-12) Redeemable at par. Refer Note 4.6	29.51	128.08	157.59	-
	Series-I (2010-11) Redeemable at par. Refer Note 4.6	5.39	79.41	5.39	213.34
	Total - Infrastructure Bonds	**34.90**	**207.49**	**162.98**	**213.34**
4.2.1.3	**Zero Coupon Bonds**				
	ZCB - Series II (Net of unamortised discount, 89,510 bonds with face value of ₹ 30,000 each redeemable at par on 03.02.2021)	178.95	-	164.60	-
	ZCB - Series I (Net of unamortised discount, 3,92,700 bonds with face value of ₹ 30,000 each redeemable at par on 15.12.2020)	811.69	-	749.88	-
	Total - Zero Coupon Bonds	**990.64**	**-**	**914.48**	**-**

4.2.2 Term Loans

(₹ in Crores)

	Particulars	As at 31.03.2016		As at 31.03.2015	
		Non-Current	Current	Non-Current	Current
4.2.2.1	**Term Loans from Banks**				
	- Bank of Maharashtra	-	-	-	125.00
4.2.2.2	**Loan from Govt. of India**	-	-	-	3.07
	Total - Term Loans	**-**	**-**	**-**	**128.07**

4.2.3 Other Loans & Advances

(₹ in Crores)

Particulars	As at 31.03.2016		As at 31.03.2015	
	Non-Current	Current	Non-Current	Current
4.2.3.1 <u>Foreign Currency Borrowings</u>				
CHF Bonds - CHF 200 Mn	-	1,378.50	1,285.44	-
3.50% Redeemable at par on 07.03.2017				
Reg S Bonds - US $500 Mn	-	-	-	2,703.58
4.25% Redeemed at par on 25.01.2016				
JICA Loan - Guaranteed by Govt. of India	400.61	210.13	550.17	209.62
0.75% JICA-I loan repayable in equal half-yearly instalments of 982.33 Mn till 20.03.2021, next instalment falling due on 20.09.2016 and 0.65% JICA-II loan repayable in equal half-yearly instalments of 995.33 Mn till 20.03.2023, next instalment falling due on 20.09.2016				
KfW Loan - Guaranteed by Govt. of India	93.33	51.10	144.43	51.40
3.73% Loan repayable in equal half-yearly instalments of €3.68 Mn, next instalment due on 30.06.2016				
KfW Loan - Guaranteed by Govt. of India	64.86	-	21.94	-
1.96% Loan repayable first in 14 equal half-yearly instalments of €2.941 Mn and then in next 3 equal half-yearly instalments of €2.942 Mn , first instalment due on 30.06.2018. Total Loan Amount as on 31.03.2016 ₹ 226.34 Crores, REC'S share ₹ 64.86 cr)				
Syndicated Loan - US $400 Mn	-	-	-	1,788.96
Repaid on 22.09.2015				
Bilateral Term Loan - Mauritius - US $70 Mn	-	-	-	311.36
Repaid on 28.10.2015				
Bilateral Term Loan - Mizuho - US $100 Mn	-	-	-	446.50
Repaid on 30.03.2016				
Bilateral Term Loan - BTMU - US $100 Mn	-	-	-	446.50
Repaid on 30.03.2016				
Syndicated Loan- US $300 Mn	-	1,367.24	1,367.24	-
Repayable on 19.08.2016				
KfW-II Loan - Guaranteed by Govt. of India	213.77	53.44	267.22	53.44
2.89% Loan repayable in equal half-yearly instalments of €3.88 Mn, next instalment falling due on 30.06.2016				
Syndicated Loan- 19.029 Bn	1,184.43	-	1,184.43	-
Repayable on 10.04.2017				
Syndicated Loan- US $250 Mn	-	-	-	1,366.49
Repaid on 19.11.2015				
KfW-III Loan - Guaranteed by Govt. of India	558.76	88.61	477.36	89.18
1.86% Loan repayable in equal half-yearly instalments of €5.26 Mn, next instalment falling due on 30.06.2016				
Syndicated Loan- US $250 Mn	-	-	-	1,544.42
Repaid on 05.02.2016				
Syndicated Loan- US $250 Mn	-	-	-	1,522.89
Repaid on 21.03.2016				
Syndicated Loan- US $285 Mn	1,780.28	-	1,780.28	-
Repayable on 02.12.2018				
Syndicated Loan- US $250 Mn	1,521.75	-	1,499.29	-
Repayable on 29.05.2019				
Syndicated Loan- US $400 Mn	2,435.78	-	2,435.78	-
Loan of US$ 230 Mn and US$ 170 Mn repayable on 24.07.2019 and 27.10.2019 respectively				
Syndicated Loan- US $400 Mn	2,539.64	-	2,502.22	-
Repayable on 12.03.2020				
Syndicated Loan- US $300 Mn	1,909.56	-	-	-
Repayable on 29.07.2020				
Syndicated Loan- US $250 Mn	1,653.25	-	-	-
Loan of US$ 150 Mn and US$ 100 Mn repayable on 18.09.2018 and 19.11.2018 respectively				
Syndicated Loan- US $300 Mn	1,997.80	-	-	-
Repayable on 01.12.2020				
Syndicated Loan- US $250 Mn	1,688.46	-	-	-
Repayable on 05.02.2019				
Syndicated Loan- US $120 Mn	797.28	-	-	-
Repayable on 21.03.2019				
Total - Foreign Currency Borrowings	**18,839.56**	**3,149.02**	**13,515.80**	**10,534.34**

4.3 Security Details of the Secured Borrowings

The Bond Series 81, 82, 83, 85, 86A, 86 B-III, 87-II, 87 A-III, 88, 90, 90 B-II, 90 C-II, 91-II and 92-II of Institutional Bonds are secured by a charge on (a) mortgage of Flat no. 640, Asiad Games Village, New Delhi and (b) pari passu charge on the receivables of our Company, both present and future, save and except receivables hypothecated to IL&FS Trust Company Limited on the basis of joint hypothecation agreement dated September 24, 2010 in favour of IDBI Trusteeship Services Ltd.

The Bond Series 116-I, 116-II, 117, 118, 119, 120, 121 and 122 of Institutional Bonds are secured by a charge on first paripassu charge on the book debts of the issuer both present & future which are charged to other lenders / trustees and as may be agreed between the issuer and the trustee, pursuant to the terms of the Debenture /Bond Trust cum Hypothecation Deed with a minimum security cover of one time of the aggregate face value amount of the bonds outstanding at all times in favor of IDBI Trusteeship Services Ltd.

The Bond Series 123-I, 123-II, 123-IIIA, 123-IIIB, 123-IV and 124-I of Institutional Bonds are secured by way of first pari passu charge on the Specified Immovable Property and the book debts of the Issuer which are charged to other lender / trustee and as may be agreed between the Issuer and the Trustee, pursuant to the terms of the Bond Trust Deed with a minimum security cover of one time of the aggregate face value of amount of bonds outstanding at all times and amount of interest due thereon in favor of IDBI Trusteeship Services Ltd.

The Bond Series IX of 54EC Capital Gain Tax Exemption Bonds is secured by first pari passu charge on (a) mortgage of premises at Sub Plot No. 8, TPS No 2, FP No. 584P, situated at Village Subhanpura, Distt Vadodara and (b) hypothecation of receivables in favour of IDBI Trusteeship Services Ltd.

Tax Free Bonds issued during FY 2011-12 are secured by first pari passu charge on premises at Shop No. 12, Ground Floor, Block No. 35, Church Road, Mylapore, Chennai and hypothecation of receivables of ₹ 4,998.66 Crores of MSEDCL in favour of IL&FS Trust Company Ltd.

Tax Free Bonds issued during FY 2013-14 are secured by first pari passu charge on the book debts (other than those that are exclusively charged/earmarked to lenders / other Trustees) of the Company in favour of SBICap Trustee Company Ltd.

The Bond Series X of 54EC Capital Gain Tax Exemption Bonds and Tax Free Bonds issued during FY 2012-13 & 2015-16 are secured by first pari passu charge on (a) mortgage of premises at Sub Plot No. 8, TPS No 2, FP No. 584P, situated at Village Subhanpura, Distt Vadodara and (b) hypothecation of receivables (other than those that are exclusively charged/ earmarked to lenders / other Trustees) in favour of SBICap Trustee Company Ltd.

The term loans are secured by a charge on the receivables of our Company, both present and future, save and except certain specific receivables hypothecated to IL&FS Trust Company Limited on the basis of joint hypothecation agreement dated September 24, 2010 in favour of IDBI Trusteeship Services Ltd.

4.4 Foreign Currency Borrowings have been raised at interest rates ranging from a spread of 65 bps to 220 bps over 6 Months' USD/JPY LIBOR (London Inter Bank Offered Rate) except where rates have been stated above in Note No. 4.2.3.1.

4.5 Ratings assigned by credit rating agencies and migration of ratings during the year

Domestic and International Credit Rating

The domestic debt instruments of REC continue to enjoy “AAA” rating – the highest rating assigned by CRISIL, CARE, India Ratings & Research & ICRA-Credit Rating Agencies.

REC enjoys international credit rating equivalent to sovereign rating of India from International Credit Rating Agencies Moody’s and FITCH which is “Baa3” and “BBB-” respectively.

There has been no migration of ratings during the year.

4.6 Details of Infrastructure Bonds Issued are as under :

Series I (2010-11) allotted on 31.03.2011

Rate of Interest	Amount (₹ in Crores)	Redemption Details
8.00%	18.35	Redeemable on the date falling 10 years from the date of allotment with buyback option by bondholders after 5/6/7/8/9 years
8.20%	61.06	
8.10%	1.61	Redeemable on the date falling 10 years from the date of allotment
8.20%	3.78	
Total	**84.80**	

Series II (2011-12) allotted on 15.02.2012

Rate of Interest	Amount (₹ in Crores)	Redemption Details
8.95% Cumulative	95.23	Redeemable on the date falling 10 years from the date of allotment with buyback option by bondholders after 5 years
8.95% Annual	32.85	
9.15% Cumulative	13.43	Redeemable on the date falling 15 years from the date of allotment with buyback option by bondholders after 7 years
9.15% Annual	5.01	
8.95% Cumulative	5.73	Redeemable on the date falling 10 years from the date of allotment
8.95% Annual	1.38	
9.15% Cumulative	2.83	Redeemable on the date falling 15 years from the date of allotment
9.15% Annual	1.13	
Total	**157.59**	

5. Deferred Tax Liabilities (Net)

(₹ in Crores)

Particulars	As at 31.03.2016	As at 31.03.2015
Deferred Tax Liabilities on account of:		
Depreciation	4.48	4.15
Foreign Currency Exchange Fluctuation Loss	59.67	116.10
Total	**64.15**	**120.25**
Deferred Tax Assets on account of:		
Provision for Earned Leave	8.13	7.98
Provision for Medical Leave	5.49	4.83
Provision for Gratuity	0.03	-
Provision for Doubtful Debts	2.03	0.86
Provision for Contingencies of Project Cost Revisions	0.79	0.72
Provision for Employee benefits	0.11	0.06
Operating lease liabilities	0.03	-
Total	**16.61**	**14.45**
Deferred Tax Liabilities (Net)	**47.54**	**105.80**

5.1 The Company has no intention to make withdrawal from the special reserve created and maintained under section 36(1)(viii) of the Income Tax Act, 1961. Hence, the special reserve created and maintained is not capable of being reversed and thus, it becomes a permanent difference as per Accounting Standard 22. Accordingly, the Company is not creating any deferred tax liability on the said reserve.

6. Other Long-term Liabilities

(₹ in Crores)

Particulars	As at 31.03.2016	As at 31.03.2015
- Non-Current Portion of Interest accrued but not due on borrowings	9.50	36.16
- Others	0.59	0.02
Total	**10.09**	**36.18**

7. Long-term and Short-term Provisions

(₹ in Crores)

	Particulars	As at 31.03.2016		As at 31.03.2015	
		Non-Current	**Current**	**Non-Current**	**Current**
	Provisions for				
(A)	**Employee Benefits**				
	Earned Leave Liability	21.35	2.31	20.51	2.68
	Post Retirement Medical Benefits	82.50	4.12	73.80	3.81
	Medical Leave Liability	13.65	2.22	13.26	1.96
	Settlement Allowance	1.06	0.16	1.04	0.16
	Economic Rehabilitation Scheme	3.31	0.03	2.71	0.01
	Long Service Award	2.45	0.11	2.34	0.50
	Loyalty Bonus	0.08	0.07	0.09	-
	Sub-total (A)	**124.40**	**9.02**	**113.75**	**9.12**
(B)	**Others**				
	Standard Loan Assets	420.35	123.08	446.13	44.79
	Restructured Standard Loans	750.71	70.63	447.51	4.26
	Interest on Loans Due & Converted into Equity	-	3.96	-	-
	Incentive	-	18.13	-	16.71
	Wealth Tax	-	-	-	0.37
	Fringe Benefit Tax	-	-	-	0.36
	Proposed Dividend	-	503.60	-	266.61
	Corporate Dividend Tax	-	106.49	-	56.32
	CSR Expenses	-	21.22	-	58.04
	Contigencies of project cost revisions	-	2.29	-	2.13
	Sub-total (B)	**1,171.06**	**849.40**	**893.64**	**449.59**
	Total (A+B)	**1,295.46**	**858.42**	**1,007.39**	**458.71**

7.1 **Details of Provisions as required under AS-29 are as under :**

(in ₹ Crores)

Provisions for	Opening Balance	Additions during the Year	Paid/ Adjusted during the year	Closing Balance
Earned Leave Liability	23.19	6.38	5.87	23.66
Previous year	23.00	5.70	5.51	23.19
Post Retirement Medical Benefits	77.61	15.33	6.32	86.62
Previous year	66.64	16.39	5.42	77.61
Medical Leave Liability	15.22	2.11	1.46	15.87
Previous year	14.74	1.81	1.33	15.22
Settlement Allowance	1.20	0.12	0.10	1.22
Previous year	1.16	0.20	0.16	1.20
Economic Rehabilitation Scheme	2.72	1.26	0.64	3.34
Previous year	2.65	0.70	0.63	2.72
Long Service Award	2.84	0.02	0.30	2.56
Previous year	3.38	0.02	0.56	2.84
Loyalty Bonus	0.09	0.06	-	0.15
Previous year	-	0.09	-	0.09
Standard Loan Assets	490.92	138.93	86.42	543.43
Previous year	370.38	120.54	-	490.92
Restructured Standard Loans	451.77	369.57	-	821.34
Previous year	-	451.77	-	451.77
Interest on Loans Due & Converted into Equity	-	3.96	-	3.96
Previous year	-	-	-	-
Incentive	16.71	14.34	12.92	18.13
Previous year	15.42	13.30	12.01	16.71
CSR Expenses	58.04	125.70	162.52	21.22
Previous year	0.28	102.07	44.31	58.04
Wealth Tax	0.37	0.02	0.39	-
Previous year	0.37	0.37	0.37	0.37
Fringe Benefit Tax	0.36	-	0.36	-
Previous year	0.36	-	-	0.36
Interim Dividend	-	1,184.95	1,184.95	-
Previous year	-	789.97	789.97	-
Proposed Dividend	266.61	503.60	266.61	503.60
Previous year	172.81	266.61	172.81	266.61
Corporate Dividend Tax	56.32	345.68	295.51	106.49
Previous year	29.43	214.21	187.32	56.32
Income Tax	5,322.76	2,560.78	1,351.30	6,533.48
Previous year	4,031.20	2,276.62	985.06	5,322.76
Contigencies of project cost revisions	2.13	2.96	2.80	2.29
Previous year	1.15	1.71	0.73	2.13

8. **Short-term Borrowings**

(₹ in Crores)

	Particulars	As at 31.03.2016	As at 31.03.2015
(A)	**Loans Repayable on Demand, unsecured**		
	- from Banks	749.93	734.00
(B)	**Commercial Paper, unsecured**	5,600.00	-
(C)	**Other Loans and Advances**		
	- from Banks		
	Secured *	71.97	-
	Unecured	10.08	-
	- from Financial Institutions, secured *	28.79	-
	Total (A+B+C)	**6,460.77**	**734.00**

*Other loans and advances from banks and financial institutions belonging to EESL, a Joint Venture of the Company are secured by pari-passu charge on book debts of EESL.

9. **Trade Payables**

(₹ in Crores)

Particulars	As at 31.03.2016	As at 31.03.2015
Trade Payables	118.69	30.83
Total	**118.69**	**30.83**

10. Other Current Liabilities

(₹ in Crores)

Particulars	As at 31.03.2016	As at 31.03.2015
(A) Current maturities of long-term debt *(Refer Note 4)*	23,967.02	19,121.80
(B) Interest accrued but not due on borrowings	6,227.74	5,263.67
(C) Interest accrued and due on borrowings	-	1.10
(D) Income Received in Advance	21.50	24.17
(E) Unpaid Dividends	2.73	2.62
(F) Unpaid Principal & Interest on Bonds		
- Matured Bonds & Interest Accrued thereon	44.83	57.64
- Interest on Bonds	12.57	14.33
(G) Other payables		
- Funds Received from Govt. of India for Disbursement as Subsidy/ Grant	38,111.60	33,641.80
Add: Interest on Subsidy/ Grant (Refer Note 10.3)	18.10	51.38
Less: Disbursed to Beneficiaries	-38,091.35	-33,399.90
Undisbursed Funds to be disbursed as Subsidy/Grant	**38.35**	**293.28**
- Overdraft in Current Account	-	0.38
- Statutory Dues payable including PF and TDS	36.37	28.65
- Payable towards funded staff benefits	0.53	0.62
- Other Liabilities	125.06	78.90
Sub-total (G)	**200.31**	**401.83**
Total (A to G)	**30,476.70**	**24,887.16**

10.1 Subsidy Under Accelerated Generation & Supply Programme (AG&SP):

The Company is maintaining an Interest Subsidy Fund Account and was given AG&SP subsidy (for disbursement to the eligible borrowers) by Govt. of India at net present value calculated at indicative rates and year in accordance with GOI's letter vide D.O.No. 32024/17/97-PFC dated 23.09.1997 and O.M.No.32024/23/2001-PFC dated 07.03.2003 irrespective of the actual repayment schedule, moratorium year and duration of repayment of the eligible schemes. The impact of difference between the indicative rate and year considered at the time of drawl and the actual can be ascertained only after the end of the respective schemes.

Net amount of ₹ 1.26 Crores as at 31st March, 2016 (Previous year ₹ 2.22 Crores) represents the balance amount of interest subsidy fund, which is to be passed on to the borrowers against their interest liability arising in future, under Accelerated Generation & Supply Programme (AG&SP), which comprises of the following :-

(₹ in Crores)

Particulars	Year ended 31.03.2016	Year ended 31.03.2015
Opening Balance of Interest Subsidy Fund	2.22	3.53
Add: Interest earned during the year	0.07	0.13
Less: Interest subsidy passed on to the borrower	1.03	1.44
Closing Balance of Interest Subsidy Fund	**1.26**	**2.22**

10.2 Government of India has appointed Rural Electrification Corporation Ltd. as a nodal agency for implementation of Deen Dayal Upadhyaya Gram Jyoti Yojna (DDUGJY). The funds received for disbursement to various agencies under the scheme are kept in a separate bank account. The undisbursed funds for the scheme (including the funds received under erstwhile RGGVY Scheme) including interest earned thereto are classified under "Undisbursed Subsidy/ grant" under the head "Other Current Liabilities".

During the year, interest earned of ₹ 39.15 Crores (Previous year ₹ 61.78 Crores) has been taken to DDUGJY Subsidy account. Further, during the year, an amount of ₹ 71.66 crores (Previous year ₹ 22.07 crores) has been refunded back to MoP out of the total interest on subsidy.

10.3 The movement in Interest on Subsidy/ Grant is explained as under:

(₹ in Crores)

Particulars	Year ended 31.03.2016	Year ended 31.03.2015
Opening Balance	51.38	11.55
Add: Interest earned during the year	41.49	62.93
Less: Amount refunded to Govt. during the year	74.19	22.34
Less: Disbursement out of Interest earned on account of AG&SP Grant	0.58	0.76
Closing Balance	**18.10**	**51.38**

11. Fixed Assets as at 31st March 2016

(₹ In Crores)

FIXED ASSETS	GROSS BLOCK				DEPRECIATION/ AMORTISATION				NET BLOCK	
	As at 01.04.2015	Additions during the year	Sales/ adjustment during the year	Closing as on 31.03.2016	Upto 31.03.2015	During the year	Adjustment during the year	As on 31.03.2016	As at 31.03.2016	As at 31.03.2015
Tangible Assets										
Freehold Land	34.75	45.92	0.05	80.62	-	-	-	-	80.62	34.75
Leasehold Land	1.45	0.08	-0.40	1.93	0.22	0.05	-0.01	0.28	1.65	1.23
Buildings	33.71	0.04	0.58	33.17	7.29	0.47	-	7.76	25.41	26.42
Furniture & Fixtures	7.30	0.50	-0.32	8.12	4.60	0.70	0.18	5.12	3.00	2.70
Vehicles	0.46	-	0.03	0.43	0.22	0.04	0.02	0.24	0.19	0.24
EDP Equipments	17.41	2.20	0.80	18.81	11.62	2.77	0.60	13.79	5.02	5.79
Office Equipments	43.36	110.26	-4.67	158.29	6.00	15.06	-0.07	21.13	137.16	37.37
Total	**138.44**	**159.00**	**-3.93**	**301.37**	**29.95**	**19.09**	**0.72**	**48.32**	**253.05**	**108.50**
Previous year	95.21	46.53	3.31	138.43	24.56	7.28	1.91	29.93	108.50	
Intangible Assets										
Computer Software	7.06	0.12	-	7.18	5.59	0.58	0.02	6.15	1.03	1.47
Total	**7.06**	**0.12**	**-**	**7.18**	**5.59**	**0.58**	**0.02**	**6.15**	**1.03**	**1.47**
Previous year	6.99	0.06	-	7.05	4.54	1.04	-	5.58	1.47	
Capital Work-in-progress	**9.81**	**195.23**	**128.20**	**76.84**	-	-	-	-	**76.84**	**9.81**
Previous year	10.53	4.50	5.22	9.81	-	-	-	-	9.81	

11.1 The formalities regarding registration of conveyance deed in respect of certain immovable properties acquired by the Company amounting to ₹ 50.51 Crores (Previous year ₹ 4.59 Crores) are yet to be executed.

11.2 In the opinion of management, there is no impairment of the assets of the Company in terms of AS-28. Accordingly, no provision for impairment loss as required under Accounting Standard-28 'Impairment of Assets' has been made.

11.3 Disclosure in respect of Intangible Assets as required in AS-26 "Intangible Assets" :

Amortisation Rate 20%, 100% in case the total cost of the asset is ₹5,000 or less

12. **Investments**

(₹ in Crores)

	Particulars	As at 31.03.2016		As at 31.03.2015	
		Number	Amount	Number	Amount
	Valued at Cost				
(1)	**Non-Current Investments**				
(A)	**Other Investments (Quoted)**				
(i)	**Investment in Tax Free Bonds**				
	8.76% Bonds of HUDCO Ltd. Bonds of Face Value of ₹ 1,000 each	50,000	5.00	50,000	5.00
	7.39% Bonds of HUDCO Ltd. Bonds of Face Value of ₹ 1,000 each	86,798	8.68	-	-
	7.35% Bonds of NHAI Bonds of Face Value of ₹ 1,000 each	42,855	4.29	-	-
	7.39% Bonds of NHAI Bonds of Face Value of ₹ 1,000 each	35,463	3.55	-	-
	7.49% Bonds of IREDA Ltd. Bonds of Face Value of ₹ 1,000 each	61,308	6.13	-	-
	7.35% Bonds of IRFC Ltd. Bonds of Face Value of ₹ 1,000 each	22,338	2.23	-	-
	7.35% Bonds of NABARD Bonds of Face Value of ₹ 1,000 each	14,028	1.40	-	-
(B)	**Other Investments (Unquoted)**				
(i)	**Investment in Equity Instruments**				
	- Subsidiaries				
	- REC Power Distribution Company Limited Equity shares of ₹10 each, fully paid up	50,000	-	50,000	-
	- **REC Transmission Projects Company Limited** Equity shares of ₹10 each, fully paid up	50,000	-	50,000	-
	- Joint Ventures				
	- **Energy Efficiency Services Limited** Equity shares of ₹10 each, fully paid up	4,75,00,000	-	2,25,00,000	-
	- Others				
	- **India Energy Exchange Limited** Equity shares of ₹10 each, fully paid up	12,50,000	1.25	12,50,000	1.25
	- **Universal Commodity Exchange Limited** Equity shares of ₹10 each, fully paid up	1,60,00,000	16.00	1,60,00,000	16.00
	Less: Provision for Diminution in Investment		(16.00)		-
			-		16.00
(ii)	**Investment in Government Securities**				
	- 8% Government of Madhya Pradesh Power Bonds-II Maturing in equal half yearly Instalments of one bond each, next instalment due on 01.10.2016 (Bonds of Face Value of ₹ 47.16 Crores each)*	6	282.96	8	377.28
(iii)	**Investment in Venture Capital Funds**				
	- 'Small is Beautiful' Fund Units at face value of ` 10.00 per unit	61,52,200	6.15	76,82,816	7.68
(iv)	**Investment in Debentures**				
	- 9.68% Bonds of UP Power Corporation Ltd. Bonds of Face Value of ₹ 0.01 Crores each	38,050	380.50	75,000	750.00
	- 11.15% Additional Tier-1 Perpetual Bonds of Indian Bank Bonds of Face Value of ₹ 0.10 Crores each	5,000	500.00	-	-
	- 11.25% Additional Tier-1 Perpetual Bonds of Vijaya Bank Bonds of Face Value of ₹ 0.10 Crores each	5,000	500.00	-	-
	- 11.25% Additional Tier-1 Perpetual Bonds of Syndicate Bank Bonds of Face Value of ₹ 0.10 Crores each	5,000	500.00	-	-
	Total - Non-Current Investments (1)		**2,202.14**		**1,157.21**

(₹ in Crores)

		As at 31.03.2016		As at 31.03.2015	
		Number	Amount	Number	Amount
(2)	Current Investments Valued at Lower of Cost and Fair Value				
(A)	**Investment in Equity Instruments (Unquoted)**				
	- Lanco Teesta Hydro Power Limited Equity shares of ₹10 each, fully paid up	10,20,00,000	102.00	-	-
	- Dinchang Transmission Limited Equity shares of ₹10 each, fully paid up	50,000	0.05	-	-
	- NRSS XXXVI Transmission Limited Equity shares of ₹10 each, fully paid up	50,000	0.05	-	-
	- North Karanpura Transco Limited Equity shares of ₹10 each, fully paid up	50,000	0.05	-	-
	- Khargone Transmission Limited Equity shares of ₹10 each, fully paid up	50,000	0.05	-	-
	- NER II Transmission Limited Equity shares of ₹10 each, fully paid up	50,000	0.05	-	-
	- Nellore Transmission Limited Equity shares of ₹10 each, fully paid up	50,000	-	50,000	-
	- Baira Siul Sarna Transmission Limited Equity shares of ₹10 each, fully paid up	50,000	-	50,000	-
	- Gadarwara A Transco Limited Equity shares of ₹10 each, fully paid up	-	-	50,000	0.05
	- Gadarwara B Transmission Limited Equity shares of ₹10 each, fully paid up	-	-	50,000	0.05
	- Maheshwaram Transmission Limited Equity shares of ₹10 each, fully paid up	-	-	50,000	0.05
(B)	**Investment in Government Securities (Unquoted)**				
	- 8.57%-8.73% Government of Uttar Pradesh Special Bonds	-	-	-	391.50
	- 8% Government of Madhya Pradesh Power Bonds-II Maturing in equal half yearly Instalments of one bond each, next instalment due on 01.10.2016 (Bonds of Face Value of ₹ 47.16 Crores each)*	1	47.16	1	47.16
	Total - Current Investments (2)		**149.41**		**438.81**
	Total (1+2)		**2,351.55**		**1,596.02**

* The number of bonds and the amount of the investment in current portion represents the investments maturing within the next 12 months and the balance is the non-current portion.

12.1 Additional disclosures required in respect of the investments :

(₹ in Crores)

	Particulars	As at 31.03.2016		As at 31.03.2015	
		Non-Current	Current	Non-Current	Current
(1)	**Value of Investments**				
(i)	Gross Value of Investments				
(a)	In India	2,218.14	149.51	1,157.21	438.91
(b)	Outside India,	-	-	-	-
(ii)	Provisions for Depreciation				
(a)	In India	16.00	0.10	-	0.10
(b)	Outside India,	-	-	-	-
(iii)	Net Value of Investments				
(a)	In India	2,202.14	149.41	1,157.21	438.81
(b)	Outside India.	-	-	-	-
(2)	**Movement of provisions held towards depreciation on investments.**				
(i)	Opening balance	-	0.10	-	-
(ii)	Add : Provisions made during the year	16.00	-	-	0.10
(iii)	Less : Write-off / write-back of excess provisions during the year	-	-	-	-
(iv)	**Closing balance**	16.00	0.10	-	0.10
(3)	**Aggregate amount of Quoted Investments**	1,531.28	-	72.00	391.50
	Market Value of Quoted Investments	1,532.32	-	6.00	405.63
(4)	**Aggregate amount of Unquoted Investments**	686.86	149.41	1,152.21	47.31
(5)	**Aggregate provision for diminution in value of investments**	16.00	0.10	-	0.10

12.2 Investments include ₹ 6.15 Crores (Previous year ₹ 7.68 Crores) representing company's contribution in the units of 'Small is Beautiful (SIB) Venture Capital fund' promoted by KSK Energy Ventures Limited.

Name of the Company		Contribution towards Fund	Country of	Percentage of Share
SIB Fund of KSK Energy Ventures Ltd		₹ 6.15 Crores	India	9.74%

The face value of the fund is ₹ 10 per unit. The NAV as on 31.03.2016 is ₹ 10.24 per unit (Previous year ₹ 9.70 per unit).

12.3 Information in relation to the interest of the Company in Joint Ventures (JVs):

1. Energy Efficiency Services Limited

Proportion of Interest in Equity	28.79%
Country of Incorporation	India
Area of Operation	India
JV Partners (% share)	1. NTPC Limited (28.79%) 2. Power Grid Corporation of India Limited (13.63%) 3. Power Finance Corporation Limited (28.79%)

Further, an amount of ₹ 99.00 Crores has been paid to Energy Efficiency Services Limited (EESL) on 31st March, 2016 as share application money. EESL has allotted 9,90,00,000 equity shares of ₹ 10 each to the Company on 25th April, 2016 and the share of the Company in the JV has accordingly increased to 31.71%.

The Company's share of assets, liabilities, contingent liabilities and capital commitments as at 31.03.2016 and income and expenses for the period in respect of joint venture are given below :

(₹ in Crores)

	Particulars	As at / For the period ended 31.03.2016 (Unaudited)	As at / For the year ended 31.03.2015 (Unaudited)	As at / For the period ended 31.03.2015 (Audited) *
(i)	Total Assets	434.53	78.94	78.97
(ii)	Total Liabilities	371.71	50.21	51.39
(iii)	Total Reserves & Surplus	15.32	6.23	5.08
(iv)	Contingent Liabilities	Nil	Nil	Nil
(v)	Capital Commitments	84.24	Nil	14.99
(vi)	Total Income	205.68	17.57	17.78
(vii)	Total Expenses	191.40	14.37	14.38

* The consolidated financial statements of the Company for the FY 2014-15 had been prepared considering the unaudited financial statements of the joint venture, Energy Efficiency Services Limited (EESL). However, the financial statements of EESL were subsequently audited on 3rd July, 2015. The change in the unaudited and audited figures in the assets and liabilities has already been adjusted in the balance sheet figures of EESL for the financial year 2015-16. Further, the change in profit after tax has been adjusted in surplus account.

13. Long-term Loans & Advances

(₹ in Crores)

	Particulars	As at 31.03.2016	As at 31.03.2015
(A)	**Capital Advances (Unsecured, considered good)**	**49.14**	20.20
(B)	**Security Deposits (Unsecured, considered good)**	**4.34**	1.31
(C)	**Loans & Advances to Related Parties**		
	- To Key Managerial Personnel (KMP)	0.63	0.21
		0.63	**0.21**
(D)	**Other Loans & Advances**		
	- Staff Loans & Advances (except to KMP)	36.72	40.40
	- Loan Assets	1,57,703.84	1,64,152.03
	- Others (Unsecured, considered good)	2.15	1.10
		1,57,742.71	**1,64,193.53**
	Total (A to D)	**1,57,796.82**	**1,64,215.25**

Details of Staff Loans & Advances and Loan Assets :

13.1 Staff Loans & Advances

Non-current portion of the staff loans & advances has been classified under 'Long-term Loans & Advances' above and the current portion of the staff loans & advances has been classified under Note-19 'Other Current Assets'.

(₹ in Crores)

	Particulars	As at 31.03.2016		As at 31.03.2015	
		Non-Current	Current	Non-Current	Current
(A)	**Secured Staff Loans & Advances**				
(A1)	**To Key Managerial Personnel**				
	(a) Considered Good	0.01	0.01	0.04	0.02
(A2)	**To Others**				
	(a) Considered Good	2.93	0.73	2.82	1.08
	(b) Classified Doubtful	-	-	-	0.07
	Less: Provision for bad & doubtful debts	-	-	-	0.07
		-	-	-	-
	Sub-total (A1+ A2)	**2.94**	**0.74**	**2.86**	**1.10**
(B)	**Unecured Staff Loans & Advances**				
(B1)	**To Key Managerial Personnel**				
	(a) Considered Good	0.62	0.19	0.17	0.06
(B2)	**To Others**				
	(a) Considered Good	33.79	10.24	37.58	9.56
	Sub-total (B1+ B2)	**34.41**	**10.43**	**37.75**	**9.62**
	Grand Total (A+B)	**37.35**	**11.17**	**40.61**	**10.72**

13.2 Loan Assets

Non-current portion of the long-term loan assets has been classified under 'Long-term Loans & Advances' above and the current portion of the long-term loan assets has been classified under Note-19 'Other Current Assets'.

(₹ in Crores)

	Particulars	As at 31.03.2016		As at 31.03.2015	
		Non-Current	Current	Non-Current	Current
(A)	**Secured Loans**				
(A1)	**Loans to State Power Utilities/ State Electricity Boards/Corpn. (Secured by hypothecation and/or mortgage of materials/ tangible assets)**				
	(a) Considered Good	1,09,569.70	15,194.43	95,970.62	8,981.75
(A2)	**Loans to Others (Secured by hypothecation and/or mortgage of tangible assets)**				
	(a) Considered Good	24,377.49	1,841.42	28,393.85	1,201.89
	(b) Classified Doubtful	2,243.97	1,569.50	849.53	429.66
	Less: Provision for bad & doubtful debts	257.65	325.52	208.67	100.59
		1,986.32	1,243.98	640.86	329.07
	Sub-total (A1+ A2)	**1,35,933.51**	**18,279.83**	**1,25,005.33**	**10,512.71**
(B)	**Unsecured Loans**				
(B1)	**Loans Guaranteed by respective State Governments**				
	(a) Considered good	18,092.54	22,522.84	35,334.41	2,651.53
(B2)	**Loans to State Governments**				
	(a) Considered good	2,467.29	886.78	2,878.29	377.24
(B3)	**Loans - Others**				
	(a) Considered Good	1,210.50	99.51	934.00	490.99
	(b) Classified Doubtful	-	430.10	56.19	-
	Less: Provision for Bad & doubtful debts	-	430.10	56.19	-
		-	-	-	-
	Sub-total (B1+ B2+B3)	**21,770.33**	**23,509.13**	**39,146.70**	**3,519.76**
	Grand Total (A+B)	**1,57,703.84**	**41,788.96**	**1,64,152.03**	**14,032.47**

13.2.1 Loan balance confirmations for 92.95% of total loan assets as at 31st March, 2016 have been received from the borrowers. Out of the remaining 7.05% loan assets amounting to ₹ 14,188 crore for which balance confirmations have not been received, 72.94% loans are secured by way of hypothecation of assets, 23.37% by way of Government Guarantee/ Loans to Government and 3.69% are unsecured loans.

13.2.2 Loan Assets also include amount financed by the Company as per the Scheme for Financial Restructuring of State Distribution Companies (Discoms).

13.2.3 Alaknanda Hydro Power Company Limited (AHPCL)Shrinagar HEP is located at Uttarakhand. Ministry of Finance, considering the natural disaster in June 2013 at Uttarakhand had taken a decision that Banks should announce a moratorium on repayment of loan and interest for a period of one year in respect of all project loans that are outstanding in Uttarakhand. Ministry of Power vide their letter dated 6th December 2013 extended such benefit to AHPCL. Accordingly, REC sanctioned Funded Interest Term Loan (FITL) to AHPCL in June 2014.

RBI had issued circular dated 23rd January 2014, the Norms on restructuring of advance by NBFCs, which inter-alia stated that “the unrealized income represented by FITL should have a corresponding credit in an account styled as Sundry Liabilities Account (Interest Capitalisation)”. In response to applicability of above circular, REC represented vide letter dated 28th April 2014 to RBI requesting among other that, “Hydro projects in Himalayan region and power projects affected by natural disaster may be kept outside the restructuring norms”.

In response to the above request, RBI Vide letter dated 11th June 2014, allowed that the Transmission & Distribution, Renovation & Modernization and Life Extension projects as also the Hydro projects in Himalayan region or affected by natural disaster (new loans and outstanding stock of loans as on March 31, 2014) may be regulated by the REC’s existing restructuring norms till March 31, 2017.

Hence, the Management was of the view that the above project of AHPCL, being a Hydro project in Himalayan region and affected by natural disaster is outside the preview of circular dated 23rd January 2014 and shall continue to be governed by the existing REC’s existing prudential norms, which states, “In case of funding of interest in respect of NPAs, where the interest funded is recognized as income, the interest funded shall be fully provided for.” As AHPCL is a standard asset in the books of REC, as such no provision on funded interest is required to be created.

Pending clarification from RBI for the above, instead of creating a corresponding Sundry Liabilities Account (Interest Capitalisation), during the year ended 31st March, 2015, 100% provision was created in the books of accounts for the FITL in respect of AHPCL for ₹ 86.42 crores.

In response to the request, RBI, vide its letter No. DNBR.PD.CO.No. 123/03.10.001/2015-16 dated 17th July, 2015 has advised that FITL sanctioned to the said borrower will be exempted from provisions of RBI Restructuring Norms. Accordingly, the provision of ₹ 86.42 crores has been reversed and accounted for during the year ended 31st March, 2016.

13.2.4 M/s Teesta Urja Limited (TUL) is executing Hydro Electric Project in the North Eastern State of Sikkim. Substantial physical progress has been achieved in the project and as per the latest report of Lenders Independent Engineer, cumulative physical progress of the project is 96.59%.

The issues regarding infusion of equity into the project was resolved amongst the promoters and subsequently, the Share Purchase Agreement was executed on 6th August, 2015 amongst the shareholders of TUL to enable Sikkim Power Investment Corporation Limited (wholly owned company of Govt. of Sikkim) to increase its stake to 51% in TUL by way of infusion of equity and purchase of shares from other shareholders. Accordingly, the current shareholding of Sikkim Power Investment Corporation Limited in TUL is 51% and TUL has been recognised as Govt. of Sikkim undertaking.

During the year ended 31st March 2015, some of the lenders including REC, adjusted their outstanding interest due on the basis of bilateral agreement with the company, against the loan sanctioned towards 2nd cost overrun to TUL. Accordingly, pending documentation, as on 31st March 2015, an amount of Rs. 202.15 Crores was classified as unsecured loan. The disbursement made under 2nd cost overrun have since been secured by extending the charge on movable assets. The joint documentation between the lenders have concluded on 29th June, 2015 excluding PNB and Canara Bank, who are yet to join the documentation by deed of accession. Accordingly as on 31st March 2016, the loan disbursements under 2nd cost overrun to the borrower has been classified as secured loan.

13.2.5 REC, as a lead lender had sanctioned ₹ 650 Crore as initial sanction to Corporate Power Limited for 540 MW Phase-I TPP at Chandwa, Jharkhand. The Debt is secured by way of combination of securities representing charge on all the Company's present and future immovable properties, movables, all bank accounts, project documents, clearances, letter of credits, guarantees, insurance contracts and insurance proceeds etc., pledge of shares representing 51% of the total paid up equity share capital of the Company and Corporate Guarantee of Corporate Ispat and Alloys Limited (CIAL). Subsequently, REC, has sanctioned ₹ 196 Crore as additional loan towards funding of cost overrun. As at 31st March, 2016, the loan outstanding is ₹ 811.74 crores.

The progress of Phase-I of the Project (where REC is Lead) as per last available Lender Independent Engineer’s Report, is approximately 96%. However, the account has become NPA on 30th June, 2014. As on 31st March 2016, the account of the borrower is classified as Doubtful asset. As per the Independent valuer’s report, the fair market value of Phase-I project assets is ₹ 1,401.94 Crores. Accordingly, 100% provision to the extent of loan not covered by the realizable value of the security amounting to ₹ 399.08 Crores and for the balance loan amount of ₹ 412.66 Crores, 20% provision amounting to ₹ 82.53 Crores is created in the books as per Significant Accounting Policy no 2.3(ii). As such, total provision created as on 31 March 2016 is ₹ 481.61 Crores.

Further, recall notice has been served to the borrower and Corporate guarantee of promoter Company, CIAL, has been invoked. Further, action as per SARFAESI Act has also been initiated. Lenders are in the process of filing Original Application (OA) in Debt Recovery Tribunal (DRT) for recovery of dues.

13.2.6 REC has sanctioned ₹ 1,150 Crore to Jas Infrastructure & Power Limited (JIPL) wherein total disbursement is ₹ 33.24 Crore till 31st March, 2016. As project has been delayed considerably, lenders are discussing the future strategy and exploring the various options for the implementation of the project.

The account has become NPA on 30th June, 2014. As on 31st March 2016, the account of the borrower is classified as Doubtful asset. As per the Independent valuer’s report, the fair market value of project assets is valued at ₹ 180.17 Crores. Accordingly, 100% provision to the extent of loan not covered by the realizable value of the security amounting to ₹ 31.02 crore and for the balance loan amount of ₹ 2.22 crores, 20% provision amounting to ₹ 0.44 crore is created in the books as per Significant Accounting Policy No. 2.3(ii). As such, total provision created as on 31 March 2016 is ₹ 31.46 Crore on total loan outstanding of ₹ 33.24 crore.

Further, recall notice has been served to the borrower and Personal guarantee of promoter has been invoked. Joint application for recovery of their dues is being filed by the lenders in DRT.

13.2.7 As at 31st March 2016, the dues of one of the borrowers amounting to ₹ 366.30 Crores were overdue for more than 6 months, thus, exceeding the time limit for classifi cation 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 and the classifi cation of the borrower has been retained as 'Standard Asset' pending fi nal decision of the Court. Accordingly, 10% provision as applicable for sub-standard loans on the loan outstanding ₹ 1,875.71 Crores has not been created and interest income of ₹ 366.30 Crores has also been recognized on accrual basis in accordance with the accounting policy of the Company for recognition of income on standard assets. However, since the account is currently into Restructured Standard Loan Assets category, a provision of 5% amounting to ₹ 93.79 Crores has been created in full in respect of the loan as against creating the same in phased manner in accordance with Signifi cant Accounting Policy B-2.3(iv).

13.2.8 REC had sanctioned ₹ 390 Crores to M/s Lanco Teesta Hydro Power Limited with ICICI Bank as Lead lender having initial project SCOD in May'12. However, due to equity crunch of promoters, geological surprises and poor rock strata, project couldn't be commissioned till date. In order to revive the Project, which is stalled at present, change in ownership is an important imperative which ensures that additional resources are brought in by the new investor. Towards this end, change of ownership could be effectively considered under the recent RBI dispensation on Strategic Debt Restructuring (SDR) dated 8th June, 2015. In terms of SDR Regulations dated 8th June, 2015 issued by RBI, the Lenders' consortium had decided to invoke the SDR in the lenders' meet held on 24th July, 2015. Accordingly, REC, on 24th September, 2015, has approved the Strategic Debt Restructuring (SDR) package pursuant to RBI circular dated June 08, 2015, for conversion of ₹ 102 Crores out of REC's outstanding loan into equity at face value of ₹ 10/- per share towards effecting the change in Management. Subsequently, on 20th October, 2015, necessary documentation has been carried out along with the signing of shareholder's agreement and an amount of ₹ 102 Crores of REC's sanction has been converted into equity on 20th October, 2015.

A provision of ₹ 3.96 crores has been made against the interest due that was converted into equity in terms of RBI guidelines. Further, as a matter of prudence, an additional provision amounting to ₹ 15.50 Crores on the residual loan outstanding of ₹ 236.80 Crores as at 31st March, 2016 has been made in terms of RBI Circular dated 25th Febraury, 2016. Income accrued & remaining unpaid as at 31st March, 2016 amounting to ₹ 32.27 crores on the outstanding loan amount has not been recognised due to uncertainty in view of SDR implementation.

14. Other Non-Current Assets

(₹ in Crores)

	Particulars	As at 31.03.2016	As at 31.03.2015
(A)	**Non-Current Portion of Interest Accrued on Staff Advances**	6.79	5.01
(B)	**Advance Income-tax & TDS**	6,633.82	5,399.62
	Less : **Provision for Income Tax**	6,533.48	5,322.76
	Advance Income-tax & TDS (Net)	100.34	76.86
(C)	**Non-current Portion of Unamortized Expenses :**		
	- Discount on Issue of Bonds	-	0.14
(D)	**Term Deposits with Banks with more than 12 months maturity**	2.13	3.10
	Total (A to D)	**109.26**	**85.11**
	- Of the above		
	Term deposits held as security/ margin money	2.13	3.10

15. Inventories

(₹ in Crores)

Particulars	As at 31.03.2016	As at 31.03.2015
(a) Stock-in-trade *	49.68	-
(b) Work-in-progress	17.11	-
Total	**66.79**	**-**

** Stock-in-trade includes goods-in-transit amounting to ₹ 3.32 crores.*

16. Trade Receivables

(₹ in Crores)

Particulars	As at 31.03.2016	As at 31.03.2015
(a) Unsecured		
Outstanding for a period more than 6 months		
- Considered Good	90.19	50.53
- Considered Doubtful	5.87	2.53
Less: Provision for bad & doubtful debts	*5.87*	2.53
	-	-
Less than 6 months		
- Considered Good	141.70	69.75
Total	**231.89**	**120.28**

17. Cash and Bank Balances

(₹ in Crores)

Particulars	As at 31.03.2016	As at 31.03.2015
(A) Cash & Cash Equivalents		
- Balances with Banks	1,038.01	202.35
- Cash on Hand (including postage & imprest)	0.01	-
- Others		
- Short Term Deposits with Scheduled Banks	778.54	356.57
Sub-total (A)	**1,816.56**	**558.92**
(B) Others		
- Term Deposits with Scheduled Banks	47.52	86.79
Sub-total (B)	**47.52**	**86.79**
Total (A+B)	**1,864.08**	**645.71**

Balances with Banks include:		
- Earmarked Balances with Banks in separate accounts		
- For unpaid dividends	2.73	2.62
- For DDUGJY, AG&SP, NEF and other grants	34.17	54.94
- For Unutilised CSR Fund	-	-
- Amount set aside for grants disbursement	1.77	2.15

Further, Short-term Deposits with Scheduled Banks include ₹ 2.41 Crores (Previous year ₹ 236.19 Crores) earmarked towards DDUGJY and other grants and ₹ 7.86 Crores (Previous year Nil) earmarked towards Swachh Vidyalaya Abhiyan (SVA) Project. Figure in (B) Others - Term Deposits with Scheduled Banks includes the deposit for ₹ 0.36 Crores (Previous year ₹ 0.36 Crores) made and earmarked in compliance of a Court order.

- Term deposits held as security/ margin money	0.49	-
- Term Deposits with Scheduled Banks with more than twelve months original maturity	15.86	16.20

17.1 The Company has made public issue of Tax Free Bonds of face value of ₹1,000/- each aggregating to ₹ 700 Crores during the financial year 2015-16 in addition to private placement of the Tax Free Bonds of ₹ 300 Crores. The bonds had been allotted in line with the prescribed guidelines and the issue proceeds have been utilised for the purposes as mentioned in the Offer document.

18. Short-term Loans & Advances

(₹ in Crores)

	Particulars	As at 31.03.2016	As at 31.03.2015
(A)	**Loans & Advances to Related Parties**		
	- Unsecured		
	(a) Considered Good	3.35	2.09
	(b) Classified Doubtful	0.06	0.06
	Less: Provision for bad & doubtful debts	0.06	0.06
		-	-
(B)	**Others**		
(i)	**Advances recoverable in cash or in kind or value to be received**		
	(a) Secured, Considered Good	-	0.02
	(b) Unsecured		
	(a) Considered Good	33.67	1.35
	(b) Classified Doubtful	2.06	2.06
	Less: Provision for bad & doubtful debts	2.06	2.06
		-	-
	Total (i)	**33.67**	**1.37**
(ii)	**Loan Assets**		
(a)	Secured Loans		
	- Loans to State Power Utilities/ State Electricity Boards/Corpn. (Secured by hypothecation and/or mortgage of materials/ tangible assets)		
	Considered Good	-	485.88
	Sub-total (a)	**-**	**485.88**
(b)	Unsecured Loans		
	- Loans Guaranteed by respective State Governments		
	- Considered Good	672.22	500.00
	- Loans - Others		
	- Considered Good	100.00	111.11
	Sub-total (b)	**772.22**	**611.11**
	Total (ii)	**772.22**	**1,096.99**
	Grand Total	**809.24**	**1,100.45**

19. Other Current Assets

(₹ in Crores)

	Particulars	As at 31.03.2016	As at 31.03.2015
(A)	**Current recoverable of Long-term Loan Assets (Net)** (Refer Note 13.2)	41,788.96	14,032.47
(B)	**Current recoverable of Staff Advances (Net)** (Refer Note 13.1)	11.17	10.72
(C)	**Interest Accrued & Not Due on:**		
	- Govt. Securities	-	7.89
	- Long Term Investments	18.40	30.78
	- Term Deposits	3.20	4.30
	Sub-total	21.60	42.97
(D)	**Interest Accrued & Due on Loan Assets**	1,112.89	1,019.94
(E)	**Interest Accrued & Not Due on Loan Assets**	301.73	444.30
(F)	**Current Portion of Interest Accrued on Staff Advances**	0.30	0.28
(G)	**Recoverable from GOI**		
	- RGGVY/ DDUGJY Expenses	9.71	8.49
	- NEF Expenses	0.37	0.29
	Sub-total	10.08	8.78
(H)	**Recoverable from SEBs/ Govt. Deptt/Others**	16.28	9.35
(I)	**Income Tax Recoverable**	0.18	0.39
(J)	**Prepaid Financial Charges on Commercial Paper**	67.30	-
(K)	**Prepaid Expenditure**	9.90	0.11
(L)	**Current Portion of Unamortized Expenses**		
	- Discount on Issue of Bonds	0.14	3.99
(M)	**Others**	42.63	0.01
	Total (A to M)	**43,383.16**	**15,573.31**

20. Revenue from Operations

(₹ in Crores)

	Particulars	Year ended 31.03.2016		Year ended 31.03.2015	
(A)	**Interest on Loan Assets**				
(i)	Long term financing	23,375.20		19,904.21	
	Less: Rebate for timely payments/ completion etc.	1.49	23,373.71	2.70	19,901.51
(ii)	Short term financing		96.95		170.57
	Sub-total (A)		**23,470.66**		**20,072.08**
(B)	**Revenue from Other Financial Services**				
(i)	Processing, Upfront, Lead fees, LC Commission etc.		24.71		51.93
(ii)	Prepayment Premium		30.50		11.23
(iii)	Fee for RGGVY/ DDUGJY Implementation/ others		32.78		15.29
	Sub-total (B)		**87.99**		**78.45**
(C)	**Income from Short-term Investment of Surplus Funds**				
(i)	Interest from Deposits		68.21		69.46
(ii)	Gain on Sale of Mutual Funds		11.49		9.54
	Sub-total (C)		**79.70**		**79.00**
(D)	**Income from Consulting Engineer Services**		**374.53**		**154.81**
	Total (A to D)		**24,012.88**		**20,384.34**

21. Other Income

(₹ in Crores)

	Particulars	Year ended 31.03.2016	Year ended 31.03.2015
(A)	**Interest Income (Other than Operating Income)**		
	- Interest from Govt. Securities	43.23	47.51
	- Interest from Long Term Investments/Term Deposits/Others	52.05	106.87
	- Interest from Staff Advances	2.22	1.72
	- Interest from Subsidiary Companies/SPVs	0.29	0.09
	- Interest on Application Money	0.19	-
	Sub-Total (A)	**97.98**	**156.19**
(B)	**Dividend Income**		
	- Dividend from Long-Term Investments	2.37	3.63
	Sub-Total (B)	**2.37**	**3.63**
(C)	**Net Gain on Sale of Long Term Investments**	**12.29**	**-**
(D)	**Other Non-Operating Income**		
	- Profit on sale of assets	-	0.02
	- Provision Written Back	1.04	0.78
	- Miscellaneous Income	3.37	4.93
	Sub-Total (D)	**4.41**	**5.73**
	Total (A to D)	**117.05**	**165.55**

22. Finance Costs

(₹ in Crores)

	Particulars	Year ended 31.03.2016	Year ended 31.03.2015
(A)	**Interest Expense**		
	- On Govt. Loans	0.15	0.43
	- On REC Bonds	11,369.39	9,503.41
	- On Loans from Banks/ Financial Institutions	134.18	207.43
	- On External Commercial Borrowings	1,616.97	1,358.86
	- On Commercial Paper	285.91	300.03
	- On AREP Subsidy	0.04	0.08
	- Interest on Advance Income Tax	0.46	1.38
	Sub-Total (A)	**13,407.10**	**11,371.62**
(B)	**Other Borrowing Costs**		
	- Guarantee Fee	19.14	18.31
	- Public Issue Expenses	0.70	-
	- Bonds Handling Charges	1.04	1.05
	- Bonds Brokerage	19.33	20.48
	- Stamp Duty on Bonds	3.88	4.03
	- Debt Issue and Other Finance Charges	157.80	168.75
	Sub-Total (B)	**201.89**	**212.62**
(C)	**Net Translation/ Transaction Exchange Loss**	**673.36**	**255.35**
	Total (A to C)	**14,282.35**	**11,839.59**

23. Employee Benefits Expense

(₹ in Crores)

Particulars	Year ended 31.03.2016	Year ended 31.03.2015
- Salaries and Allowances	101.50	94.76
- Contribution to Provident Fund and Other Funds	12.44	11.48
- Gratuity	0.57	0.60
- Expenses towards Post Retirement Medical Facility	15.33	16.39
- Staff Welfare Expenses	13.35	13.52
Total	**143.19**	**136.75**

24. Corporate Social Responsibility Expenses

(₹ in Crores)

Particulars	Year ended 31.03.2016	Year ended 31.03.2015
- Direct Expenditure	116.81	99.77
- Overheads	3.48	2.30
Total	**120.29**	**102.07**

24.1 Disclosure in respect of CSR Expenses:

Amount spent during the year (₹ in Crores) :

	Particulars	Year ended 31st March, 2016			Year ended 31st March, 2015		
		In Cash	Yet to be paid*	Total	In Cash	Yet to be paid*	Total
(i)	Construction/ acquisition of any asset	-	-	-	-	-	-
(ii)	On purpose other than (i) above	99.07	21.22	120.29	44.31	57.76	102.07

* denotes amount provided for.

25. Other Expenses

(₹ in Crores)

Particulars	Year ended 31.03.2016		Year ended 31.03.2015	
- Travelling and Conveyance		12.85		10.97
- Publicity & Promotion Expenses		7.51		6.29
- Repairs and Maintenance				
- Building	3.18		2.97	
- ERP & Data Centre	4.64		3.75	
- Others	1.20	9.02	0.73	7.45
- Rent & Hiring Charges		4.92		4.91
- Rates and Taxes		0.44		0.90
- Power & Fuel		2.30		1.43
- Insurance Charges		0.05		0.04
- Postage and Telephone		2.12		2.36
- Auditors' Remuneration		1.09		0.67
- Consultancy Charges		5.13		1.78
- Project Expenses		279.45		37.12
- Loss on Sale of Assets		0.38		0.12
- Loss on SPVs written off		-		1.77
- Miscellaneous Expenses		30.31		28.29
Total		**355.57**		**104.10**

25.1 Auditors' Remuneration includes :

(₹ in Crores)

Particulars	Year ended 31.03.2016	Year ended 31.03.2015
- Audit Fees	0.50	0.41
- Tax Audit Fees	0.09	0.09
- Limited Review Fees	0.21	0.08
- Payment for Other Services #		
(i) Certification of Prospectus for Tax Free Bonds Public Issue	0.12	0.01
(ii) Other Certifications	0.03	0.02
- Expenses Incurred	0.09	0.03
- Service tax component	0.05	0.03
Total	**1.09**	**0.67**

25.2 Earnings and Expenditure in Foreign Currency :

(₹ in Crores)

Particulars	Year ended 31.03.2016	Year ended 31.03.2015
Earnings	-	-
Expenditure		
- Royalty, Know-how, Professional, Consultation Fees	0.49	-
- Interest	550.96	455.29
- Finance Charges	130.91	149.36
- Other Expenses	3.11	3.21
Total	**685.47**	**607.86**

25.3 The Group Companies has taken office space, accommodations for staff and space for ERP Data Centre on lease. These are classified as operating lease. Lease payments in respect of office space and data centre amounting to ₹ 6.60 Crores (Previous year ₹ 5.07 Crores) is shown under the head 'Other Expenses'. Lease payments in respect of accommodations for staff amounting to ₹ 2.99 Crores (Previous year ₹ 2.50 Crores) form part of 'Employees Benefit Expense.' Future lease payments in respect of these lease agreements are as under:

(₹ in Crores)

Future minimum lease rent payments	As at 31.03.2016		As at 31.03.2015	
	Data Centre	Office & Accomodations	Data Centre	Office & Accomodations
Not later than one year	0.36	4.85	0.29	3.53
Later than one year and not later than 5 years	0.62	6.53	-	6.52
Later than 5 years	-	4.73	-	0.66
Total	**0.98**	**16.11**	**0.29**	**10.71**

26. Provisions and Contingencies

(₹ in Crores)

Particulars	As at 31.03.2016	As at 31.03.2015
Provision for bad & doubtful debts	651.18	232.06
Contingent Provision against Standard Loan Assets	52.51	120.54
Provision against Restructured Standard Loans	369.57	451.77
Provision for Interest due & Converted into Equity	3.96	-
Provision for depreciation on Investment	16.00	0.10
Provision for contigencies of project cost revision	2.96	1.71
Total	**1,096.18**	**806.18**

27. Changes in inventories

(₹ in Crores)

Particulars	As at 31.03.2016	As at 31.03.2015
Stock-in-Trade		
Opening Balance	-	-
Closing Balance	49.68	-
Changes in inventories of Stock-in-Trade	**(49.68)**	-
Work-in-Progress		
Opening Balance	-	-
Closing Balance	17.11	-
Changes in inventories of Work-in-Progress	**(17.11)**	-
Total	**(66.79)**	**-**

28. Prior Period Items

(₹ in Crores)

Particulars	Year ended 31.03.2016	Year ended 31.03.2015
- Others	0.39	0.10
Total	**0.39**	**0.10**

29. Earnings per Share

Particulars	As at 31.03.2016	As at 31.03.2015
Numerator		
Profit after Tax as per Statement of Profit and Loss (₹ in Crores)	5,691.42	5,344.42
Denominator		
Weighted average Number of equity shares	98,74,59,000	98,74,59,000
Basic & Diluted Earnings per share of ₹10 each (in ₹)	**57.64**	**54.12**

30 Contingent Liabilities and Commitments :

30.1 Contingent Liabilities not provided for in respect of:

(₹ in Crores)

	Particulars	As at 31.03.2016	As at 31.03.2015
(A)	Claims against the Company not acknowledged as debts	58.28	56.54
(B)	Guarantees	28.04	40.36
(C)	Others		
	- Letters of Comfort	461.56	260.84

The amount referred to in 'A' above includes ₹ 3.86 Crores (Previous year ₹ 3.75 Crores) in respect of cases pending in various courts including arbitration cases and is dependent upon the outcome of settlement of court/arbitration cases.

Further, it also includes ₹ 53.59 Crores (Previous year ₹ 51.96 Crores) against various demands raised by the Income Tax Department/ Service Tax Department including the cases pending in Delhi High Court/ Supreme Court.The company is contesting these tax demands and the management believes that its position will likely be upheld in the appellate process. Further, the ultimate outcome of these proceedings will not have a material adverse effect on the Company's financial position and results of operations.

30.2 Commitments not provided for in respect of:

(₹ in Crores)

Particulars	As at 31.03.2016	As at 31.03.2015
- Contracts remaining to be executed on capital account		
- Towards Tangible Assets	372.20	16.06
- Towards Intangible Assets	2.84	4.32
- Other Commitments		
- CSR Commitments	89.44	182.73

31. Details of Registration/ License/ authorisation obtained from financial sector regulators:

	Particulars	Regulator Name	Registration Details
(i)	Corporate Identification No.	Ministry of Corporate Affairs	L40101DL1969GOI005095
(ii)	Registration Number	Reserve Bank of India	14.000011

32. The Company is registered with the Reserve Bank of India (RBI) as a Non-Banking Financial Company (NBFC) since 1997-98. As per notification No.DNBS(PD).CC No.12/02.01/99-2000 dated 13.1.2000 of RBI, Govt. companies as defined under Section 617 of the Companies Act, 1956 have been exempted from applicability of the provisions of Reserve Bank of India Act, 1934 relating to maintenance of liquid assets and creation of Reserve Funds and the Directions relating to acceptance of public deposits and Prudential Norms. The said notification is also applicable to REC, being a Govt. company as defined under Section 2 (45) of the Companies Act, 2013 (Section 617 of the erstwhile Companies Act, 1956). Accordingly, the Reserve Fund is not created.

Further, as per Para No. 1(3)(ii) of RBI's Master Circular No. DNBR (PD) CC. No.043 / 03.10.119 / 2015-16 dated July 1, 2015, REC being a Government Company continues to be exempted from the applicability of "Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015". However, 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 January 23, 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 March 31, 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 01st April 2015, the provisioning requirement would be 5% and for stock of loans as on 31st March 2015 of such projects, the provisioning shall commence with a provision of 2.75% w.e.f 31st March 2015 and reaching 5% by 31st March 2018.

33. RBI, vide its letter dated September 17, 2010 had categorized REC as an Infrastructure Finance Company (IFC) in terms of instructions contained in RBI Circular CC No.168 dated February 12, 2010. As an IFC, the total permissible exposure for lending in the private sector is 25% of owned funds in case of single borrower and 40% in case of a single group of borrowers and exposure for lending and investing taken together can be upto 30% and 50% of owned funds, respectively.

In respect of Central/State Government entities, RBI vide its letter DNBS.CO.ZMD-N. No. 4868/55.18.014/2013-14 dated 4th April, 2014 has exempted REC from RBI Prudential Exposure limits till 31st March, 2016. The Company has again represented to RBI for extension of above exemption till 31st March, 2022. The matter is under active consideration and the communication from RBI is expected to be received shortly. In view of the above, our maximum credit exposure limits to Central and State power Utilities continue to vary from 50% to 250% of owned funds, depending upon entity appraisal.

In respect of Private Sector entities, the Company's credit exposure to single borrowers and group borrowers did not exceed the RBI prudential exposure limits as at 31st March, 2016 and 31st March, 2015.

34. Changes in Accounting Policies of Rural Electrification Corporation Limited

During the year ended 31st March, 2016, the Company had revised the accounting policy in respect of asset classification in line with RBI Guidelines. Further, the accounting policy for creation of allowance against Standard Loan assets has been modified to align it with the revised provisioning requirements for Standard Loans as per RBI Notification dated 10th November, 2014. Due to these changes in accounting policy, profit before tax for the year ended 31st March, 2016 is lower by ₹ 87.87 Crores.

Further, minor modifications have been made in the Accounting Policy in respect of basis of preparation of financial statements, revenue recognition, intangible assets and cash flow statements. However, there is no financial impact of such modifications.

35. Quality of Loan Assets

35.1 The Classification of Loan Assets of the Company (classified in Note No. 13 and 18) as per RBI Prudential Norms is as under:

(₹ in Crores)

	Asset Classification	As at 31.03.2016		As at 31.03.2015	
		Loan Balance	Provision created against Loan Assets	Loan Balance	Provision created against Loan Assets
(i)	**Standard Assets**				
(a)	Restructured Standard Loan Assets (Refer Note below)	21,058.26	821.34	16,428.15	451.77
(b)	Other than (a) above	1,75,976.46	543.43	1,61,883.41	490.92
	Sub-total (i)	**1,97,034.72**	**1,364.77**	**1,78,311.56**	**942.69**
(ii)	**Non Performing Assets**				
(a)	Sub-standard Assets *	2,908.19	291.01	844.98	206.28
(b)	Doubtful Assets	1,318.16	705.04	473.18	141.95
(c)	Loss Assets	17.22	17.22	17.22	17.22
	Sub-total (ii)	**4,243.57**	**1,013.27**	**1,335.38**	**365.45**
	Total	**2,01,278.29**	**3,742.81**	**1,79,646.94**	**1,308.14**

* Includes loans classified as NPAs due to restructuring/ non-achievement of DCCO amounting to ₹ 811.33 Crores (Previous year Nil) and provisioning thereof ₹ 81.27 Crores (Previous year Nil).

Note : Loan assets as mentioned in (i)(a) refer to restructured standard loan assets as specified in Accounting Policy No. B-2.3(iv).

35.2 Sector-wise NPAs - Percentage of NPAs to Total Advances in that sector

Particulars	As at 31.03.2016	As at 31.03.2015
- Power Sector *	2.11%	0.74%

* Includes 0.40% (Previous year Nil) loans classified as NPAs due to restructuring/ non-achievement of DCCO, amounting to ₹ 811.33 Crores (Previous year Nil).

35.3 Movement of NPAs

(₹ in Crores)

	Particulars	As at 31.03.2016	As at 31.03.2015
(i)	**Net NPAs to Net Advances (%)**	**1.61%**	**0.54%**
(ii)	**Movement of NPAs (Gross)**		
(a)	Opening balance	1,335.38	490.40
(b)	Additions during the year	2,910.13	844.98
(c)	Reductions during the year	1.94	-
(d)	Closing balance	**4,243.57**	**1,335.38**
(iii)	**Movement of NPAs (Net)**		
(a)	Opening balance	969.93	353.54
(b)	Additions during the year	2,262.31	616.39
(c)	Reductions during the year	1.94	-
(d)	Closing balance	**3,230.30**	**969.93**
(iv)	**Movement of provisions for NPAs**		
(a)	Opening balance	365.45	136.86
(b)	Provisions made during the year	647.82	228.59
(c)	Write-off / write-back of excess provisions	-	-
(d)	Closing balance	**1,013.27**	**365.45**

Note - The figures above include loans classified as NPAs due to restructuring/ non-achievement of DCCO, amounting to ₹ 811.33 Crores (Gross) (Previous year Nil) and provisioning thereof ₹ 81.27 Crores (Previous year Nil).

36. Exposure Related Disclosures

36.1 Exposure to Real Estate Sector

The Company has no exposure to real estate sector as at 31st March, 2016 (Previous year Nil).

36.2 Exposure to Capital Market

(₹ in Crores)

	Particulars	As at 31.03.2016	As at 31.03.2015
(i)	Direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	119.25	17.25
(ii)	Advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	-	-
(iii)	Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	-	-
(iv)	Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds 'does not fully cover the advances;	-	-
(v)	Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	-	-

(vi)	Loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	-	-
(vii)	Bridge loans to companies against expected equity flows/ issues;	-	-
(viii)	All exposures to Venture Capital Funds (both registered and unregistered)	6.15	7.68
	Total Exposure to Capital Market	**125.40**	**24.93**

36.3 Unsecured Advances against Intangible Assets

There are no such advances outstanding as at 31st March, 2016 (Previous year Nil) for which intangible collaterals such as rights, licenses, authority, etc. are charged in favour of the Company in respect of projects financed by the Company.

37. Concentration of Advances, Exposures and NPAs

	Particulars	**As at 31.03.2016**	**As at 31.03.2015**
(i)	**Concentration of Advances**		
	Total Advances to twenty largest borrowers (₹ in Crores)	1,17,632.78	1,08,066.67
	Percentage of Advances to twenty largest borrowers to Total Advances of the Company	58.44%	60.16%
(ii)	**Concentration of Exposures**		
	Total Exposure to twenty largest borrowers (₹ in Crores)	1,94,864.96	1,71,024.07
	Percentage of Exposures to twenty largest borrowers to Total Exposure of the Company on borrowers	58.54%	57.49%
(iii)	**Concentration of NPAs ***		
	Total Outstanding to top four NPA Accounts (₹ in Crores)	3,444.72	1,318.16
	Total Exposure to the above four NPA Accounts (₹ in Crores)	3,444.72	1,318.16

* Includes loans of ₹ 777.00 Crores (Previous year Nil) classified as NPAs due to restructuring/ non-achievement of DCCO.

38. The Company has not entered into any securitisation/ assignment transactions during the year ended 31st March, 2016 (Previous year Nil). Further, no assets have been sold to securitisation/ reconstruction company for asset reconstruction.

39. Considering the practical problems being faced by the borrowers in submission and adherance to the drawl schedule, the Company has revised the loan policy by waiving off the clause for requirement of Commitment Charges/ upfront fees for all ongoing as well as future projects of State Sector Generation and T&D projects including waiver of outstanding commitment charges of ₹ 8.83 Crores.

40. The National Electricity Fund (NEF), an interest subsidy scheme, has become operational during the year 2012-13. The scheme has been introduced by Govt. of India to promote the capital investment in the distribution sector. The scheme shall provide interest subsidy linked with reform measures, on the loans taken by public and private distribution power utilities for various capital works under Distribution sector. NEF would provide interest subsidy aggregating upto ₹ 8,466 Crores (including interest subsidy to the borrowers, service charges to the nodal agency, payments to independent evaluators and other incidental expenses) spread over 14 years for loan disbursement against projects approved during 2012-13 and 2013-14. REC has been nominated as Nodal Agency for operationalisation of the NEF scheme in entire country.

41. Government of India has launched Deen Dayal Upadhyaya Gram Jyoti Yojana (DDUGJY) with the following components:

(i) Separation of agriculture and non-agriculture feeders facilitating judicious rostering of supply to agriculture & non-agriculture consumers in the rural areas;

(ii) Strengthening and augmentation of sub-transmission & distribution infrastructure in rural areas, including metering of distribution transformers/feeders/consumers

(iii) Rural electrification, as per CCEA approval dated 01.08.2013 for completion of the targets laid down under RGGVY for 12th and 13th Plans by carrying forward the approved outlay for RGGVY to DDUGJY.

The components at (i) and (ii) of the above scheme will have an estimated outlay of ₹ 43,033 crore including budgetary support of ₹ 33,453 crore from Government of India during the entire implementation period. The scheme of RGGVY as approved by CCEA for continuation in 12th and 13th plan will get subsumed in this scheme as a separate Rural Electrification (RE) component. REC has been nominated as nodal agency for operationalization of this scheme.

42. In the opinion of the management, the current assets, loans and advances appearing in the balance sheet have a value equivalent to the amount stated therein if realized during the ordinary course of business and all known liabilities have been provided.

43. Disclosure under Micro, Small and Medium Enterprises Development Act, 2006:

(₹ in Crores)

Particulars	As at 31.03.2016	As at 31.03.2015
Principal amount remaining unpaid but due as at year end	4.21	0.11
Interest due thereon as at year end	0.14	0.03
Interest paid by the company in terms of Section 16 of MSME Development Act, 2006 along with the amount of the payment made to the supplier beyond the appointed day during the year.	-	0.13
Interest due and payable for the period of delay in making payment but without adding the interest specified under MSME Development Act, 2006.	0.11	-
Interest accrued and remaining unpaid as at year end.	0.14	-
Further interest remaining due and payable even in the succeeding years, until such date when the interest due as above are actually paid to the small entereprises.	-	0.03

44. Derivatives Related Disclosures

44.1 Forward Rate Agreements/ Interest Rate Swaps

(₹ in Crores)

	Particulars	As at 31.03.2016	As at 31.03.2015
(i)	The notional principal of swap agreements	24,770.59	24,577.20
(ii)	Losses which would be incurred if counterparties failed to fulfill their obligations under the agreements	1,529.12	2,662.28
(iii)	Collateral required by the NBFC upon entering into swaps	Nil	Nil
(iv)	Concentration of credit risk arising from the swaps	Refer Note Below	Refer Note Below
(v)	The fair value of the swap book	1,223.39	2,173.16

Note : REC, being NBFC has entered into swap agreements with Category-I , Authorized Dealers Banks only, in accordance with the RBI guidelines. All the swap agreements entered into with banks are well with in the credit risk limit defined in the Board approved Risk Management Policy.

44.2 The Company has not entered into any exchange traded Interest Rate (IR) derivatives.

44.3 Disclosure on Risk Exposure in Derivatives

44.3.1 Qualitative Disclosures

REC has Risk Management Policy duly approved by the Board.The policy covers the currency risk of the company. This policy provides the guiding parameters within which the Company can take decisions for managing the Currency Risk that it is exposed to on account of foreign currency loan. The purpose of the policy is to provide a framework to the Company for management of its foreign currency risk.

Risk Management Structure

An Asset Liability Management Committee (ALCO) is currently functioning under the chairmanship of CMD, Director (Finance), Director (Technical), Executive Directors and General Managers from Finance and Operating Divisions as its members. ALCO monitors Foreign currency risk with exchange rate and interest rate managed through various derivative instruments.

Derivative transactions include forwards, interest rate swaps, cross currency swaps and currency and cross currency options to hedge assets and liabilities. These derivative transactions are done for hedging purpose and not for trading or speculative purpose. These are accounted for on accrual basis and are not marked to market.

Type of Risks Involved

(i) **Credit Risk -** Credit risk is the risk of loss due to counterparty's failure to perform on an obligation to the Company.

(ii) **Market Risk -** Market risk is the risk of loss due to adverse changes in the market value (the price) of an instrument or portfolio of instruments. Such exposures occurs with respect to derivative instruments when changes occur in market factors such as underlying interest rates, exchange rates etc or in the volitality of these factors.

(iii) **Liquidity Risk -** Liquidity risk is the risk of loss due to failure of the institution to meet its funding requirments or execute a transaction at a reasonable price. This may be market liquidity risk or funding liquidity risk.

(iv) **Operational Risk -** Operational risk is the risk of loss occuring as a result of inadequate system and control, deficiencies in information system, human error or a management failure. Derivative activities can pose challenging operational risk issue because of complexity of certain products and their continual evolution.

(v) **Legal Risk -** Legal risk is the risk of loss arising from contracts which are not legally enforceable or documented correctly.

(vi) **Regulatory Risk -** Regulatory risk is the risk of loss arising from failure to comply with regulatory or legal requirements.

44.3.2 Quantitative Disclosures

(₹ in Crores)

	Particulars	Currency Derivatives *		Interest Rate Derivatives **	
		As at 31.03.16	As at 31.03.15	As at 31.03.16	As at 31.03.15
(i)	Derivatives (Notional Principal Amount)				
	For hedging	17,876.79	17,433.40	6,893.80	7,143.80
(ii)	Marked to Market Positions				
a)	Asset (+)	1,487.63	2,569.44	41.49	92.83
b)	Liability (-)	131.57	294.66	174.16	194.46
(iii)	Credit Exposure	17,876.79	17,433.40	6,893.80	7,143.80
(iv)	Unhedged Exposures	4,111.79	6,616.74	N.A.	N.A.

* Includes Full Hedge, Principal only Swap and Call Spread.

** Includes Interest Rate Derivatives as a strategy of cost reduction

45. The outstanding position of Foreign Currency Exposure as at 31st March, 2016 is as under:

(Foreign Currency amounts in Millions, INR amounts in Crores)

Currency	Total		Hedged Portion (Currency & Interest rate)		Unhedged	
	Foreign Currency	INR Equivalent	Foreign Currency	INR Equivalent *	Foreign Currency	INR Equivalent *
JPY	30,014.85	1,795.17	27,940.48	1,672.66	2,074.37	122.51
Previous year	33,084.61	1,944.22	31,895.82	1,882.28	1,188.79	61.94
EURO	159.15	1,123.87	125.02	867.91	34.13	255.96
Previous year	157.07	1,104.97	150.70	1,061.94	6.37	43.03
USD $	2,855.00	17,691.04	2,500.00	15,336.22	355.00	2,354.82
Previous year	3,555.00	19,715.51	2,720.00	14,489.18	835.00	5,226.33
CHF (Swiss Franc)	200.00	1,378.50	-	-	200.00	1,378.50
Previous year	200.00	1,285.44	-	-	200.00	1,285.44
Total		21,988.58		17,876.79		4,111.79
Previous year		24,050.14		17,433.40		6,616.74

* The portion of the foreign currency borrowings swapped into Indian Rupee is stated at the rate fixed in the swap transactions, and not translated at the year end rate. The unhedged portion of the foreign currency borrowings has been translated at the year end rate.

45.1 In terms of Accounting Policy B-14.1, the foreign currency monetary items as at the reporting date have been translated at the following rates:

Exchange Rates	USD/INR	JPY/INR	Euro/INR	CHF/INR
As at 31st March, 2016	66.3329	0.5906	75.0955	68.9249
As at 31st March, 2015	62.5908	0.5211	67.5104	64.2719

46. Related Party Disclosures :

(1) Key Managerial Personnel

Sh. Rajeev Sharma	Chairman & Managing Director
Sh. Ajeet Kumar Agarwal	Director (Finance)
Sh. P.J. Thakkar	Director (Technical) (ceased w.e.f. 12.10.2015)
Sh. Sanjeev Kumar Gupta	Director (Technical) (appointed w.e.f. 16.10.2015)
Sh. J.S. Amitabh	GM & Company Secretary

(2) Wholly owned Subsidiaries of REC Transmission Projects Company Limited

Nellore Transmission Limited - Incorporated on 04.12.2012

Baira Siul Sarna Transmission Limited - Incorporated on 24.01.2013

Gadarwara (B) Transmission Limited - Incorporated on 30.07.2014 and transferred to Power Grid Corporation of India Limited (PGCIL) on 24.04.2015, substantially upon the terms and conditions as detailed in the Share Purchase Agreement executed between RECTPCL, Gadarwara (B) Transmission Limited and PGCIL.

Gadarwara (A) Transco Limited - Incorporated on 05.08.2014 and transferred to Power Grid Corporation of India Limited (PGCIL) on 24.04.2015, substantially upon the terms and conditions as detailed in the Share Purchase Agreement executed between RECTPCL, Gadarwara (A) Transco Limited and PGCIL.

Maheshwaram Transmission Limited - Incorporated on 14.08.2014 and transferred to Sterlite Grid 3 Limited (SGL) on 20.08.2015, substantially upon the terms and conditions as detailed in the Share Purchase Agreement executed between RECTPCL, Maheshwaram Transmission Limited and SGL.

Vemagiri II Transmission Limited - Incorporated on 06.04.2015 and transferred to Power Grid Corporation of India Limited (PGCIL) on 04.12.2015, substantially upon the terms and conditions as detailed in the Share Purchase Agreement executed between RECTPCL, Vemagiri II Transmission Limited and PGCIL.

Alipurduar Transmission Limited - Incorporated on 13.04.2015 and transferred to Kalpataru Power Transmission Limited (KPTL) on 06.01.2016, substantially upon the terms and conditions as detailed in the Share Purchase Agreement executed between RECTPCL, Alipurduar Transmission Limited and KPTL.

NER II Transmission Limited - Incorporated on 21.04.2015

NRSS XXXVI Transmission Limited - Incorporated on 18.08.2015

North Karanpura Transco Limited - Incorporated on 27.11.2015

Khargone Transmission Limited - Incorporated on 28.11.2015

Dinchang Transmission Limited - Incorporated on 02.12.2015

Details of amount due from/ to the related parties :

(₹ in Crores)

Particulars	As at 31.03.2016	As at 31.03.2015
Long-term Debt		
Key Managerial Personnel	0.10	0.17
Loans & Advances		
Key Managerial Personnel	0.83	0.29

Details of Transactions with the related parties :

(₹ in Crores)

Particulars	For the year ended 31.03.2016	For the year ended 31.03.2015
Long Term Debt - Amount Invested		
Key Managerial Personnel	0.01	-
Loans & Advances		
Key Managerial Personnel	0.53	0.04
Interest Income - Loans & Advances		
Key Managerial Personnel	0.04	0.06
Finance Cost		
Interest Paid to Key Managerial Personnel	0.01	0.01
Employee Benefits Expense - Managerial Remuneration	2.33	1.91

47. Disclosures for Employee Benefits as required under AS 15:

(1) Defined Contribution Plans

A. Provident Fund

Company pays fixed contribution of Provident Fund at pre-determined rates to a separate trust which invests the funds in permitted securities. The trust fixes the rate of interest on contribution to the members of the trust.

B. Defined Contribution Superannuation Scheme

The Company pays fixed contribution towards superannuation scheme at pre-determined rates to a separate trust which invests the funds with the Insurers. The Insurers fix the rate of interest on the balance standing to the credit of the accounts of the members of the trust. When the pension becomes payable to the member, the Insurers shall appropriate the member's accumulation towards various annuities, as opted for by the member.

Amount recognised as expenses towards defined contribution plans:

(₹ in Crores)

	Particulars	For the year ended 31.03.2016	For the year ended 31.03.2015
(i)	Provident Fund	7.15	6.60
(ii)	Defined Contribution Superannuation Scheme	5.10	4.77
	Total	**12.25**	**11.37**

(2) Defined Benefit Plans - Post-Employment Benefits

A. Gratuity

The Company has a defined benefit gratuity plan. Every employee is entitled to gratuity as per the provisions of the Payment of Gratuity Act, 1972. The scheme is funded by the Company and is managed by separate trust. The liability of Gratuity is recognized on the basis of actuarial valuation.

In case of EESL, there is no separate trust and the liability for gratuity is provided for in the books of accounts as per the provisions of the Payment of Gratuity Act, 1972 and is recognized on the basis of actuarial valuation

B. Post Retirement Medical Facility (PRMF)

The Company has Post Retirement Medical Facility under which the entitled retired employees (including his/her spouse) are covered as per Company Rules. The expenditure is recognized in the Statement of Profit & Loss on the basis of actuarial valuation.

C. Other Defined Retirement Benefit (ODRB)

The Company has a scheme for settlement of the employee and their dependents at the time of superannuation at home town. The expenditure is recognized in the Statement of Profit & Loss on the basis of actuarial valuation.

The summarized position of various defined benefits recognized in the Statement of Profit & Loss, Balance Sheet and the funded status is as under:

Expense recognised in Statement of Profit & Loss:

(₹ in Crores)

Particulars	Gratuity		PRMF		ODRB	
	31.03.2016	31.03.2015	31.03.2016	31.03.2015	31.03.2016	31.03.2015
Current Service Cost	2.05	1.93	1.45	1.23	0.05	0.05
Interest Cost	3.05	3.24	6.21	5.66	0.10	0.10
Expected Return on Plan Assets	3.03	3.24	-	-	-	-
Actuarial (Gain)/ Loss	(1.50)	(1.33)	7.67	9.50	(0.03)	0.05
Expense recognized	0.57	0.60	15.33	16.39	0.12	0.20

Amounts recognised in Balance Sheet:

(Amounts below in 'Gratuity' columns denotes respective amounts in the Balance Sheet of gratuity trust)

(₹ in Crores)

Particulars	Gratuity		PRMF		ODRB	
	31.03.2016	31.03.2015	31.03.2016	31.03.2015	31.03.2016	31.03.2015
Present value of obligation as at the end of the year	37.42	38.16	86.62	77.61	1.22	1.20
Fair value of Plan Assets as at the end of the year	35.48	36.25	-	-	-	-
Net Assets/ (Liability) recognized	(1.78)	(1.91)	(86.62)	(77.61)	(1.22)	(1.20)

Changes in the Present value of defined benefit/ Obligation:

(₹ in Crores)

Particulars	Gratuity		PRMF		ODRB	
	31.03.2016	31.03.2015	31.03.2016	31.03.2015	31.03.2016	31.03.2015
Present value of obligation as at the beginning of the year	38.21	38.07	77.61	66.64	1.20	1.16
Interest Cost	3.05	3.24	6.21	5.66	0.10	0.10
Current Service Cost	2.05	1.93	1.45	1.23	0.05	0.05
Benefit Paid	4.42	3.89	6.32	5.42	0.10	0.16
Actuarial (Gain)/ Loss on obligation	(1.47)	(1.19)	7.67	9.50	(0.03)	0.05
Present Value of defined benefit obligation at the end of the year	37.42	38.16	86.62	77.61	1.22	1.20

Changes in the Fair Value of Plan Assets:

(Amounts below in 'Gratuity' columns denotes respective amounts for the gratuity trust)

(₹ in Crores)

Particulars	Gratuity		PRMF		ODRB	
	31.03.2016	31.03.2015	31.03.2016	31.03.2015	31.03.2016	31.03.2015
Fair value of Plan Assets as at the beginning of the year	36.25	35.94	-	-	-	-
Return on Plan Assets	3.03	3.24	-	-	-	-
Contributions	0.62	0.82	-	-	-	-
Benefit Paid	4.42	3.89	-	-	-	-
Actuarial Gain/ (Loss) on Plan Assets	-	0.14	-	-	-	-
Fair value of Plan Assets as at the end of the year	35.48	36.25	-	-	-	-

Funded Status and Experience adjustments for liability towards Gratuity:

(₹ in Crores)

Particulars	31.03.2016	31.03.2015	31.03.2014	31.03.2013	31.03.2012
Present value of obligation at year end	37.42	38.16	38.07	37.85	36.46
Fair value of Plan Assets at year end	35.48	36.25	35.94	35.14	31.24
Funded Status	(1.94)	(1.91)	(2.13)	(2.71)	(5.22)
Experience adjustment; Gain/(Loss):					
Experience adjustment on plan liabilities	(0.76)	(0.01)	0.68	1.17	1.51
Experience adjustment on plan assets	0.14	0.58	(0.30)	(0.40)	(0.23)

The effect of an increase/ decrease of one percent point in inflation rate on PRMF:

(₹ in Crores)

Particulars	1% (+)		1% (-)	
	31.03.2016	31.03.2015	31.03.2016	31.03.2015
Service & Interest Cost	1.25	0.64	(0.84)	(1.09)
PBO (Closing)	11.93	11.09	(8.45)	(7.81)

Actuarial Assumptions:

Particulars	Gratuity		PRMF		ODRB	
	31.03.2016	31.03.2015	31.03.2016	31.03.2015	31.03.2016	31.03.2015
Method Used	Projected Unit Credit (PUC)	Projected Unit Credit (PUC)	Projected Unit Credit (PUC)	Projected Unit Credit (PUC)	Projected Unit Credit (PUC)	Projected Unit Credit (PUC)
Discount Rate	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%
Expected Rate of Return on Plan Assets	8.36%	9.00%	-	-	-	-
Future Salary Increase *	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%

* In case of EESL, the future salary increase rate has been assumed to be 5.5%.

- The Expected Rate of Return on Assets is the assumed rate of return (annualised).
- The Principle assumptions are the discount rate and salary growth rate. The discount rate is generally based on the market yields available on govt. bonds at the reporting date with a term that matches the liabilities and the salary growth rate takes account of inflation, seniority, promotions and other relevant factors as long term basis. The above information is certified by the Actuary.

48. Status of Documentation Subsequent to Unbundling of SEBs

Some of the erstwhile State Electricity Boards (SEBs) against whom loans were outstanding or on whose behalf guarantees were given, were restructured by the respective State Governments and new entities were formed in the past. Consequently, the liabilities of the erstwhile SEBs stand transferred to new entities. However, transfer agreements in the case of Chhattisgarh State Electricity Board (CSEB), Kerala State Electricity Board (KSEB) and Meghalaya State Electricity Board (MSEB) are yet to be executed amongst the Company, new entities and the State Governments.

Agreements in case of Tamil Nadu State Electricity Board have been executed based on the provisional provisions of the Tamil Nadu Electricity (Re-organisation and Reforms) Transfer Scheme, 2010. However, further transfer agreements in this regard shall be executed, if required, on finalization of the Transfer Scheme.

Status of Documentation Subsequent to Reorganisation of the State of Andhra Pradesh

Subsequent to the reorganisation of erstwhile State of Andhra Pradesh, the state of Telangana has been formed on 2nd June, 2014. However, the assets and liabilities are yet to be transferred to the respective power utilities through a formal Gazette Notification.

Status of Documentation is as under:

(i) Where ever the loans have been sanctioned to erstwhile APCPDCL, APNPDCL and APGENCO prior to bifurcation and documentation has not been done, these schemes have been re-sanctioned in the name of newly formed utilities and documentation formalities completed and accordingly the charge has been registered with the Ministry of Corporate Affairs (MCA).

(ii) Where ever the loans sanctioned in the name of erstwhile APCPDCL, APNPDCL prior to bifurcation and documentation formalities completed and drawls have been made, in these schemes an undertaking has been obtained from the name changed / newly formed utility and disbursements have been made to the newly formed utility by changing the name of the borrower in the name of new / name changed utility.

(iii) Where ever the Loan is sanctioned in the name of erstwhile APCPDCL, APNPDCL prior to bifurcation and documentation formalities completed with Government Guarantee and drawls have been made, further documentation for these schemes shall be done on Gazette Notification.

(iv) Once the final transfer scheme is notified through Gazette Notification by Govt, duly indicating the transfer of assets and liabilities among the power utilities, action for execution of documentation formalities will be taken up in respect of all the outstanding loans with the new / name changed utilities. Till that time, the demand for payment of interest / principal is being segregated by the Utilities and the respective portions are being paid by Utilities in Telangana and Andhra Pradesh.

49. The Ministry of Power launched a scheme ‘Ujwal DISCOM Assurance Yojana’ (UDAY) for achieving financial turnaround of the DISCOMs which are reeling under burden of heavy debt and losses. As per the OM dated 20th November, 2015 issued by MoP on the UDAY scheme, States shall take over 75% of the DISCOM debt as on 30th September, 2015 over 2 years - 50% to be taken over in FY 2015-16 and 25% in FY 2016-17.

The States of Uttar Pradesh, Rajasthan, Punjab, Haryana, Bihar and Chhattisgarh have signed MoU with MoP for participation in the scheme. The DISCOMs of Punjab, Uttar Pradesh and Chhattisgarh have pre-paid their outstanding loan amounting to ₹ 10,003.69 Crores out of which ₹ 1,214.14 crore was received in April 2016, as a result of takeover of their debt by the respective States under the scheme. An amount of ₹ 19,640.22 Crores is further expected to be prepaid by the DISCOMs during the financial year 2016-17.

50. 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.

51. Capital to Risk-weighted Assets Ratio (CRAR)

Being an Infrastructure Finance Company (IFC), REC is required to maintain a Capital to Risk Weighted Assets Ratio (CRAR) of 15% (with a minimum Tier I Capital of 10%).

	Particulars	As at / For the year ended 31.03.2016	As at / For the year ended 31.03.2015
(i)	CRAR (%)	20.38%	19.56%
(ii)	CRAR - Tier I Capital (%)	17.48%	16.52%
(iii)	CRAR - Tier II Capital (%)	2.90%	3.04%
(iv)	Amount of subordinated debt raised as Tier-II capital (₹ in crore)	-	-
(v)	Amount raised by issue of Perpetual Debt Instruments (₹ in crore)	-	-

52. Asset Liability Management - Maturity pattern of certain items of Assets and Liabilities :

(₹ in Crores)

As at 31.03.2016	Advances	Investments	Borrowings		Foreign Currency Items	
			Domestic Borrowings	Foreign Currency Borrowings	Assets	Liabilities (Other than Borrowings)
Upto 30/31 days	2,798	-	2,118	-	-	-
Over 1 month upto 2 months	1,971	-	2,999	-	-	-
Over 2 months upto 3 months	6,610	-	2,366	97	-	-
Over 3 month & upto 6 months	21,395	-	8,256	1,473	-	-
Over 6 months & upto 1 year	10,543	149	11,539	1,579	-	-
Over 1 year & upto 3 years	36,506	189	36,540	7,828	-	-
Over 3 years & upto 5 years	34,735	94	27,305	10,716	-	-
Over 5 years	86,720	1,920	56,100	296	-	-
Total	**2,01,278**	**2,352**	**1,47,222**	**21,989**	**-**	**-**

(₹ in Crores)

As at 31.03.2015	Advances	Investments	Borrowings		Foreign Currency Items	
			Domestic Borrowings	Foreign Currency Borrowings	Assets	Liabilities (Other than Borrowings)
Upto 30/31 days	745	-	1,036	-	-	-
Over 1 month upto 2 months	664	-	355	-	-	-
Over 2 months upto 3 months	1,449	-	666	97	-	-
Over 3 month & upto 6 months	3,307	-	1,068	2,712	-	-
Over 6 months & upto 1 year	9,065	439	6,196	7,726	-	-
Over 1 year & upto 3 years	38,350	189	34,344	4,629	-	-
Over 3 years & upto 5 years	35,891	189	26,942	8,643	-	-
Over 5 years	90,176	779	56,322	243	-	-
Total	**1,79,647**	**1,596**	**1,26,929**	**24,050**	**-**	**-**

53. Disclosures in respect of Entities Consolidated as required under Schedule III to the Companies Act, 2013

Sl. No.	Name of the Entity	Net Assets i.e. Total Assets minus Total Liabilities		Share in Profit or Loss	
		As % of Consolidated Net Assets	Amount (₹ in Crores)	As % of Consolidated Profit or Loss	Amount (₹ in Crores)
(1)	**Parent Subsidiaries - Indian**				
1.	REC Power Distribution Company Limited	**0.41%**	**117.51**	**0.64%**	**36.17**
2.	REC Transmission Projects Company Limited	**0.43%**	**123.41**	**0.51%**	**28.81**
(2)	**Joint Venture - Indian**				
1.	Energy Efficiency Services Limited	**0.22%**	**62.82**	**0.17%**	**9.47**
	Total	**1.06%**	**303.74**	**1.31%**	**74.45**

54. Disclosures in respect of different accounting policies of Group Companies

(i) RECPDCL, during the year, has adopted different useful life for certain fixed assets item- mobile/tablet, furniture & fixtures and intangible assets from that of Rural Electrification Corporation Limited. Accordingly, depreciation on each such asset recomputed from the beginning resulted into an additional depreciation of ₹ 0.22 crores being charged during the year 2015-16.

(ii) In case of Energy Efficiency Services Limited (EESL), depreciation on cell phone is provided at different rates from that of Rural Electrification Corporation Limited. The total amount of gross block and depreciation on cell phone pertaining to the Company's share in the Joint Venture, EESL consolidated in these Consolidated Financial Statements for the year 2015-16 is ₹ 0.05 crores and ₹ 0.01 crores, the impact of which is immaterial.

(iii) One of the group companies follows First-in-First-Out (FIFO) basis for determining the cost instead of weighted average method. The inventories, as specified in the Note 15, include ₹ 17.11 crores valued on FIFO basis.

55. Two projects namely Nellore Transmission Limited (NTL) and Baira Siul Sarna Transmission Limited (BSTL), which are subsidiary companies (SPVs) of REC Transmission Projects Company Limited (REC TPCL), were denotified vide notification No. 15/9/2013-Trans dated 03.01.2014 and 100/1/EC(33)/SP&PA/2013 dated 09.02.2015 respectively by the Ministry of Power (MoP). Consequent to the de-notification the management has submitted the application for dissolution of the said two SPVs through "fast track mode of exit" and as on 31st March 2016 the status as shown in the website of the Registrar of Companies is "under process of striking off".

56. RECPDCL, a subsidiary of REC Limited, has made, based on past experience, a provision for contingencies of Project Cost Revisions @ 2% of its annual turnover to mitigate the likely income reversal on account of revision in project cost. Accordingly, a provision has been made during the year for ₹ 2.96 crores (Previous year ₹ 1.71 crores).

Further, RECPDCL's major dues are from State Sovereign Power Utilities and same are considered good. However, realisation generally takes longer time. A Provision for Doubtful Debts has been made by RECPDCL during the year on the basis of aging of its Trade Receivables amounting to ₹ 3.37 crores (Previous year ₹ 1.41 crores).

56. There are no Off-Balance Sheet SPVs sponsored by the Company, which need to be consolidated as per accounting norms.

57. No penalties have been levied on the Company by any regulator during the year ended 31st March, 2016 (Previous year Nil).

However, the Company has received a notice from National Stock Exchange of India Ltd. (NSE) vide its letter No. Fines/2015-16/45075 dated 5th October, 2015 and from BSE Ltd. (BSE) vide its letter No. LIST/COMP/49-Woman Dir/126/2015-16 dated 6th October, 2015 in pursuance of SEBI Circular No. CIR/CFD/CMD/1/2015 dated April 8, 2015 for payment of fine of ₹ 1,42,000 and ₹ 1,47,000 (inclusive of service tax) respectively for non-compliance of Clause 49(II)(A)(1) of the listing agreement regarding non-appointment of woman director on the Board as on 30th September, 2015.

The Company has requested the Stock Exchanges to waive the fine amounts since the power to appoint Woman Director/Independent Directors is vested with President of India through the administrative Ministry as per Articles of Association of the Company and the Board of Directors or the Company cannot appoint Woman Director/Independent Directors on the Board of the Company and there is no violation on the part of the Company in the appointment of Woman Director/Independent Directors. The reply of the Stock Exchanges is still awaited.

58. No complaints have been received by the Company from the borrowers under the Fair Practices Code during the year ended 31st March, 2016 (Previous year Nil).

59. Previous year figures have been reclassified/ regrouped to conform to the current classification.

60. Figures in Rupees have been rounded off to the nearest crores with two decimals, unless expressly stated.

The Significant Accounting Policies and Notes to Accounts 1 to 60 are an integral part of the Consolidated Financial Statements.

CONSOLIDATED NOTES TO ACCOUNTS FOR THE YEAR ENDED 31.03.2015

1. The consolidated financial statements represent consolidation of accounts of the company (Rural Electrification Corporation Limited), its subsidiary companies and joint venture entity as detailed below:

Name of the Subsidiary Company/ Joint Venture	Country of Incorporation	Proportion of ownership Interest	Status of Accounts
Name of the Subsidiaries			
- REC Transmission Projects Company Limited	India	100%	Audited
- REC Power Distribution Company Limited	India	100%	Audited
Name of the Joint Ventures			
- Energy Efficiency Services Limited *	India	25%	Un-audited

* The financial statements are un-audited and certifed by the management and have been considered for Consolidated Financial Statements of the Group. The figures appearing in the financial statements may change upon completion of the audit.

REC Transmission Projects Company Limited (REC TPCL) forms wholly owned subsidiaries to act as SPVs for transmission projects with an intention that these SPVs will be handed over to the successful bidder on completion of the bidding process. As per Para 11 of AS-21, a subsidiary should be excluded from consolidation when control is intended to be temporary because the subsidiary is acquired and held exclusively with a view to its subsequent disposal in the near future. Therefore, the financial statements of the subsidiaries of REC Transmission Projects Company Limited (namely Nellore Transmission Limited, Baira Siul Sarna Transmission Limited, Gadarwara (B) Transmission Limited, Gadarwara (A) Transco Limited and Maheshwaram Transmission Limited) have not been consolidated with the financial statements of the Company.

2. Share Capital

(₹ in Crores)

Particulars	As at 31.03.2015		As at 31.03.2014	
	No. of Shares	Amount	No. of Shares	Amount
Authorised :				
Equity shares of ₹ 10 each	1,20,00,00,000	1,200.00	1,20,00,00,000	1,200.00
Issued, Subscribed and Paid up				
Fully paid up Equity shares of ₹ 10 each	98,74,59,000	987.46	98,74,59,000	987.46
Total	**98,74,59,000**	**987.46**	**98,74,59,000**	**987.46**

2.1 The holders of the equity shares of the Company are entitled to receive dividends as and when declared by the Company and enjoy proportionate voting rights in case any resolution is put to vote. Further, the shareholders have all such rights, as may be available to a shareholder of a listed public company, under the Companies Act, 1956 (to the extent applicable), Companies Act, 2013 (to the extent notified), the terms of the listing agreements executed with the Stock Exchanges (i.e. National Stock Exchange of India Limited and BSE Limited), and Memorandum of Association and Articles of Association of the Company.

2.2 Shareholders holding more than 5% of fully paid-up equity shares :

Name	As at 31.03.2015		As at 31.03.2014	
	No. of Shares	Percentage	No. of Shares	Percentage
The President of India	64,81,68,218	65.64%	64,81,68,218	65.64%
Life Insurance Corporation of India	3,08,77,781	3.13%	5,93,52,864	6.01%

Pursuant to the Offer for Sale of 5% shareholding by Govt. of India through stock exchanges on 8th April, 2015 and an off-market transaction for the Central Public Enterprises Exchange Traded Fund (CPSE ETF) Loyalty Units on 10th April, 2015, the shareholding of The President of India as on the date of signing of the financial statements is 60.64% (59,87,67,680 shares).

3. Reserves and Surplus

(₹ in Crores)

Particulars	As at 31.03.2015 Amount	As at 31.03.2014 Amount
Capital Reserve	**105.00**	105.00
Securities Premium Account (Refer Note 3.1)		
Balance as at the beginning of the year	**3,223.72**	3,222.48
Add: Additions during the year	**-**	1.24
Balance as at the end of the year	**3,223.72**	3,223.72
Debenture Redemption Reserve (Refer Note 3.2)		
Balance as at the beginning of the year	**345.98**	160.19
Add: Amount transferred from Surplus Account	**185.79**	185.79
Balance as at the end of the year	**531.77**	345.98
Special Reserve created u/s 36(1) (viii) of the Income Tax Act, 1961		
Balance as at the beginning of the year	**6,820.64**	5,529.64
Add: Amount transferred from Surplus Account	**1,629.00**	1,291.00
Balance as at the end of the year	**8,449.64**	6,820.64
Reserve for Bad and doubtful debts u/s 36(1)(viia) of the Income Tax Act, 1961		
Balance as at the beginning of the year	**1,268.97**	980.97
Add: Amount transferred from Surplus Account	**353.00**	288.00
Balance as at the end of the year	**1,621.97**	**1,268.97**
Foreign Currency Monetary Item Translation Difference Account (Refer Note 3.3)		
Balance as at the beginning of the year	**-532.65**	-160.28
Add: Foreign Currency Translation Gain/ Loss (-) on long term monetary items during the year	**-62.80**	-676.64
Amortisation during the year	**259.99**	304.27
Balance as at the end of the year	**-335.46**	**-532.65**
General Reserve		
Balance as at the beginning of the year	**3,623.39**	3,133.09
Add: Amount transferred from Surplus Account	**530.76**	490.30
Balance as at the end of the year	**4,154.15**	**3,623.39**
Surplus Account		
Balance as at the beginning of the year	4,959.99	3,571.93
Less: Transfer of Depreciation in accordance with provisions of Companies Act, 2013 (Refer Note 3.4)	0.74	-
Add: Profit during the year	5,344.42	4,741.25
Less : Appropriations		
- Transfer to Special Reserve u/s 36(1)(viii) of the Income Tax Act, 1961	1,629.00	1,291.00
- Transfer to Reserve u/s for Bad & Doubtful Debts u/s 36(1)(viia) of the Income Tax Act, 1961	353.00	288.00
- Dividend		
- Interim Dividend	789.97	765.28
- Proposed Dividend (Final) (Refer Note 3.5)	266.61	172.81
- Dividend Distribution Tax		
- Interim Dividend	157.89	130.06
- Proposed Dividend (Final)	56.32	29.40
- Transfer to Debenture Redemption Reserve	185.79	185.79
- Transfer to General Reserve	530.76	490.30
Balance as at the end of the year	**6,334.33**	**4,960.54**
Total Reserves and Surplus	**24,085.12**	**19,815.59**

3.1 Additions in Securities Premium Account for the year ended 31st March, 2014 represent the premium of ₹ 1.24 Crores received on issue of Tax Free Bonds through private placement.

3.2 Debenture Redemption Reserve (DRR)

In accordance with provisions of Section 71(4) of the Companies Act, 2013 as further clarified by the Companies (Share Capital and Debentures) Rules, 2014 issued by Ministry of Corporate Affairs, Govt. of India, the company creates Debenture Redemption Reserve (DRR) upto 25% of the value of debentures issued through public issue as per present SEBI (Issue and Listing of Debt Securities) Regulations, 2008 during the maturity period of such debentures, and no DRR is required in the case of privately placed debentures.

Accordingly, during the year, the company has created DRR amounting to ₹ 185.79 Crores (Previous year ₹ 185.79 Crores).

3.3 Foreign Currency Monetary Item Translation Difference Account

The company has opted towards an irrevocable option 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 Para 46A of Accounting Standard 11 'The Effects of Changes in Foreign Exchange Rates'. Amount remaining to be amortised in 'Foreign Currency Monetary Item Translation Difference Account' as on 31st March, 2015 is ₹ 335.46 Crores (Previous year ₹ 532.65 Crores).

3.4 Draw down from Reserves

An amount of ₹ 0.74 crores (net of tax ₹ 0.38 crores) has been adjusted in the retained earnings in respect of fixed assets, where the remaining useful life of such assets was Nil as at 1st April, 2014 in line with the provisions of the Schedule-II to the Companies Act, 2013.

3.5 Proposed Dividend

The final dividend proposed for the year is as follows :

Particulars	**Year ended 31.03.2015**	**Year ended 31.03.2014**
On Equity Shares of ₹ 10 each		
- Amount of Dividend proposed (₹ in Crores)	266.61	172.81
- Rate of Dividend	27.00%	17.50%
- Dividend per equity share (₹)	2.70	1.75

4. Long-Term Debt

Non-current portion of the long term debt has been classified as 'Long-term borrowings' and the current portion of the long term debt has been classified as "Current Maturities of Long-term debt' in Note-10 'Other Current Liabilities'.

(₹ in Crores)

	Particulars	As at 31.03.2015		As at 31.03.2014	
		Non-Current	Current	Non-Current	Current
(A)	**Secured Long-Term Debt**				
(a)	Bonds				
	- Institutional Bonds	35,446.70	2,992.80	24,974.50	2,925.88
	- 54EC Capital Gain Tax Exemption Bonds	10,687.69	4,903.25	10,253.16	5,239.36
	- Tax Free Bonds	11,581.41	-	11,581.41	-
(b)	Term Loans				
	- from Banks	-	-	-	19.40
	- from Financial Institutions	1,100.00	350.00	2,645.00	350.00
	Total Secured Long-Term Debt (a+b)	**58,815.80**	**8,246.05**	**49,454.07**	**8,534.64**
(B)	**Unsecured Long-Term Debt**				
(a)	Bonds				
	- Institutional Bonds	57,714.20	-	41,979.20	4,565.80
	- Infrastructure Bonds	162.98	213.34	376.32	-
	- Zero Coupon Bonds	914.48	-	844.08	-
(b)	Term Loans				
	- from Banks	-	125.00	125.00	125.00
	- from Govt. of India	-	3.07	3.07	4.86
(c)	Other Loans & Advances				
	- Foreign Currency Borrowings	13,515.80	10,534.34	17,313.56	307.59
	Total Unsecured Long-Term Debt (a+b+c)	**72,307.46**	**10,875.75**	**60,641.23**	**5,003.25**
	Total Long-Term Debt (A+B)	**1,31,123.26**	**19,121.80**	**1,10,095.30**	**13,537.89**
	Total Long-Term Debt (Non-Current + Current)	**1,50,245.06**		**1,23,633.19**	

Details of Long-term Debt :

4.1 Details of secured long-term debt :

(Refer Note 4.3 for details of the security)

4.1.1 Bonds

(₹ in Crores)

Particulars	As at 31.03.2015		As at 31.03.2014	
	Non-Current	**Current**	**Non-Current**	**Current**
4.1.1.1 **Institutional Bonds**				
123-IIIB Series	1,955.00	-	-	-
9.34% Redeemable at par on 25.08.2024				
123-I Series	1,515.00	-	-	-
9.40% Redeemable at par on 17.07.2021				
92-II Series	945.30	-	945.30	-
8.65% Redeemable at par on 22.01.2020				
91-II Series	995.90	-	995.90	-
8.80% Redeemable at par on 17.11.2019				
90-C-II Series	1,040.00	-	1,040.00	-
8.80% Redeemable at par on 06.10.2019				
90-B-II Series	868.20	-	868.20	-
8.72% Redeemable at par on 04.09.2019				
90th Series	2,000.00	-	2,000.00	-
8.80% Redeemable at par on 03.08.2019				
122nd Series	1,700.00	-	-	-
9.02% Redeemable at par on 18.06.2019				
119th Series	2,090.00	-	2,090.00	-
9.63% Redeemable at par on 05.02.2019				
88th Series	1,495.00	-	1,495.00	-
8.65% Redeemable at par on 15.01.2019				
118th Series	1,655.00	-	1,655.00	-
9.61% Redeemable at par on 03.01.2019				
117th Series	2,878.00	-	2,878.00	-
9.38% Redeemable at par on 06.11.2018				
87-A-III Series	61.80	-	61.80	-
11.15% Redeemable at par on 24.10.2018				
116-II Series	850.00	-	850.00	-
9.24% Redeemable at par on 17.10.2018				
87-II Series	657.40	-	657.40	-
10.85% Redeemable at par on 30.09.2018				
86-B-III Series	432.00	-	432.00	-
10.85% Redeemable at par on 14.08.2018				
86-A Series	500.00	-	500.00	-
10.70% Redeemable at par on 29.07.2018				
85th Series	500.00	-	500.00	-
9.68% Redeemable at par on 13.06.2018				
83rd Series	685.20	-	685.20	-
9.07% Redeemable at par on 28.02.2018				
82nd Series	883.10	-	883.10	-
9.85% Redeemable at par on 28.09.2017				
124-I Series	2,610.00	-	-	-
9.06% Redeemable at par on 23.09.2017				
123-IIIA Series	1,275.00	-	-	-
9.25% Redeemable at par on 25.08.2017				
121st Series	1,600.00	-	1,600.00	-
9.52% Redeemable at par on 25.03.2017				
120th Series	1,100.00	-	1,100.00	-
9.67% Redeemable at par on 10.03.2017				
81st Series	314.80	-	314.80	-
8.85% Redeemable at par on 20.01.2017				
116-I Series	430.00	-	430.00	-
9.05% Redeemable at par on 17.10.2016				
123-IV Series	2,750.00	-	-	-
8.97% Redeemable at par on 08.09.2016				
123-II Series	1,660.00	-	-	-
9.27% Redeemable at par on 08.08.2016				
80th Series	-	500.00	500.00	-
8.20% Redeemable at par on 20.03.2016				

(₹ in Crores)

	Particulars	As at 31.03.2015		As at 31.03.2014	
		Non-Current	Current	Non-Current	Current
	79th Series 7.85% Redeemable at par on 14.03.2016	-	500.00	500.00	-
	78th Series 7.65% Redeemable at par on 31.01.2016	-	1,795.70	1,795.70	-
	77th Series 7.30% Redeemable at par on 30.06.2015	-	197.10	197.10	197.10
	75th Series 7.20% Redeemed at par on 17.03.2015	-	-	-	100.00
	93-II Series 8.45% Redeemed at par on 19.02.2015	-	-	-	443.10
	73rd Series 6.90% Redeemed at par on 08.10.2014	-	-	-	46.78
	90-B-I Series 8.35% Redeemed at par on 04.09.2014	-	-	-	883.90
	90-A-II Series 8.00% Redeemed at par on 05.08.2014	-	-	-	1,000.00
	89-II Series 7.70% Redeemed at par on 02.06.2014	-	-	-	255.00
	Total - Institutional Bonds	**35,446.70**	**2,992.80**	**24,974.50**	**2,925.88**
4.1.1.2	**54EC Capital Gain Tax Exemption Bonds**				
	Series IX (2014-15) 6.00% Redeemable at par during financial year 2017-18	5,337.78	-	-	-
	Series IX (2013-14) 6.00% Redeemable at par during financial year 2016-17	5,349.91	-	5,349.91	-
	Series VIII (2012-13) 6.00% Redeemable at par during financial year 2015-16	-	4,903.25	4,903.25	-
	Series VIII (2011-12) 6.00% Redeemed at par during financial year 2014-15	-	-	-	5,239.36
	Total - 54EC Capital Gain Tax Exemption Bonds	**10,687.69**	**4,903.25**	**10,253.16**	**5,239.36**

(₹ in Crores)

Particulars	As at 31.03.2015		As at 31.03.2014	
	Non-Current	Current	Non-Current	Current
4.1.1.3 **Tax Free Bonds**				
Series 2013-14 Tranche 2 Redeemable at par. Bonds amounting to ₹ 419.32 Crores are redeemable on 24.03.2024, ₹ 528.42 Crores are redeemable on 24.03.2029 and ₹ 109.66 Crores are redeemable on 24.03.2034 with interest rates varying from 8.19% to 8.88% payable annually	1,057.40	-	1,057.40	-
Series 2013-14 Series 4A & 4B Redeemable at par. Bonds amounting to ₹ 105.00 Crores are redeemable on 11.10.2023 and ₹ 45.00 Crores are redeemable on 11.10.2028 with interest rates varying from 8.18% to 8.54% payable annually	150.00	-	150.00	-
Series 2013-14 Tranche 1 Redeemable at par. Bonds amounting to ₹ 575.06 Crores are redeemable on 24.09.2023, ₹ 2,780.26 Crores are redeemable on 24.09.2028 and ₹ 55.28 Crores are redeemable on 24.09.2033 with interest rates varying from 8.01% to 8.77% payable annually	3,410.60	-	3,410.60	-
Series 2013-14 Series 3A & 3B Redeemable at par. Bonds amounting to ₹ 209.00 Crores are redeemable on 29.08.2023 and ₹ 1,141.00 Crores are redeemable on 29.08.2028 with interest rates varying from 8.01% to 8.46% payable annually	1,350.00	-	1,350.00	-
Series 2012-13 Tranche 2 Redeemable at par. Bonds amounting to ₹ 81.35 Crores are redeemable on 25.03.2023 and bonds amounting to ₹ 49.71 Crores are redeemable on 25.03.2028 with interest rates varying from 6.88% to 7.54% payable annually	131.06	-	131.06	-
Series 2012-13 Tranche 1 Redeemable at par. Bonds amounting to ₹ 1,165.31 Crores are redeemable on 19.12.2022 and bonds amounting to ₹ 817.04 Crores are redeemable on 19.12.2027 with interest rates varying from 7.22% to 7.88% payable annually	1,982.35	-	1,982.35	-
Series 2012-13 Series 2A & 2B Redeemable at par. Bonds amounting to ₹ 255.00 Crores are redeemable on 21.11.2022 and bonds amounting to ₹ 245.00 Crores are redeemable on 21.11.2027 with interest rates of 7.21% and 7.38% respectively payable annually	500.00	-	500.00	-
Series 2011-12 Redeemable at par. Bonds amounting to ₹ 839.67 Crores are redeemable on 27.03.2022 and bonds amounting to ₹ 2,160.33 Crores are redeemable on 27.03.2027 with interest rates varying from 7.93% to 8.32% payable annually	3,000.00	-	3,000.00	-
Total - Tax Free Bonds	**11,581.41**	**-**	**11,581.41**	**-**

4.1.2 Term Loans

(₹ in Crores)

Particulars	As at 31.03.2015		As at 31.03.2014	
	Non-Current	Current	Non-Current	Current
Term Loan from Banks				
- State Bank of Saurashtra	-	-	-	19.40
Term Loan from Financial Institutions				
- Life Insurance Corporation of India (LIC) The Loan of ₹ 1500 Crores (present outstanding ₹ 300 Crores @ 6.242% and ₹ 150 Crores @ 6.231%) & ₹ 2,000 Crores (present outstanding ₹ 1,000 Crores @ 7.35%) repayable in 10 equal annual installments commencing from 01.10.2008 and 01.10.2010 respectively .	1,100.00	350.00	1,450.00	350.00
- India Infrastructure Finance Company Ltd. (IIFCL)	-	-	1,195.00	-
Total - Term Loans	**1,100.00**	**350.00**	**2,645.00**	**369.40**

4.2 **Details of Unsecured long-term debt :**

4.2.1 **Bonds**

(₹ in Crores)

Particulars	As at 31.03.2015		As at 31.03.2014	
	Non-Current	Current	Non-Current	Current
4.2.1.1 **Institutional Bonds**				
95-II Series 8.75% Redeemable at par on 12.07.2025	1,800.00	-	1,800.00	-
94th Series 8.75% Redeemable at par on 08.06.2025	1,250.00	-	1,250.00	-
131st Series 8.35% Redeemable at par on 22.02.2025	2,285.00	-	-	-
130th Series 8.27% Redeemable at par on 06.02.2025	2,325.00	-	-	-
129th Series 8.23% Redeemable at par on 23.01.2025	1,925.00	-	-	-
128th Series 8.57% Redeemable at par on 21.12.2024	2,250.00	-	-	-
115th Series - Subordinate Tier-II Bonds 8.06% Redeemable at par on 31.05.2023	2,500.00	-	2,500.00	-
114th Series 8.82% Redeemable at par on 12.04.2023	4,300.00	-	4,300.00	-
111-II Series 9.02% Redeemable at par on 19.11.2022	2,211.20	-	2,211.20	-
107th Series 9.35% Redeemable at par on 15.06.2022	2,378.20	-	2,378.20	-
132nd Series 8.27% Redeemable at par on 09.03.2022	700.00	-	-	-
127th Series 8.44% Redeemable at par on 04.12.2021	1,550.00	-	-	-
105th Series 9.75% Redeemable at par on 11.11.2021	3,922.20	-	3,922.20	-
101-III Series 9.48% Redeemable at par on 10.08.2021	3,171.80	-	3,171.80	-
100th Series 9.63% Redeemable at par on 15.07.2021	1,500.00	-	1,500.00	-
98th Series 9.18% Redeemable at par on 15.03.2021	3,000.00	-	3,000.00	-
97th Series 8.80% Redeemable at par on 29.11.2020	2,120.50	-	2,120.50	-
96th Series 8.80% Redeemable at par on 25.10.2020	1,150.00	-	1,150.00	-
113th Series 8.87% Redeemable at par on 08.03.2020	1,542.00	-	1,542.00	-
111-I Series 9.02% Redeemable at par on 19.11.2019	452.80	-	452.80	-
126th Series 8.56% Redeemable at par on 13.11.2019	1,700.00	-	-	-
125th Series 9.04% Redeemable at par on 12.10.2019	3,000.00	-	-	-
108-II Series 9.39% Redeemable at par on 20.07.2019	960.00	-	960.00	-
95-I Series 8.70% Redeemable at par on 12.07.2019	200.00	-	200.00	-
112th Series 8.70% Redeemable at par on 01.02.2018	1,500.00	-	1,500.00	-
109th Series 9.25% Redeemable at par on 27.08.2017	1,734.70	-	1,734.70	-
108-I Series 9.40% Redeemable at par on 20.07.2017	2,125.00	-	2,125.00	-
106th Series 9.28% Redeemable at par on 15.02.2017	1,500.00	-	1,500.00	-
103-I Series 9.35% Redeemable at par on 19.10.2016	50.00	-	50.00	-
102nd Series 9.38% Redeemable at par on 06.09.2016	2,216.20	-	2,216.20	-
101-II Series 9.45% Redeemable at par on 10.08.2016	394.60	-	394.60	-

(₹ in Crores)

	Particulars	As at 31.03.2015		As at 31.03.2014	
		Non-Current	Current	Non-Current	Current
	74th Series	-	-	-	250.00
	7.22% Redeemed at par on 31.12.2014				
	110th Series	-	-	-	3,475.00
	8.84% Redeemed at par on 16.10.2014				
	101-I Series	-	-	-	395.60
	9.43% Redeemed at par on 10.08.2014				
	99-II Series	-	-	-	445.20
	9.75% Redeemed at par on 07.06.2014				
	Total - Institutional Bonds	**57,714.20**	**-**	**41,979.20**	**4,565.80**
4.2.1.2	**Infrastructure Bonds**				
	Series-II (2011-12)	157.59	-	157.59	-
	Redeemable at par. Refer Note 4.6				
	Series-I (2010-11)	5.39	213.34	218.73	-
	Redeemable at par. Refer Note 4.6				
	Total - Infrastructure Bonds	**162.98**	**213.34**	**376.32**	**-**
4.2.1.3	**Zero Coupon Bonds**				
	ZCB - Series II	164.60	-	151.35	-
	(Net of unamortised discount, 89,510 bonds with face value of ₹ 30,000 each redeemable at par on 03.02.2021)				
	ZCB - Series I	749.88	-	692.73	-
	(Net of unamortised discount, 3,92,700 bonds with face value of ₹ 30,000 each redeemable at par on 15.12.2020)				
	Total - Zero Coupon Bonds	**914.48**	**-**	**844.08**	**-**

4.2.2 Term Loans

(₹ in Crores)

	Particulars	As at 31.03.2015		As at 31.03.2014	
		Non-Current	Current	Non-Current	Current
4.2.2.1	**Term Loans from Banks**				
	- Bank of Maharashtra	-	125.00	125.00	125.00
	8.00% Loan repayable on 30.06.2015				
4.2.2.2	**Loan from Govt. of India**	-	3.07	3.07	4.86
	Loans in various tranches with original tenor of 30 years with a moratorium of five years for the principal amount and repayable in 25 equal annual installments commencing from the sixth anniversary of the drawdown with interest rates varying from 6.75% to 7.75%				
	Total - Term Loans	**-**	**128.07**	**128.07**	**129.86**

4.2.3 Other Loans & Advances

(₹ in Crores)

	Particulars	As at 31.03.2015		As at 31.03.2014	
		Non-Current	Current	Non-Current	Current
4.2.3.1	**Foreign Currency Borrowings**				
	CHF Bonds - CHF 200 Mn 3.50% Redeemable at par on 07.03.2017	1,285.44	-	1,350.32	-
	Reg S Bonds - US $500 Mn 4.25% Redeemable at par on 25.01.2016	-	2,703.58	2,641.31	-
	JICA Loan - Guaranteed by Govt. of India 0.75% JICA-I loan repayable in equal half-yearly instalments of 982.33 Mn till 20.03.2021, next instalment falling due on 20.09.2015 and 0.65% JICA-II loan repayable in equal half-yearly instalments of 995.33 Mn till 20.03.2023, next instalment falling due on 20.09.2015	550.17	209.62	735.25	203.81
	KfW Loan - Guaranteed by Govt. of India 3.73% Loan repayable in equal half-yearly instalments of €3.68 Mn, next instalment due on 30.06.2015	144.43	51.40	195.83	50.34
	KfW Loan - Guaranteed by Govt. of India 1.96% Loan repayable first in 14 equal half-yearly instalments of €2.941 Mn and then in next 3 equal half-yearly instalments of €2.942 Mn , first instalment due on 30.06.2018- Total Loan Amount as on 31.03.2015 Rs 87.76 cr., REC'S share Rs 21.94 cr)	21.94	-	-	-
	Syndicated Loan - US $400 Mn Repayable on 22.09.2015	-	1,788.96	1,788.96	-
	Bilateral Term Loan - Mauritius - US $70 Mn Repayable on 28.10.2015	-	311.36	311.36	-
	Bilateral Term Loan - Mizuho - US $100 Mn Repayable on 30.03.2016	-	446.50	446.50	-
	Bilateral Term Loan - BTMU - US $100 Mn Repayable on 30.03.2016	-	446.50	446.50	-
	Syndicated Loan- US $300 Mn Repayable on 19.08.2016	1,367.24	-	1,367.24	-
	KfW-II Loan - Guaranteed by Govt. of India 2.89% Loan repayable in equal half-yearly instalments of €3.88 Mn, next instalment falling due on 30.06.2015	267.22	53.44	320.66	53.44
	Syndicated Loan- 12.525 Bn Repayable on 27.03.2017	1,184.43	-	1,184.43	-
	Syndicated Loan- US $250 Mn Loan of $150 Mn & $100 Mn repayable on 17.09.2015 and 19.11.2015 respectively	-	1,366.49	1,366.49	-
	KfW-III Loan - Guaranteed by Govt. of India 1.86% Loan repayable in equal half-yearly instalments of €5.26 Mn, first instalment falling due on 30.06.2015	477.36	89.18	416.99	-
	Syndicated Loan- US $250 Mn Repayable on 05.02.2016	-	1,544.42	1,488.37	-
	Syndicated Loan- US $250 Mn Repayable on 21.03.2016	-	1,522.89	1,473.07	-
	Syndicated Loan- US $285 Mn Repayable on 02.12.2018	1,780.28	-	1,780.28	-
	Syndicated Loan- US $250 Mn Repayable on 29.05.2019	1,499.29	-	-	-
	Syndicated Loan- US $400 Mn Loan of US$ 230 Mn and US$ 170 Mn repayable on 24.07.2019 and 27.10.2019 respectively	2,435.78	-	-	-
	Syndicated Loan- US $400 Mn Repayable on 12.03.2020	2,502.22	-	-	-
	Total - Foreign Currency Borrowings	**13,515.80**	**10,534.34**	**17,313.56**	**307.59**

4.3 <u>Security Details of the Secured Borrowings</u>

The Bond Series 77, 78, 79, 80, 81, 82, 83, 85, 86A, 86 B-III, 87-II, 87 A-III, 88, 90, 90 B-II, 90 C-II, 91-II, 92-II of Institutional Bonds and Series VIII of 54EC Capital Gain Tax Exemption Bonds are secured by a charge on (a) mortgage of Flat no. 640, Asiad Games Village, New Delhi and (b) pari passu charge on the receivables of our Company, both present and future, save and except receivables hypothecated to IL&FS Trust Company Limited on the basis of joint hypothecation agreement dated September 24, 2010 in favour of IDBI Trusteeship Services Ltd.

The Bond Series 116-I, 116-II, 117, 118, 119, 120, 121, 122 of Institutional Bonds are secured by a charge on first paripassu charge on the book debts of the issuer both present & future which are charged to other lenders / trustees and as may be agreed between the issuer and the trustee, pursuant to the terms of the Debenture /Bond Trust cum Hypothecation Deed with a minimum security cover of one time of the aggregate face value amount of the bonds outstanding at all times in favor of IDBI Trusteeship Services Ltd.

The Bond Series 123-I, 123-II, 123-IIIA, 123-IIIB, 123-IV, 124-I of Institutional Bonds are secured by way of first pari passu charge on the Specified Immovable Property and the book debts of the Issuer which are charged to other lender / trustee and as may be agreed between the Issuer and the Trustee, pursuant to the terms of the Bond Trust Deed with a minimum security cover of one time of the aggregate face value of amount of bonds outstanding at all times and amount of interest due thereon in favor of IDBI Trusteeship Services Ltd..

The Bond Series IX of 54EC Capital Gain Tax Exemption Bonds is secured by first pari passu charge on (a) mortgage of premises at Sub Plot No. 8, TPS No 2, FP No. 584P, situated at Village Subhanpura, Distt Vadodara and (b) hypothecation of receivables in favour of IDBI Trusteeship Services Ltd.

Tax Free Bonds issued during FY 2011-12 are secured by first pari passu charge on premises at Shop No. 12, Ground Floor, Block No. 35, Church Road, Mylapore, Chennai and hypothecation of receivables of ₹4,998.66 Crores of MSEDCL in favour of IL&FS Trust Company Ltd.

Tax Free Bonds issued during FY 2012-13 are secured by first pari passu charge on (a) mortgage of premises at Sub Plot No. 8, TPS No 2, FP No. 584P, situated at Village Subhanpura, Distt Vadodara and (b) hypothecation of receivables in favour of SBICap Trustee Company Ltd.

Tax Free Bonds issued during FY 2013-14 are secured by first pari passu charge on the book debts (other than those that are exclusively charged/earmarked to lenders / other Trustees) of the Company in favour of SBICap Trustee Company Ltd.

The term loans are secured by a charge on the receivables of our Company, both present and future, save and except certain specific receivables hypothecated to IL&FS Trust Company Limited on the basis of joint hypothecation agreement dated September 24, 2010 in favour of IDBI Trusteeship Services Ltd.

4.4 Foreign Currency Borrowings have been raised at interest rates ranging from a spread of 117 bps to 220 bps over 6 Months' USD/JPY LIBOR (London Inter Bank Offered Rate) except where rates have been stated above in Note No. 4.2.3.1.

4.5 Ratings assigned by credit rating agencies and migration of ratings during the year

Domestic and International Credit Rating

The domestic debt instruments of REC continue to enjoy "AAA" rating – the highest rating assigned by CRISIL, CARE, India Ratings & Research & ICRA-Credit Rating Agencies.

REC enjoys international credit rating equivalent to sovereign rating of India from International Credit Rating Agencies Moody's and FITCH which is "Baa3" and "BBB-" respectively.

There has been no migration of ratings during the year.

4.6 Details of Infrastructure Bonds Issued are as under :

Series I (2010-11) allotted on 31.03.2011

Rate of Interest	Amount (₹ in Crores)	Redemption Details
8.00% 8.20%	61.60 151.74	Redeemable on the date falling 10 years from the date of allotment with buyback option by bondholders after 5 years
8.10% 8.20%	1.61 3.78	Redeemable on the date falling 10 years from the date of allotment
Total	**218.73**	

Series II (2011-12) allotted on 15.02.2012

Rate of Interest	Amount (₹ in Crores)	Redemption Details
8.95% Cumulative 8.95% Annual	95.23 32.85	Redeemable on the date falling 10 years from the date of allotment with buyback option by bondholders after 5 years
9.15% Cumulative 9.15% Annual	13.43 5.01	Redeemable on the date falling 15 years from the date of allotment with buyback option by bondholders after 7 years
8.95% Cumulative 8.95% Annual	5.73 1.38	Redeemable on the date falling 10 years from the date of allotment
9.15% Cumulative 9.15% Annual	2.83 1.13	Redeemable on the date falling 15 years from the date of allotment
Total	**157.59**	

5. **Deferred Tax Liabilities (Net)**

(₹ in Crores)

Particulars	As at 31.03.2015	As at 31.03.2014
Deferred Tax Liabilities		
Depreciation	4.15	5.04
Foreign Currency Exchange Fluctuation Loss	116.10	181.04
Total	**120.25**	**186.08**
Deferred Tax Assets		
Provision for Earned Leave Liability	7.98	7.81
Provision for Medical Leave	4.83	4.58
Provision for Doubtful Debts	0.86	0.38
Provision for Contingencies of Project Cost Revisions	0.72	0.39
Provision for Employee benefits	0.06	-
Total	**14.45**	**13.16**
Deferred Tax Liabilities (Net)	**105.80**	**172.92**

5.1 The Company has no intention to make withdrawal from the special reserve created and maintained under section 36(1)(viii) of the Income Tax Act 1961. Hence, the special reserve created and maintained is not capable of being reversed and thus, it becomes a permanent difference as per AS-22. Accordingly, the Company is not creating any deferred tax liability on the said reserve.

6. **Other Long-term Liabilities**

(₹ in Crores)

Particulars	As at 31.03.2015	As at 31.03.2014
- Non-Current Portion of Interest accrued but not due on borrowings	36.16	23.52
- Others	0.02	0.02
Total	**36.18**	**23.54**

7. **Long-term and Short-term Provisions**

(₹ in Crores)

	Particulars	As at 31.03.2015		As at 31.03.2014	
		Non-Current	**Current**	**Non-Current**	**Current**
	Provisions for				
(A)	**Employee Benefits**				
	Earned Leave Liability	20.51	2.68	20.27	2.73
	Post Retirement Medical Benefits	73.80	3.81	63.43	3.21
	Medical Leave Liability	13.26	1.96	12.83	1.91
	Settlement Allowance	1.04	0.16	1.02	0.14
	Economic Rehabilitation Scheme	2.71	0.01	2.58	0.07
	Long Service Award	2.34	0.50	3.02	0.36
	Loyalty Bonus	0.09	-	-	-
	Sub-total (A)	**113.75**	**9.12**	**103.15**	**8.42**
(B)	**Others**				
	Standard Loan Assets	446.13	44.79	339.17	31.21
	Restructured Standard Loans	447.51	4.26	-	-
	Incentive	-	16.71	-	15.42
	Wealth Tax	-	0.37	-	0.37
	Fringe Benefit Tax	-	0.36	-	0.36
	Proposed Dividend	-	266.61	-	172.81
	Corporate Dividend Tax	-	56.32	-	29.43
	CSR Expenses	-	58.04	-	0.28
	Contigencies of project cost revisions	-	2.13	-	1.15
	Sub-total (B)	**893.64**	**449.59**	**339.17**	**251.03**
	Total (A+B)	**1,007.39**	**458.71**	**442.32**	**259.45**

7.1 **Details of Provisions as required under AS-29 are as under :**

(in ₹ Crores)

Provisions for	Opening Balance	Additions during the Year	Paid/ Adjusted during the year	Closing Balance
Earned Leave Liability	23.00	5.70	5.51	**23.19**
Previous year	23.34	6.23	6.57	**23.00**
Post Retirement Medical Benefits	66.64	16.39	5.42	**77.61**
Previous year	55.80	15.05	4.21	**66.64**
Medical Leave Liability	14.74	1.81	1.33	**15.22**
Previous year	13.40	2.64	1.30	**14.74**
Settlement Allowance	1.16	0.20	0.16	**1.20**
Previous year	1.16	0.10	0.10	**1.16**
Economic Rehabilitation Scheme	2.65	0.70	0.63	**2.72**
Previous year	2.23	0.89	0.47	**2.65**
Long Service Award	3.38	0.02	0.56	**2.84**
Previous year	3.06	0.94	0.62	**3.38**
Loyalty Bonus	-	0.09	-	**0.09**
Previous year	-	-	-	**-**
Standard Loan Assets	370.38	120.54	-	**490.92**
Previous year	105.68	264.70	-	**370.38**
Restructured Standard Loans	-	451.77	-	**451.77**
Previous year	-	-	-	**-**
Rescheduled Loan Assets	-	-	-	**-**
Previous year	3.18	-	3.18	**-**
Incentive	15.42	13.30	12.01	**16.71**
Previous year	34.03	10.95	29.56	**15.42**
CSR Expenses	0.28	102.07	44.31	**58.04**
Previous year	0.28	-	-	**0.28**
Wealth Tax	0.37	0.37	0.37	**0.37**
Previous year	0.37	0.37	0.37	**0.37**
Fringe Benefit Tax	0.36	-	-	**0.36**
Previous year	0.36	-	-	**0.36**
Interim Dividend	-	789.97	789.97	**-**
Previous year	-	765.28	765.28	**-**
Proposed Dividend	172.81	266.61	172.81	**266.61**
Previous year	148.12	172.82	148.13	**172.81**
Corporate Dividend Tax	29.43	214.21	187.32	**56.32**
Previous year	25.20	159.46	155.23	**29.43**
Income Tax	4,031.20	2,276.62	985.06	**5,322.76**
Previous year	2,336.77	1,736.59	42.68	**4,030.68**
Contigencies of project cost revisions	1.15	1.71	0.73	**2.13**
Previous year	-	1.48	0.33	**1.15**

8. **Short-term Borrowings**

(₹ in Crores)

	Particulars	As at 31.03.2015	As at 31.03.2014
(A)	**Loans Repayable on Demand, unsecured**		
	- from Banks	734.00	-
(B)	**Commercial Paper, unsecured**	-	2,540.00
	Total (A+B)	**734.00**	**2,540.00**

9. **Trade Payables**

(₹ in Crores)

Particulars	As at 31.03.2015	As at 31.03.2014
Trade Payables	28.81	6.07
Total	**28.81**	**6.07**

10. Other Current Liabilities

(₹ in Crores)

Particulars	As at 31.03.2015	As at 31.03.2014
(A) Current maturities of long-term debt *(Refer Note 4)*	19,121.80	13,537.89
(B) Interest accrued but not due on borrowings	5,263.67	4,399.25
(C) Interest accrued and due on borrowings	1.10	1.10
(D) Income Received in Advance	7.10	9.51
(E) Unpaid Dividends	2.62	2.31
(F) Unpaid Interest & Principal on Bonds		
- Matured Bonds & Interest Accrued thereon	57.64	61.05
- Interest on Bonds	14.33	11.38
(G) Other payables		
- Subsidy/ Grant Received from Govt. of India	33,641.80	30,260.46
Add: Interest on Subsidy/ Grant (Refer Note 10.3)	51.38	11.55
Less: Disbursed to Beneficiaries	-33,399.90	-29,760.21
Undisbursed Subsidy/Grant	**293.28**	**511.80**
- Overdraft in Current Account	0.38	-
- Statutory Dues payable including PF and TDS	28.68	26.33
- Payable towards funded staff benefits	0.62	0.84
- Other Liabilities	97.99	40.13
Sub-total (G)	**420.95**	**579.10**
Total (A to G)	**24,889.21**	**18,601.59**

10.1 Subsidy Under Accelerated Generation & Supply Programme (AG&SP):

The Company is maintaining an Interest Subsidy Fund Account and was given AG&SP subsidy (for disbursement to the eligible borrowers) by Govt. of India at net present value calculated at indicative rates and year in accordance with GOI's letter vide D.O.No. 32024/17/97-PFC dated 23.09.1997 and O.M.No.32024/23/2001-PFC dated 07.03.2003 irrespective of the actual repayment schedule, moratorium year and duration of repayment of the eligible schemes. The impact of difference between the indicative rate and year considered at the time of drawl and the actual can be ascertained only after the end of the respective schemes.

Net amount of ₹ 2.22 Crores as on 31st March, 2015 (Previous year ₹ 3.53 Crores) represents the balance amount of interest subsidy fund, which is to be passed on to the borrowers against their interest liability arising in future, under Accelerated Generation & Supply Programme (AG&SP), which comprises of the following : -

(₹ in Crores)

Particulars	Year ended 31.03.2015	Year ended 31.03.2014
Opening Balance of Interest Subsidy Fund	3.53	5.20
Add: Interest earned during the year	0.13	0.22
Less: Interest subsidy passed on to the borrower	1.44	1.89
Closing Balance of Interest Subsidy Fund	**2.22**	**3.53**

10.2 Government of India has appointed Rural Electrification Corporation Ltd. as a nodal agency for implementation of Deen Dayal Upadhyaya Gram Jyoti Yojna (DDUGJY). The funds received for disbursement to various agencies under the scheme are kept in a separate bank account. The undisbursed funds for the scheme (including the funds received under erstwhile RGGVY Scheme) including interest earned thereto are classified under "Undisbursed Subsidy/ grant" under the head "Other Current Liabilities".

During the year, interest earned of ₹ 61.78 Crores (Previous year ₹ 38.00 Crores) has been taken to DDUGJY Subsidy account. Further, during the year, an amount of ₹ 22.07 crores (Previous year ₹ 29.51 crores) has been refunded back to MoP out of the total interest on subsidy.

10.3 The movement in Interest on Subsidy/ Grant is explained as under:

(₹ in Crores)

Particulars	As at 31.03.2015	As at 31.03.2014
Opening Balance	11.55	3.65
Add: Interest earned during the year	62.93	38.32
Less: Amount refunded to Govt. during the year	22.34	29.51
Less: Disbursement out of Interest earned on account of AG&SP Grant	0.76	0.91
Closing Balance	**51.38**	**11.55**

11. Fixed Assets as at 31st March 2015

(₹ In Crores)

FIXED ASSETS	GROSS BLOCK				DEPRECIATION/ AMORTISATION				NET BLOCK	
	As at 01.04.2014	Additions during the year	Sales/ adjustment during the year	Closing as on 31.03.2015	Upto 31.03.2014	During the year	Adjustment during the year	As on 31.03.2015	As at 31.03.2015	As at 31.03.2014
Tangible Assets										
Freehold Land	34.75	-	-	34.75	-	-	-	-	34.75	34.75
Leasehold Land	1.45	-	-	1.45	0.21	0.01	-	0.22	1.23	1.24
Buildings	28.49	5.22	-	33.71	6.84	0.46	0.01	7.29	26.42	21.65
Furniture & Fixtures	6.77	0.66	0.13	7.30	4.09	0.54	0.03	4.60	2.70	2.68
Vehicles	0.45	0.19	0.18	0.46	0.37	0.03	0.18	0.22	0.24	0.08
EDP Equipments	16.37	3.91	2.87	17.41	10.14	3.80	2.33	11.61	5.80	6.23
Office Equipments	6.93	36.55	0.13	43.35	2.91	2.44	-0.64	5.99	37.36	4.02
Total	**95.21**	**46.53**	**3.31**	**138.43**	**24.56**	**7.28**	**1.91**	**29.93**	**108.50**	**70.65**
Previous year	90.45	6.70	1.94	95.21	22.36	3.14	0.94	24.56	70.65	
Intangible Assets										
Computer Software	6.99	0.06	-	7.05	4.54	1.04	-	5.58	1.47	2.45
Total	**6.99**	**0.06**	**-**	**7.05**	**4.54**	**1.04**	**-**	**5.58**	**1.47**	**2.45**
Previous year	6.95	0.12	0.08	6.99	3.17	1.37	-	4.54	2.45	
Capital Work-in-progress	**10.53**	**4.50**	**5.22**	**9.81**	-	-	-	-	**9.81**	**10.37**
Previous year	8.75	1.62	-	10.37	-	-	-	-	10.37	

11.1 The formalities regarding registration of one conveyance deed in respect of the Land & Building acquired by the Company amounting to ₹4.59 Crores (Previous year ₹4.59 Crores) are yet to be executed.

11.2 In the opinion of management, there is no impairment of the assets of the Company in terms of AS-28. Accordingly, no provision for impairment loss as required under Accounting Standard-28 'Impairment of Assets' has been made.

11.3 Disclosure in respect of Intangible Assets as required in AS-26 "Intangible Assets" :

Useful Life	5 years
Amortisation Rate	20%, 100% in case the total cost of the asset is ₹5,000 or less
Amortisation Method	Straight Line

11.4 In case of Energy Efficiency Services Limited (EESL), depreciation is provided at different rates from Rural Electrification Corporation Limited. The total amount of depreciation pertaining to the Company's share in the Joint Venture, EESL consolidated in these Consolidated Financial Statements is ₹ 1.43 crores (Previous year ₹ 0.06 crores).

12. Investments

(₹ in Crores)

	Particulars	As at 31.03.2015		As at 31.03.2014	
		Number	Amount	Number	Amount
	Valued at Cost				
(1)	**Non-Current Investments**				
(A)	**Other Investments (Quoted)**				
(i)	**Investment in Tax Free Bonds** **8.76% Bonds of HUDCO Ltd.** Bonds of Face Value of ₹ 1,000 each	50,000	5.00	50,000	5.00
(B)	**Other Investments (Unquoted)**				
(i)	**Investment in Equity Instruments**				
	- Others				
	- India Energy Exchange Limited Equity shares of ₹10 each, fully paid up	12,50,000	1.25	12,50,000	1.25
	- Universal Commodity Exchange Limited Equity shares of ₹10 each, fully paid up	1,60,00,000	16.00	1,60,00,000	16.00
(ii)	**Investment in Government Securities**				
	- 8% Government of Madhya Pradesh Power Bonds-II Maturing in equal half yearly Instalments of one bond each, next instalment due on 01.10.2015 (Bonds of Face Value of ₹ 47.16 Crores each)*	8	377.28	10	471.60
(iii)	**Investment in Venture Capital Funds**				
	- KSK Energy Ventures Limited Units of "Small is Beautiful" Fund at face value of ₹ 10.00 per unit	76,82,816	7.68	76,82,816	7.68
(iv)	**Investment in Debentures** **9.68% Bonds of UP Power Corporation Ltd.** Bonds of Face Value of ₹ 0.01 Crores each	75,000	750.00	1,14,150	1,141.50
	Total - Non-Current Investments (1)		**1,157.21**		**1,643.03**
(2)	**Current Investments**				
(A)	**Investment in Government Securities (Quoted)**				
	- 8.57%-8.73% Government of Uttar Pradesh Special Bonds Maturing in annual Instalments of Rs. 39.15 crores, first maturity due on 31.12.2019 **		391.50		-
(B)	**Investment in Equity Instruments (Unquoted)**				
	- Subsidiaries				
	- Gadarwara A Transco Limited Equity shares of ₹10 each, fully paid up	50,000	0.05	-	-
	- Gadarwara B Transmission Limited Equity shares of ₹10 each, fully paid up	50,000	0.05	-	-
	- Maheshwaram Transmission Limited Equity shares of ₹10 each, fully paid up	50,000	0.05	-	-
	- Nellore Transmission Limited Equity shares of ₹10 each, fully paid up	50,000	-	50,000	0.05
	- Baira Siul Sarna Transmission Limited Equity shares of ₹10 each, fully paid up	50,000	-	50,000	0.05
	- NRSS XXIX Transmission Limited Equity shares of ₹10 each, fully paid up	-	-	50,000	0.05
	- NRSS XXXI (A) Transmission Limited Equity shares of ₹10 each, fully paid up	-	-	50,000	0.05
	- NRSS XXXI (B) Transmission Limited Equity shares of ₹10 each, fully paid up	-	-	50,000	0.05
(C)	**Investment in Government Securities (Unquoted)**				
	- 8% Government of Madhya Pradesh Power Bonds-II Maturing in equal half yearly Instalments of one bond each, next	1	47.16	1	47.16

instalment due on 01.10.2014 (Bonds of Face Value of ₹ 47.16 Crores each)*		
Total - Current Investments (2)	**438.81**	**47.41**
Total (1+2)	**1,596.02**	**1,690.44**

** The number of bonds and the amount of the investment in current portion represents the investments maturing within the next 12 months and the balance is the non-current portion.*

*** The investment has been classified as current investment in terms of Schedule III to the Companies Act, 2013, since the Management intends to dispose off the investment in the next 12 months.*

12.1 Additional disclosures required in respect of the investments :

(₹ in Crores)

	Particulars	As at 31.03.2015		As at 31.03.2014	
		Non-Current	Current	Non-Current	Current
(1)	**Value of Investments**				
(i)	Gross Value of Investments				
(a)	In India	1,157.21	438.91	1,643.03	47.41
(b)	Outside India,	-	-	-	-
(ii)	Provisions for Depreciation				
(a)	In India	-	0.10	-	-
(b)	Outside India,	-	-	-	-
(iii)	Net Value of Investments				
(a)	In India	1,157.21	438.81	1,643.03	47.41
(b)	Outside India.	-	-	-	-
(2)	**Movement of provisions held towards depreciation on investments.**				
(i)	Opening balance	-	-	-	-
(ii)	Add : Provisions made during the year	-	0.10	-	-
(iii)	Less : Write-off / write-back of excess provisions during the year	-	-	-	-
(iv)	**Closing balance**	-	0.10	-	-
(3)	**Aggregate amount of Quoted Investments**	5.00	391.50	5.00	-
	Market Value of Quoted Investments	6.00	405.63	5.01	-
(4)	**Aggregate amount of Unquoted Investments**	1,152.21	47.31	1,638.03	47.41
(5)	**Aggregate provision for diminution in value of investments**	-	0.10	-	-

12.2 Investments include ₹ 7.68 Crores (Previous year ₹ 7.68 Crores) representing company's contribution in the units of 'Small is Beautiful (SIB) Venture Capital fund' promoted by KSK Energy Ventures Limited.

Name of the Company		Contribution towards Fund	Country of	Percentage of Share
SIB Fund of KSK Energy Ventures Ltd		₹ 7.68 Crores	India	9.74%

The face value of the fund is ₹ 10 per unit. The NAV as on 31.03.2015 is ₹ 9.70 per unit (as on 31.03.2014 ₹ 9.70 per unit). As Investment in 'Small is Beautiful' Fund is long term investment, the fluctuation in NAV in the current scenario is considered as temporary.

12.3 Information in relation to the interest of the Company in Joint Ventures as required under Accounting Standard – 27:

1. Energy Efficiency Services Limited

Proportion of Interest in Equity	25%
Country of Incorporation	India
JV Partners (% share)	1. NTPC Limited (25%) 2. Power Grid Corporation of India Limited (25%) 3. Power Finance Corporation Limited (25%)

The Company's share of assets, liabilities, contingent liabilities and capital commitments as at 31.03.2015 and income and expenses for the year in respect of joint venture are given below :

(₹ in Crores)

	Particulars	As at / For the year ended 31.03.2015 (Unaudited)	As at / For the year ended 31.03.2014 (Unaudited)	As at / For the year ended 31.03.2014 (Audited)*
(i)	Total Assets	78.94	31.62	31.44
(ii)	Total Liabilities	50.21	4.90	5.30
(iii)	Total Reserves & Surplus	6.23	4.22	3.64
(iv)	Contingent Liabilities	Nil	Nil	Nil
(v)	Capital Commitments	Nil	5.52	5.18

(vi)	Total Income	17.57	8.39	6.61
(vii)	Total Expenses	14.37	7.13	5.40

*The consolidated financial statements of the Company for the financial year 2013-14 had been prepared considering the unaudited financial statements of the joint venture, Energy Efficiency Services Limited (EESL). However, the financial statements of EESL were subsequently audited on 27th September, 2014. The change in the unaudited and audited figures in the assets and liabilities has already been adjusted in the balance sheet figures of EESL for the FY 2014-15. Further, the change in profit after tax has been adjusted in the opening balance of Surplus Account.

13. Long-term Loans & Advances

(₹ in Crores)

	Particulars	As at 31.03.2015	As at 31.03.2014
(A)	**Capital Advances (Unsecured, considered good)**	**20.20**	20.20
(B)	**Security Deposits (Unsecured, considered good)**	**1.11**	7.54
(C)	**Loans & Advances to Related Parties**		
	- To Key Managerial Personnel (KMP)	0.21	0.07
		0.21	**0.07**
(D)	**Other Loans & Advances**		
	- Staff Loans & Advances (except to KMP)	40.40	15.85
	- Loan Assets	1,64,152.03	1,35,855.41
	- Others (Unsecured, considered good)	1.10	1.44
		1,64,193.53	**1,35,872.70**
	Total (A to D)	**1,64,215.05**	**1,35,900.51**

Details of Staff Loans & Advances and Loan Assets :

13.1 Staff Loans & Advances

Non-current portion of the staff loans & advances has been classified under 'Long-term Loans & Advances' above and the current portion of the staff loans & advances has been classified under Note-18 'Other Current Assets'.

(₹ in Crores)

	Particulars	As at 31.03.2015		As at 31.03.2014	
		Non-Current	Current	Non-Current	Current
(A)	**Secured Staff Loans & Advances**				
(A1)	**To Key Managerial Personnel**				
	(a) Considered Good	0.04	0.02	0.02	-
(A2)	**To Others**				
	(a) Considered Good	2.82	1.08	4.13	0.69
	(b) Classified Doubtful	-	0.07	0.02	0.05
	Less: Allowance for bad & doubtful debts	-	0.07	0.02	0.05
		-	-	-	-
	Sub-total (A1+ A2)	**2.86**	**1.10**	**4.15**	**0.69**
(B)	**Unecured Staff Loans & Advances**				
(B1)	**To Key Managerial Personnel**				
	(a) Considered Good	0.17	0.06	0.05	0.03
(B2)	**To Others**				
	(a) Considered Good	37.58	9.56	11.72	4.51
	Sub-total (B1+ B2)	**37.75**	**9.62**	**11.77**	**4.54**
	Grand Total (A+B)	**40.61**	**10.72**	**15.92**	**5.23**

13.2 Loan Assets

Non-current portion of the long-term loan assets has been classified under 'Long-term Loans & Advances' above and the current portion of the long-term loan assets has been classified under Note-18 'Other Current Assets'.

(₹ in Crores)

	Particulars	As at 31.03.2015		As at 31.03.2014	
		Non-Current	Current	Non-Current	Current
(A)	**Secured Loans**				
(A1)	**Loans to State Power Utilities/ State Electricity Boards/Corpn. (Secured by hypothecation and/or mortgage of materials/ tangible assets)**				
	(a) Considered Good	95,970.62	8,981.75	82,521.17	7,670.75
(A2)	**Loans to Others (Secured by hypothecation and/or mortgage of tangible assets)**				
	(a) Considered Good	28,393.85	1,201.89	22,027.26	1,160.66
	(b) Classified Doubtful	849.53	429.66	308.02	182.38
	Less: Allowance for bad & doubtful debts	208.67	100.59	119.64	17.22
		640.86	329.07	188.38	165.16
	Sub-total (A1+ A2)	**1,25,005.33**	**10,512.71**	**1,04,736.81**	**8,996.57**
(B)	**Unsecured Loans**				
(B1)	**Loans Guaranteed by respective State Governments**				
	(a) Considered good	35,334.41	2,651.53	27,201.58	2,363.27
(B2)	**Loans to State Governments**				
	(a) Considered good	2,878.29	377.24	2,860.78	340.09
(B3)	**Loans - Others**				
	(a) Considered Good	934.00	490.99	1,056.24	572.29
	(b) Classified Doubtful	56.19	-	-	-
	Less: Allowance for Bad & doubtful debts	56.19	-	-	-
		-	-	-	-
	Sub-total (B1+ B2+B3)	**39,146.70**	**3,519.76**	**31,118.60**	**3,275.65**
	Grand Total (A+B)	**1,64,152.03**	**14,032.47**	**1,35,855.41**	**12,272.22**

13.2.1 Loan balance confirmations for around 85% of total loan assets as on 31st March, 2015 have been received from the borrowers.

13.2.2 Loan Assets also include amount financed by the Company as per the Scheme for Financial Restructuring of State Distribution Companies (Discoms).

13.2.3 As at 31st March 2015, 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’. Tariff order awarded by State Regulator in November 2013 and the concerned Appellate Tribunal in November 2014 for additional revenue in favour of the borrower had been challenged by the concerned Discom in Hon'ble Supreme Court. Since the matter was sub-judice in the Hon'ble Supreme Court, the borrower failed to pay the dues to the Company.

Hon'ble Supreme Court vide order dated 24th April 2015 quashed the appeal of the concerned discom and consequently, the State Regulator in its order dated 13th May, 2015 directed the Discom to pay the dues to the borrower at the earliest. Subsequently, the entire dues of the Company amounting to ₹ 54.15 crore have been cleared on 15th May 2015 i.e. before the date of signing of balance sheet. Therefore, in accordance with the provisions of Accounting Standard 4 ‘*Contingencies and Events Occurring after the Balance Sheet Date*’, the classification of the borrower has been retained as ’Standard Asset’. Due to the treatment as specified above in compliance of AS-4, the Profit before Tax for the year 2014-15 is higher by ₹ 66.73 crores.

13.2.4 Alaknanda Hydro Power Company Limited (AHPCL) Shrinagar HEP is located at Uttarakhand. Ministry of Finance, considering the natural disaster in June 2013 at Uttarakhand had taken a decision that Banks should announce a moratorium on repayment of loan and interest for a period of one year in respect of all project loans that are outstanding in Uttarakhand. Ministry of Power vide their letter dated 6th December 2013 extended such benefit to AHPCL. Accordingly, REC sanctioned Funded Interest Term Loan (FITL) to AHPCL in June 2014.

RBI had issued circular dated 23rd January 2014, on "Norms on restructuring of advance by NBFCs", which inter-alia stated that "the unrealized income represented by FITL should have a corresponding credit in an account styled as Sundry Liabilities Account (Interest Capitalisation)". In response to applicability of above circular, REC represented vide letter dated 28th April 2014 to RBI requesting amongst other that, "Hydro projects in Himalayan region and power projects affected by natural disaster may be kept outside the restructuring norms".

In response to the above request, RBI Vide letter dated 11th June 2014, allowed that the Transmission & Distribution, Renovation & Modernization and Life Extension projects as also the Hydro projects in Himalayan region or affected by natural disaster (new loans and outstanding stock of loans as on March 31, 2014) may be regulated by the REC's existing restructuring norms till March 31, 2017.

The Company inferred about non creation of SLA for FITL and they can directly book the unrealized income represented by FITL as income without receiving the equivalent cash because of exemption from RBI guidelines dated 23rd January 2014 for provisioning of restructured Loans. Accordingly the Company has booked the unrealized income represented by FITL of AHPCL for ₹ 86.42 crore as income and referred the issue to RBI for clarification.

Pending clarification from RBI for the above, instead of creating a corresponding Sundry Liabilities Account (Interest Capitalisation), 100% allowance has been created in the books of accounts for the FITL in respect of AHPCL for ₹ 86.42 crores and the same shall be reviewed on receipt of clarification from RBI.

13.2.5 M/s Teesta Urja Limited (TUL) is executing Hydro Electric Project in the North Eastern State of Sikkim. Substantial physical progress has been achieved in the project and as per the latest report of Lenders Independent Engineer, cumulative physical progress of the project is 91.6%. TUL had fully tied up the project cost till 1st cost overrun. Accordingly, the charge on assets has been created as per the security documents carried out in consortium.

All the lenders, except one have sanctioned their proportionate shares towards debt requirement of 2nd cost overrun. In the meantime, the project faced issue of infusion of equity from its promoters. The issue regarding equity infusion was discussed in detail among stakeholders/ lenders of the company. As per the understanding in the meeting, Sikkim Power Investment Corporation Ltd. (SPICL) would take over the project with 51% equity from its current holding of 26% equity. The stake of all other promoters is therefore likely to come down on prorata basis to enable SPICL to have 51% equity. As such, the joint documentation for the 2nd cost overrun could not take place, pending execution of the proposed change in the management/ shareholding pattern.

Meanwhile, some of the lenders, including REC, adjusted their outstanding interest dues on the basis of bilateral agreement with the Company, against the loan sanctioned towards 2nd cost overrun to TUL. All the disbursements towards the 2nd cost overrun will be secured, once the joint documentation is executed and security created on project assets for the enhanced loan. Pending documentation, an amount of ₹ 202.49 crores has been classified as Unsecured and for the balance loan amount of ` 678.72 crores, 10% allowance is created in the books as per REC Prudential Norms.

13.2.6 REC, as a lead lender had sanctioned ₹ 650 Crore (Senior Debt: ₹ 555 Crore and Sub-Debt: ₹ 95 Crore) as initial sanction to Corporate Power Limited for 540 MW Phase-I TPP at Chandwa, Jharkhand. The Senior Debt of ₹ 555 Crore is secured by way of first charge on all the Company's , present and future immovable properties, movables, all bank accounts, project documents, clearances, letter of credits, guarantees, insurance contracts and insurance proceeds etc. and pledge of shares representing 51% of the total paid up equity share capital of the Company. The Sub-Debt of ₹ 95 Crore is secured by second charge over the security given for Senior Debt and it is additionally secured by the Corporate Guarantee of Corporate Ispat and Alloys Limited (CIAL). Subsequently, REC, as lead lender, has sanctioned ₹ 196 Crore as additional loan towards funding of cost overrun.

The progress of Phase-I of the Project (where REC is Lead) as per last available Lender Independent Engineer's Report, is approximately 96%. However, the account has become NPA on 30th June, 2014. As per REC Prudential Norms, a provision of 10% is required to be created on the Outstanding Loan amount. Accordingly, a provision of ₹ 81.17 Crore i.e. 10% of ₹ 811.74 Crores had been created on 30 June 2014. Lenders are exploring various options for the revival of the project including change in the management. Pending outcome of such efforts, as a matter of prudence, 100% allowance of ₹ 133.02 crore (for adjusted IDC amount) has been created in the books of accounts and for the balance loan amount of ₹ 678.72 crores, 10% allowance is created in the books as per REC Prudential Norms.

13.2.7 REC has sanctioned ₹ 1,150 Crore to Jas Infrastructure & Power Limited (JIPL). An expenditure of about ₹ 2,700 Cr has been incurred in the project, wherein REC's disbursement is only ₹ 33.24 Crore. As project has been delayed considerably, lenders have constituted a Core-Committee to evaluate the further implementation strategy for the project, including change in management.

The account has become NPA on 30-06-2014. As per REC Prudential Norms, an allowance of 10% is required to be created on the outstanding loan amount. Accordingly, an allowance of ₹ 3.32 Cr i.e. 10% of ₹ 33.24 Crore been created on 30th June 2014. However, depending upon the further developments, REC may approach the lead lender for independent valuation of the project assets.

However, as a matter of prudence, 100% allowance of ₹ 2.29 crore (for adjusted IDC amount) for JIPL has been created in the accounts and for the balance loan amount of ₹ 30.95 crores, 10% allowance is created in the books as per REC Prudential Norms. The additional allowance shall be reviewed on the basis of outcome of the measures explained above.

14. Other Non-Current Assets

(₹ in Crores)

	Particulars	As at 31.03.2015	As at 31.03.2014
(A)	**Non-Current Portion of Interest Accrued on Staff Advances**	5.01	4.03
(B)	**Interest Accrued on Rescheduled Loans**	-	2.11
(C)	**Advance Income-tax & TDS**	5,399.80	4,053.87
	Less : **Provision for Income Tax**	5,322.76	4,030.68
	Advance Income-tax & TDS (Net)	77.04	23.19
(D)	**Non-current Portion of Unamortized Expenses :**		
	- Discount on Issue of Bonds	0.14	4.13
(E)	**Project under Construction**	-	0.17
(F)	**Term Deposits with Banks with more than 12 months maturity** ***(lien against bank guarantee)***	3.10	-
	Total (A to F)	**85.29**	**33.63**

15. Trade Receivables

(₹ in Crores)

Particulars	As at 31.03.2015		As at 31.03.2014	
(a) Unsecured				
Outstanding for a period more than 6 months				
- Considered Good		25.48		9.83
- Considered Doubtful		2.53		1.12
Less: Allowance for doubtful debts		2.53		1.12
		-		-
Less than 6 months				
- Considered Good		94.81		50.71
Total		**120.29**		**60.54**

16. Cash and Bank Balances

(₹ in Crores)

Particulars	As at 31.03.2015	As at 31.03.2014
(A) Cash & Cash Equivalents		
- Balances with Banks	202.35	124.75
- Others		
- Short Term Deposits with Scheduled Banks	356.57	1,083.20
Sub-total (A)	**558.92**	**1,207.95**
(B) Others		
- Term Deposits with Scheduled Banks	86.79	26.34
Total (A+B)	**645.71**	**1,234.29**

Balances with Banks include:		
- Earmarked Balances with Banks in separate accounts		
- For unpaid dividends	2.62	2.31
- For DDUGJY grants	31.68	0.20
- For AG & SP grant	2.22	3.97
- For NEF grant	1.00	-
- For other grants	20.04	1.75
- Tax Free Bonds Public Issue Account	-	5.96
- Amount set aside for grants disbursement	2.15	2.38

Further, Short-term Deposits with Scheduled Banks include ₹ 236.19 Crores (Previous year ₹ 503.50 Crores) earmarked towards DDUGJY grant. Figure in (B) Others - Term Deposits with Scheduled Banks includes the deposit for ₹ 0.36 Crores (Previous year Nil) made and earmarked in compliance of a Court order.

- Term deposits held as security/ margin money	-	0.19
- Term Deposits with Scheduled Banks with more than twelve months original maturity	5.80	1.30

16.1 The Company had made public issue of Tax Free Bonds of face value of ₹1,000/- each aggregating to ₹ 4,500 Crores during the financial year 2013-14 in addition to private placement of the Tax Free Bonds of ₹ 1,500 Crores. The issue proceeds of ₹ 5.96 Crores remaining unutilised as on 31st March, 2014 have since been utilised for the purposes as mentioned in the Offer document.

17. Short-term Loans & Advances

(₹ in Crores)

	Particulars	As at 31.03.2015	As at 31.03.2014
(A)	**Loans & Advances to Related Parties (Unsecured, considered Good)**	2.09	3.77
(B)	**Others**		
(i)	**Advances recoverable in cash or in kind or value to be received**		
	(a) Secured, Considered Good	0.02	-
	(b) Unsecured		
	- Considered Good	1.75	1.73
	- Classified Doubtful	2.06	-
	Less: Allowance for bad & doubtful debts	2.06	-
		-	-
	Total (i)	**1.77**	**1.73**
(ii)	**Loan Assets**		
(a)	Secured Loans		
	- Loans to State Power Utilities/ State Electricity Boards/Corpn. (Secured by hypothecation and/or mortgage of materials/ tangible assets)		
	Considered Good	485.88	259.94
	Sub-total (a)	**485.88**	**259.94**
(b)	Unsecured Loans		
	- Loans Guaranteed by respective State Governments		
	- Considered Good	500.00	116.67
	- Loans - Others		
	- Considered Good	111.11	-
	Sub-total (b)	**611.11**	**116.67**
	Total (ii)	**1,096.99**	**376.61**
	Grand Total	**1,100.85**	**382.11**

18. Other Current Assets

(₹ in Crores)

	Particulars	As at 31.03.2015	As at 31.03.2014
(A)	**Current recoverable of Long-term Loan Assets (Net)** (Refer Note 13.2)	14,032.47	12,272.22
(B)	**Current recoverable of Staff Advances (Net)** (Refer Note 13.1)	10.72	5.23
(C)	**Interest Accrued & Not Due on:**		
	- Govt. Securities	7.89	-
	- Long Term Investments	31.33	43.16
	- Term Deposits	0.90	4.66
	Sub-total	40.12	47.82
(D)	**Interest Accrued & Due on Loan Assets**	1,019.94	547.49
(E)	**Interest Accrued & Not Due on Loan Assets**	444.30	561.70
(F)	**Current Portion of Interest Accrued on Staff Advances**	0.28	0.08
(G)	**Recoverable from GOI**		
	- RGGVY/ DDUGJY Expenses	8.49	8.49
	- NEF Expenses	0.29	-
	- DDUGJY/ UNDP Agency Charges	-	3.30
	Sub-total	8.78	11.79
(H)	**Recoverable from SEBs/ Govt. Deptt/Others**	9.29	4.46
(I)	**Income Tax Recoverable**	0.21	9.33
(J)	**Prepaid Financial Charges on Commercial Paper**	-	94.29
(K)	**Current Portion of Unamortized Expenses**		
	- Discount on Issue of Bonds	3.99	4.83
(L)	**Others**	2.85	0.01
	Total (A to L)	**15,572.95**	**13,559.25**

19. Revenue from Operations

(₹ in Crores)

	Particulars	Year ended 31.03.2015		Year ended 31.03.2014	
(A)	**Interest on Loan Assets**				
(i)	Long term financing	19,904.21		16,413.47	
	Less: Rebate for timely payments/ completion etc.	2.70	19,901.51	3.18	16,410.29
(ii)	Short term financing		170.57		396.10
	Sub-total (A)		**20,072.08**		**16,806.39**
(B)	**Revenue from Other Financial Services**				
(i)	Processing, Upfront, Lead fees, LC Commission etc.		51.93		52.90
(ii)	Prepayment Premium		11.23		17.19
(iii)	Agency/ handling charges for RGGVY/ DDUGJY Implementation/ others		15.29		28.76
	Sub-total (B)		**78.45**		**98.85**
(C)	**Income from Short-term Investment of Surplus Funds**				
(i)	Interest from Deposits		69.46		98.07
(ii)	Gain on Sale of Mutual Funds		9.54		14.67
	Sub-total (C)		**79.00**		**112.74**
(D)	**Income from Consulting Engineer Services**		**154.43**		**104.23**
	Total (A to D)		**20,383.96**		**17,122.21**

20. Other Income

(₹ in Crores)

	Particulars	Year ended 31.03.2015	Year ended 31.03.2014
(A)	**Interest Income (Other than Operating Income)**		
	- Interest from Govt. Securities		
	- Interest from Govt. Securities	47.51	47.16
	- Interest from Long Term Investments/Term Deposits/Others	106.87	46.72
	- Interest from Income Tax Refund	-	4.56
	- Interest from Staff Advances	1.72	1.25
	- Interest from Subsidiary Companies/SPVs	0.09	0.51
	Sub-Total (A)	**156.19**	**100.20**
(B)	**Dividend Income**		
	- Dividend from Long-Term Investments	3.63	0.38
	Sub-Total (B)	**3.63**	**0.38**
(C)	**Other Non-Operating Income**		
	- Profit on sale of assets	0.02	-
	- Provision Written Back	0.75	3.18
	- Miscellaneous Income	5.31	2.97
	Sub-Total (C)	**6.08**	**6.15**
	Total (A to C)	**165.90**	**106.73**

21. Finance Costs

(₹ in Crores)

	Particulars	Year ended 31.03.2015	Year ended 31.03.2014
(A)	**Interest Expense**		
	- On Govt. Loans	0.43	0.90
	- On REC Bonds	9,503.41	7,877.43
	- On Loans from Banks/ Financial Institutions	207.50	415.94
	- On External Commercial Borrowings	1,358.86	1,064.92
	- On Commercial Paper	300.03	230.88
	- On AREP Subsidy	0.08	0.22
	- Interest on Advance Income Tax	1.40	3.10
	Sub-Total (A)	**11,371.71**	**9,593.39**
(B)	**Other Borrowing Costs**		
	- Guarantee Fee	18.31	18.66
	- Public Issue Expenses	-	30.37
	- Bonds Handling Charges	1.05	1.11
	- Bonds Brokerage	20.48	16.35
	- Stamp Duty on Bonds	4.03	3.73
	- Debt Issue and Other Finance Charges	168.79	59.10
	Sub-Total (B)	**212.66**	**129.32**
(C)	**Net Translation/ Transaction Exchange Loss**	**255.35**	**312.03**
	Total (A to C)	**11,839.72**	**10,034.74**

22. Employee Benefits Expense

(₹ in Crores)

Particulars	Year ended 31.03.2015	Year ended 31.03.2014
- Salaries and Allowances	97.02	93.32
- Contribution to Provident Fund and Other Funds	11.46	11.00
- Gratuity	0.60	0.82
- Expenses towards Post Retirement Medical Facility	16.39	15.05
- Staff Welfare Expenses	13.46	14.35
Total	**138.93**	**134.54**

23. Other Expenses

(₹ in Crores)

Particulars	Year ended 31.03.2015		Year ended 31.03.2014	
- Corporate Social Responsibility Expenses		102.07		38.73
- Travelling and Conveyance		10.97		10.80
- Publicity & Promotion Expenses		6.23		6.62
- Repairs and Maintenance				
- Building	2.84		1.75	
- ERP & Data Centre	3.75		3.95	
- Others	0.75	7.34	0.67	6.37
- Rent & Hiring Charges		4.91		4.53
- Rates and Taxes		0.89		1.04
- Power & Fuel		1.43		1.23
- Insurance Charges		0.04		0.04
- Postage and Telephone		2.36		1.92
- Auditors' Remuneration		0.67		0.68
- Consultancy Charges		24.37		18.71
- Work Contract Charges		2.51		-
- Project Expenses		10.21		4.75
- Loss on Sale of Assets		0.12		0.69
- Loss on SPVs written off		1.77		-
- Allowance on Staff Advances		-		0.07
- Allowance for contigencies of project cost revision		1.71		1.48
- Miscellaneous Expenses		28.41		28.23
Total		**206.01**		**125.89**

23.1 Disclosure in respect of CSR Expenses:

(a) Amount spent during the year (₹ in Crores) :

	Particulars	FY 2014-15			FY 2013-14		
		In Cash	Yet to be paid*	Total	In Cash	Yet to be paid*	Total
(i)	Construction/ acquisition of any asset	-	-	-	-	-	-
(ii)	On purpose other than (i) above	44.31	57.76	102.07	38.73	-	38.73

* denotes amount provided for.

23.2 Auditors' Remuneration includes :

(₹ in Crores)

Particulars	Year ended 31.03.2015	Year ended 31.03.2014
- Audit Fees	0.43	0.34
- Tax Audit Fees	0.07	0.06
- Limited Review Fees	0.09	0.06
- Payment for Other Services #	0.05	0.22
- Reimbursement of Expenses	0.03	-
Total	**0.67**	**0.68**

The figure above also includes service tax credit reversal of ₹ 0.04 crores (Previous year ₹ 0.03 crores) done as per Service Tax Rules.

Inclusive of Certification Fee of Nil (Previous year ₹ 0.18 Crores) for Certification of Prospectus for Tax Free Bonds Public Issue during the year

23.3 Earnings and Expenditure in Foreign Currency :

(₹ in Crores)

Particulars	Year ended 31.03.2015	Year ended 31.03.2014
Earnings	-	0.07
Expenditure		
- Royalty, Know-how, Professional, Consultation Fees	-	0.21
- Interest	455.29	388.23
- Finance Charges	149.36	47.67
- Other Expenses	3.21	1.70
Total	**607.86**	**437.81**

23.4 The Company has taken office space, accommodations for staff and space for ERP Data Centre on lease. These are classified as operating lease. Lease payments in respect of office space and data centre amounting to ₹ 4.30 Crores (Previous year ₹ 4.43 Crores) is shown under the head 'Other Expenses'. Lease payments in respect of accommodations for staff amounting to ₹ 2.50 Crores (Previous year ₹ 2.23 Crores) form part of 'Employees Benefit Expense.' Future lease payments in respect of these lease agreements are as under:

(₹ in Crores)

Future minimum lease rent payments	Year ended 31.03.2015		Year ended 31.03.2014	
	Data Centre	Office & Accomodations	Data Centre	Office & Accomodations
Not later than one year	0.29	3.93	0.39	4.38
Later than one year and not later than 5 years	-	6.52	0.18	9.60
Later than 5 years	-	0.66	-	0.69
Total	**0.29**	**11.11**	**0.57**	**14.67**

24. Provisions and Contingencies

(₹ in Crores)

Particulars	Year ended 31.03.2015	Year ended 31.03.2014
Allowance for bad & doubtful debts	232.06	47.89
Contingent Allowance against Standard Loan Assets	120.54	264.70
Allowance against Restructured Standard Loans	451.77	-
Allowance for depreciation on Investment	0.10	-
Total	**804.47**	**312.59**

25. Prior Period Items

(₹ in Crores)

Particulars	Year ended 31.03.2015	Year ended 31.03.2014
- Interest and Finance Exp	0.00	-0.39
- Others	0.07	0.35
Total	**0.07**	**-0.04**

26 Earnings per Share

Particulars	Year ended 31.03.2015	Year ended 31.03.2014
Numerator		
Profit after Tax as per Statement of Profit and Loss (₹ in Crores)	5,344.42	4,741.25
Denominator		
Weighted average Number of equity shares	98,74,59,000	98,74,59,000
Basic & Diluted Earnings per share of ₹10 each (in ₹)	**54.12**	**48.01**

27 Contingent Liabilities and Commitments :

27.1 Contingent Liabilities not provided for in respect of:

(₹ in Crores)

	Particulars	As at 31.03.2015	As at 31.03.2014
(A)	Claims against the Company not acknowledged as debts	56.54	57.01
(B)	Guarantees	40.36	4.55
(C)	Others		
	- Letters of Comfort	260.84	1,273.81

The amount referred to in 'A' above includes ₹ 3.75 Crores (Previous year ₹ 5.24 Crores) is in respect of cases pending in various courts including arbitration cases and is dependent upon the outcome of settlement of court/arbitration cases and also includes ₹ 52.79 Crores (Previous year ₹ 51.77 Crores) against various demands raised by the Income Tax Department/ Service Tax Department including the cases pending in Delhi High Court/ Supreme Court.

27.2 Commitments not provided for in respect of:

(₹ in Crores)

Particulars	As at 31.03.2015	As at 31.03.2014
- Contracts remaining to be executed on capital account		
- Towards Tangible Assets	16.06	17.21
- Towards Intangible Assets	4.32	4.75
- Other Commitments		
- Undisbursed CSR Commitments	182.73	34.42

28. Details of Registration/ License/ authorisation obtained from financial sector regulators:

	Particulars	Regulator Name	Registration Details
(i)	Corporate Identification No.	Ministry of Corporate Affairs	L40101DL1969GOI005095
(ii)	Registration Number	Reserve Bank of India	14.000011

29. The Company is registered with the Reserve Bank of India (RBI) as a Non-Banking Financial Company (NBFC) since 1997-98. As per notification No.DNBS(PD).CC No.12/02.01/99-2000 dated 13.1.2000 of RBI, Govt. companies as defined under Section 617 of the Companies Act, 1956 have been exempted from applicability of the provisions of Reserve Bank of India Act, 1934 relating to maintenance of liquid assets and creation of Reserve Funds and the Directions relating to acceptance of public deposits and Prudential Norms. The said notification is also applicable to REC, being a Govt. company as defined under Section 2 (45) of the Companies Act, 2013 (Section 617 of the erstwhile Companies Act, 1956). Accordingly, the Reserve Fund is not created.

Further, as per Para No. 1 (3) (iv) of RBI's Master Circular No. DNBS (PD) CC No. 381/03.02.001/2014-15 dated July 1, 2014, REC being a Government Company continues to be exempted from the applicability of Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007. However, 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 January 23, 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 March 31, 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 01st April 2015, the provisioning requirement would be 5% and for stock of loans as on 31st March 2015 of such projects, the provisioning shall commence with a provision of 2.75% w.e.f 31st March 2015 and reaching 5% by 31st March 2018.

30. RBI, vide its letter dated September 17, 2010 had categorized REC as an Infrastructure Finance Company (IFC) in terms of instructions contained in RBI Circular CC No.168 dated February 12, 2010. As an IFC, the total permissible exposure for lending in the private sector is 25% of owned funds in case of single borrower and 40% in case of a single group of borrowers and exposure for lending and investing taken together can be upto 30% and 50% of owned funds, respectively.

In respect of Central/State Government entities, RBI vide its letter DNBS.CO.ZMD-N. No. 4868/55.18.014/2013-14 dated 4th April, 2014 has exempted REC from RBI Prudential Exposure limits till 31st March, 2016. In view of the exemption granted by RBI, our maximum credit exposure limits to Central and State power Utilities vary from 50% to 250% of owned funds, depending upon entity appraisal.

In respect of Private Sector entities, the Company's credit exposure to single borrowers and group borrowers did not exceed the RBI prudential exposure limits as at 31st March, 2015 and 31st March 2014.

31. Changes in Accounting Policies of Rural Electrification Corporation Limited

Consequent to the notification of Companies Act, 2013, modifications have been made in Significant Accounting Policy No. 1(a) and 7. Further, modifications have been made in Significant Accounting Policy No. 2, 6. However, there is no financial impact of such modifications.

The Company has also changed its Significant Accounting Policy 4.1 regarding depreciation on fixed assets in alignment with Schedule-II to the Companies Act, 2013 which has become applicable from 1st April, 2014. If the company had followed the earlier policy, profit before tax for the year would have been higher by ₹ 2.85 Crores.

Further, the accounting policy on Provisioning against Loans has been amended to create provision @ 2.75% on stock of restructured loans. Thus, during the year, a provision has been made amounting to ₹ 451.77 Crores (Previous year Nil) on qualifying loans(comprising of loans to Public sector ₹ 11,682.23 Crores and loans to Private sector ₹ 4,745.92 Crores). Due to this change in accounting policy , the profit before tax is lower by ₹ 410.70 Crores after considering the existing provision on standard loan assets on theses restructured loans.

32. Quality of Loan Assets

32.1 The Classification of Loan Assets of the Company (classified in Note No. 13 and 17) as per REC Prudential Norms is as under:

(₹ in Crores)

	Asset Classification	As at 31.03.2015		As at 31.03.2014	
		Loan Balance	Allowance created against Loan Assets	Loan Balance	Allowance created against Loan Assets
(i)	Standard Assets				
	(a) Restructured Standard Loan Assets (Refer Note below)	16,428.15	451.77	-	-
	(b) Other than (a) above	1,61,883.41	490.92	1,48,150.70	370.38
(ii)	Sub-standard Assets	844.98	206.28	-	-
(iii)	Doubtful Assets	473.18	141.95	473.18	94.64
(iv)	Loss Assets	17.22	17.22	17.22	17.22
	Total	**1,79,646.94**	**1,308.14**	**1,48,641.10**	**482.24**

Note : Loan assets as mentioned in (i)(a) refer to restructured standard loan assets as specified in Accounting Policy No. 2.3(iv).

As a matter of prudence, 100% allowance for ₹ 86.42 Crores (Previous year Nil) has been created in respect of a standard loan asset classified under (i)(b) above as disclosed in Note No. 13.2.4. Further, an additional allowance for ₹ 121.77 Crores (Previous year Nil) has been created over and above as required under REC Prudential Norms in respect of certain borrowers classified under (ii) above.

32.2 Sector-wise NPAs - Percentage of NPAs to Total Advances in that sector

Particulars	As at 31.03.2015	As at 31.03.2014
- Power Sector	0.74%	0.33%

32.3 Movement of NPAs

(₹ in Crores)

	Particulars	As at 31.03.2015	As at 31.03.2014
(i)	**Net NPAs to Net Advances (%)**	**0.54%**	**0.24%**
(ii)	**Movement of NPAs (Gross)**		
(a)	Opening balance	490.40	490.40
(b)	Additions during the year	844.98	-
(c)	Reductions during the year	-	-
(d)	Closing balance	**1,335.38**	**490.40**
(iii)	**Movement of NPAs (Net)**		
(a)	Opening balance	353.54	400.86
(b)	Additions during the year	616.39	(47.32)
(c)	Reductions during the year	-	-
(d)	Closing balance	**969.93**	**353.54**
(iv)	**Movement of provisions for NPAs**		
(a)	Opening balance	136.86	89.54
(b)	Provisions made during the year	228.59	47.32
(c)	Write-off / write-back of excess provisions	-	-
(d)	Closing balance	**365.45**	**136.86**

33. Exposure Related Disclosures

33.1 Exposure to Real Estate Sector

The Company has no exposure to real estate sector as on 31.03.2015 (Previous year Nil).

33.2 Exposure to Capital Market

(₹ in Crores)

	Particulars	As at 31.03.2015	As at 31.03.2014
(i)	Direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	17.50	17.50
(ii)	Advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	-	-
(iii)	Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	-	-
(iv)	Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds 'does not fully cover the advances;	-	-
(v)	Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	-	-
(vi)	Loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	-	-
(vii)	Bridge loans to companies against expected equity flows/ issues;	-	-
(viii)	All exposures to Venture Capital Funds (both registered and unregistered)	7.68	7.68
	Total Exposure to Capital Market	**25.18**	**25.18**

33.3 Unsecured Advances against Intangible Assets

There are no such advances outstanding as on 31st March, 2015 (Previous year Nil) for which intangible collaterals such as rights, licenses, authority, etc. are charged in favour of the Company in respect of projects financed by the Company.

34. Concentration of Advances, Exposures and NPAs

	Particulars	As at 31.03.2015	As at 31.03.2014
(i)	**Concentration of Advances**		
	Total Advances to twenty largest borrowers (₹ in Crores)	1,08,066.67	94,703.76
	Percentage of Advances to twenty largest borrowers to Total Advances of the Company	60.16%	63.71%
(ii)	**Concentration of Exposures**		
	Total Exposure to twenty largest borrowers (₹ in Crores)	1,71,024.07	1,56,408.59
	Percentage of Exposures to twenty largest borrowers to Total Exposure of the Company on borrowers	57.49%	46.91%
(iii)	**Concentration of NPAs**		
	Total Outstanding to top four NPA Accounts (₹ in Crores)	1,318.16	485.53
	Total Exposure to the above four NPA Accounts (₹ in Crores)	1,318.16	485.53

35. The Company has not entered into any securitisation/ assignment transactions during the FY 2014-15. Further, no assets have been sold to securitisation/ reconstruction company for asset reconstruction.

36. In accordance with the provisions of AS 9 'Revenue Recognition', the commitment fee of ₹ 4.84 Crores (Previous year ₹ 3.90 Crores) is not recognised in the books of accounts on account of the uncertainity of the receipt involved due to change in the drawal schedule etc. by the borrowers.

37. The National Electricity Fund (NEF), an interest subsidy scheme, has become operational during the year 2012-13. The scheme has been introduced by Govt. of India to promote the capital investment in the distribution sector. The scheme shall provide interest subsidy linked with reform measures, on the loans taken by public and private distribution power utilities for various capital works under Distribution sector. NEF would provide interest subsidy aggregating to ₹ 8,466 Crores (including interest subsidy to the borrowers, service charges to the nodal agency, payments to independent evaluators and other incidental expenses) spread over 13 years for loan disbursement against projects approved during 2012-13 and 2013-14. REC has been nominated as Nodal Agency for operationalisation of the NEF scheme in entire country.

38. Government of India has launched Deen Dayal Upadhyaya Gram Jyoti Yojana (DDUGJY) with the following components:

(i) Separation of agriculture and non-agriculture feeders facilitating judicious rostering of supply to agriculture & non-agriculture consumers in the rural areas;

(ii) Strengthening and augmentation of sub-transmission & distribution infrastructure in rural areas, including metering of distribution transformers/feeders/consumers

(iii) Rural electrification, as per CCEA approval dated 01.08.2013 for completion of the targets laid down under RGGVY for 12th and 13th Plans by carrying forward the approved outlay for RGGVY to DDUGJY.

The components at (i) and (ii) of the above scheme will have an estimated outlay of ₹ 43,033 crore including budgetary support of ₹ 33,453 crore from Government of India during the entire implementation period. The scheme of RGGVY as approved by CCEA for continuation in 12th and 13th plan will get subsumed in this scheme as a separate Rural Electrification (RE) component. REC has been nominated as nodal agency for operationalization of this scheme.

39. In the opinion of the management, the current assets, loans and advances appearing in the balance sheet have a value equivalent to the amount stated therein if realized during the ordinary course of business and all known liabilities have been provided.

40. Disclosure under Micro, Small and Medium Enterprises Development Act, 2006:

(₹ in Crores)

Particulars	**As at 31.03.2015**	**As at 31.03.2014**
Principal amount remaining unpaid but due as at year end	0.11	0.28
Interest due thereon as at year end	0.03	-
Interest paid by the company in terms of Section 16 of MSME Development Act, 2006 along with the amount of the payment made to the supplier beyond the appointed day during the year.	0.13	-
Interest due and payable for the period of delay in making payment but without adding the interest specified under MSME Development Act, 2006.	-	-
Interest accrued and remaining unpaid as at year end.	-	-
Further interest remaining due and payable even in the succeeding years, until such date when the interest due as above are actually paid to the small entereprises.	0.03	-

41. Derivatives Related Disclosures

41.1 Forward Rate Agreements/ Interest Rate Swaps

(₹ in Crores)

	Particulars	**As at 31.03.2015**	**As at 31.03.2014**
(i)	The notional principal of swap agreements	24,577.20	19,376.35
(ii)	Losses which would be incurred if counterparties failed to fulfill their obligations under the agreements	2,662.28	2,638.47
(iii)	Collateral required by the NBFC upon entering into swaps	Nil	Nil
(iv)	Concentration of credit risk arising from the swaps	Refer Note Below	Refer Note Below
(v)	The fair value of the swap book	2,173.16	2,020.52

Note : REC, being NBFC has entered into swap agreements with Category-I , Authorized Dealers Banks only, in accordance with the RBI guidelines. All the swap agreements entered into with banks are well with in the credit risk limit defined in the Board approved Risk Management Policy.

41.2 The Company has not entered into any exchange traded Interest Rate (IR) derivatives.

41.3 Disclosure on Risk Exposure in Derivatives

41.3.1 Qualitative Disclosures

REC has Risk Management Policy duly approved by the Board.The policy covers the currency risk of the company. This policy provides the guiding parameters within which the Company can take decisions for managing the Currency Risk that it is exposed to on account of foreign currency loan. The purpose of the policy is to provide a framework to the Company for management of its foreign currency risk.

Risk Management Structure

An Asset Liability Management Committee (ALCO) is currently functioning under the chairmanship of CMD, Director (Finance), Director (Technical) and one Part-time Non Official Independent Director, Executive Directors and General Managers from Finance and Operating Divisions as its members. ALCO monitors Foreign currency risk with exchange rate and interest rate is managed through various derivative instruments.

Derivative transactions include forwards, interest rate swaps, cross currency swaps and currency and cross currency options to hedge assets and liabilities. These derivative transactions are done for hedging purpose and not for trading or speculative purpose. These are accounted for on accrual basis and are not marked to market.

Type of Risks Involved

(i) **Credit Risk -** Credit risk is the risk of lossdue to counterparty's failure to perform on an obligation to the Company.

(ii) **Market Risk -** Market risk is the risk of loss due to adverse changes in the market value (the price) of an instrument or portfolio of instruments. Such exposures occurs with respect to derivative instruments when changes occur in market factors such as underlying interest rates, exchange rates etc or in the volitality of these factors.

(iii) **Liquidity Risk -** Liquidity risk is the risk of loss due to failure of the institution to meet its funding requirments or execute a transaction at a reasonable price. This may be market liquidity risk or funding liquidity risk.

(iv) **Operational Risk -** Operational risk is the risk of loss occuring as a result of inadequate system and control, deficiencies in information system, human error or a management failure. Derivative activities can pose challenging operational risk issue because of complexity of certain products and their continual evolution.

(v) **Legal Risk -** Legal risk is the risk of loss arising from contracts which are not legally enforceable or documented correctly.

(vi) **Regulatory Risk -** Regulatory risk is the risk of loss arising from failure to comply with regulatory or legal requirements.

41.3.2 Quantitative Disclosures

(₹ in Crores)

	Particulars	Currency Derivatives *		Interest Rate Derivatives **	
		As at 31.03.15	As at 31.03.14	As at 31.03.15	As at 31.03.14
(i)	Derivatives (Notional Principal Amount)				
	For hedging	17,433.40	11,948.55	7,143.80	7,427.80
(ii)	Marked to Market Positions				
a)	Asset (+)	2,569.44	2,590.43	92.83	48.04
b)	Liability (-)	294.66	119.89	194.46	498.05
(iii)	Credit Exposure	17,433.40	11,948.55	7,143.80	7,427.80
(iv)	Unhedged Exposures	6,616.74	5,672.61	N.A.	N.A.

* Includes Full Hedge, Principal only Swap and Call Spread.

** Includes Interest Rate Derivatives as a strategy of cost reduction

42. The outstanding position of Foreign Currency Exposure on 31st March, 2015 is as under:

(Foreign Currency amounts in Millions, INR amounts in Crores)

Currency	Total		Hedged Portion (Currency & Interest rate)		Unhedged	
	Foreign Currency	INR Equivalent	Foreign Currency	INR Equivalent *	Foreign Currency	INR Equivalent *
JPY	33,084.61	1,944.22	31,895.82	1,882.28	1,188.79	61.94
Previous year	36,483.43	2,123.49	35,851.15	2,086.30	632.28	37.19
EURO	157.07	1,104.97	150.70	1,061.94	6.37	43.03
Previous year	141.28	1,037.26	113.63	808.90	27.65	228.36
USD $	3,555.00	19,715.51	2,720.00	14,489.18	835.00	5,226.33
Previous year	2,505.00	13,110.08	1,830.00	9,053.34	675.00	4,056.74
CHF (Swiss Franc)	200.00	1,285.44	-	-	200.00	1,285.44
Previous year	200.00	1,350.32	-	-	200.00	1,350.32
Total		24,050.14		17,433.40		6,616.74
Previous year		17,621.15		11,948.54		5,672.61

* The portion of the foreign currency borrowings swapped into Indian Rupee is stated at the rate fixed in the swap transactions, and not translated at the year end rate. The unhedged portion of the foreign currency borrowings has been translated at the year end rate.

42.1 In terms of Accounting Policy 14.1, the foreign currency monetary items as at the year end have been translated at the following rates:

Exchange Rates	USD/INR	JPY/INR	Euro/INR	CHF/INR
As at 31st March, 2015	62.5908	0.5211	67.5104	64.2719
As at 31st March, 2014	60.0998	0.5883	82.5765	67.5159

43. Related Party Disclosures :

(1) Key Managerial Personnel

Sh. Rajeev Sharma	Chairman & Managing Director
Sh. Ajeet Kumar Agarwal	Director (Finance)
Sh. P.J. Thakkar	Director (Technical)
Sh. J.S. Amitabh	GM & Company Secretary *

* Company Secretary has been designated as Key Managerial Personnel w.e.f. 1st April, 2014 in accordance with the provisions of the Companies Act, 2013.

(2) Wholly owned Subsidiaries of REC Transmission Projects Company Limited

Nellore Transmission Limited - Incorporated on 04.12.2012

Baira Siul Sarna Transmission Limited - Incorporated on 24.01.2013

NRSS XXIX Transmission Limited- Incorporated on 29.07.2013 and transferred to Sterlite Display Technologies Private Limited (SDTPL), an investing affiliate of Sterlite Grid Limited, on 04.08.2014, substantially upon the terms and conditions as detailed in the Share Purchase Agreement executed between RECTPCL, NRSS XXIX Transmission Limited and SDTPL.

NRSS XXXI (A) Transmission Limited- Incorporated on 29.07.2013 and transferred to Power Grid Corporation of India Limited (PGCIL) on 12.05.2014, substantially upon the terms and conditions as detailed in the Share Purchase Agreement executed between RECTPCL, NRSS XXXI (A) Transmission Limited and PGCIL.

NRSS XXXI (B) Transmission Limited- Incorporated on 29.07.2013 and transferred to M/s Essel Infraprojects Limited (EIL) on 12.05.2014, substantially upon the terms and conditions as detailed in the Share Purchase Agreement executed between RECTPCL, NRSS XXXI (B) Transmission Limited and EIL.

Gadarwara (B) Transmission Limited - Incorporated on 30.07.2014 and transferred to Power Grid Corporation of India Limited (PGCIL) on 24.04.2015, substantially upon the terms and conditions as detailed in the Share Purchase Agreement executed between RECTPCL, Gadarwara (B) Transmission Limited and PGCIL.

Gadarwara (A) Transco Limited - Incorporated on 05.08.2014 and transferred to Power Grid Corporation of India Limited (PGCIL) on 24.04.2015, substantially upon the terms and conditions as detailed in the Share Purchase Agreement executed between RECTPCL, Gadarwara (A) Transco Limited and PGCIL.

Maheshwaram Transmission Limited - Incorporated on 14.08.2014

Vindhyachal Jabalpur Transmission Limited - Incorporated on 14.08.2014 and and transferred to Power Grid Corporation of India Limited (PGCIL) on 26.02.2015, substantially upon the terms and conditions as detailed in the Share Purchase Agreement executed between Vindhyachal Jabalpur Transmission Limited and PGCIL.

Details of amount due from/ to the related parties :

(₹ in Crores)

Particulars	As at 31.03.2015	As at 31.03.2014
Long-term Debt		
Key Managerial Personnel	0.17	0.08
Loans & Advances		
Key Managerial Personnel	0.29	0.09

Details of Transactions with the related parties :

(₹ in Crores)

Particulars	For the year ended 31.03.2015	For the year ended 31.03.2014
Long Term Debt - Amount Invested		
Key Managerial Personnel	-	0.04
Loans & Advances		
Key Managerial Personnel	0.04	0.09
Interest Income - Loans & Advances		
Key Managerial Personnel	0.06	0.01
Finance Cost		
Interest Paid to Key Managerial Personnel	0.01	-
Employee Benefits Expense - Managerial Remuneration	1.91	1.56

44. Disclosures for Employee Benefits as required under AS 15:

(1) Defined Contribution Plans

A. Provident Fund

Company pays fixed contribution of Provident Fund at pre-determined rates to a separate trust which invests the funds in permitted securities. The trust fixes the rate of interest on contribution to the members of the trust.

B. Defined Contribution Superannuation Scheme

The Company pays fixed contribution towards superannuation scheme at pre-determined rates to a separate trust which invests the funds with the Insurers. The Insurers fix the rate of interest on the balance standing to the credit of the accounts of the members of the trust. When the pension becomes payable to the member, the Insurers shall appropriate the member's accumulation towards various annuities, as opted for by the member.

Amount recognised as expenses towards defined contribution plans:

(₹ in Crores)

	Particulars	For the year ended 31.03.2015	For the year ended 31.03.2014
(i)	Provident Fund	6.52	6.17
(ii)	Defined Contribution Superannuation Scheme	4.77	4.68
	Total	**11.29**	**10.85**

(2) Defined Benefit Plans - Post-Employment Benefits

A. Gratuity

The Company has a defined benefit gratuity plan. Every employee is entitled to gratuity as per the provisions of the Payment of Gratuity Act. The scheme is funded by the Company and is managed by separate trust. The liability of Gratuity is recognized on the basis of actuarial valuation.

B. Post Retirement Medical Facility (PRMF)

The Company has Post Retirement Medical Facility under which the entitled retired employees (including his/her spouse) are covered as per Company Rules. The expenditure is recognized in the Statement of Profit & Loss on the basis of actuarial valuation.

C. Other Defined Retirement Benefit (ODRB)

The Company has a scheme for settlement of the employee and their dependents at the time of superannuation at home town. The expenditure is recognized in the Statement of Profit & Loss on the basis of actuarial valuation.

The summarized position of various defined benefits recognized in the Statement of Profit & Loss, Balance Sheet and the funded status is as under:

Expense recognised in Statement of Profit & Loss:

(₹ in Crores)

Particulars	Gratuity		PRMF		ODRB	
	31.03.2015	31.03.2014	31.03.2015	31.03.2014	31.03.2015	31.03.2014
Current Service Cost	1.93	1.85	1.23	1.20	0.05	0.05
Interest Cost	3.24	3.03	5.66	4.46	0.10	0.09
Expected Return on Plan Assets	3.24	3.69	-	-	-	-
Actuarial (Gain)/ Loss	(1.33)	(0.37)	9.50	9.39	0.05	(0.04)
Expense recognized	0.60	0.82	16.39	15.05	0.20	0.10

Amounts recognised in Balance Sheet:

(Amounts below in 'Gratuity' columns denotes respective amounts in the Balance Sheet of gratuity trust)

(₹ in Crores)

Particulars	Gratuity		PRMF		ODRB	
	31.03.2015	31.03.2014	31.03.2015	31.03.2014	31.03.2015	31.03.2014
Present value of obligation as at the end of the year	38.16	38.07	77.61	66.64	1.20	1.16
Fair value of Plan Assets as at the end of the year	36.25	35.94	-	-	-	-
Net Assets/ (Liability) recognized	(1.91)	(2.13)	(77.61)	(66.64)	(1.20)	(1.16)

Changes in the Present value of defined benefit/ Obligation:

(₹ in Crores)

Particulars	Gratuity		PRMF		ODRB	
	31.03.2015	31.03.2014	31.03.2015	31.03.2014	31.03.2015	31.03.2014
Present value of obligation as at the beginning of the year	38.07	37.85	66.64	55.80	1.16	1.16
Interest Cost	3.24	3.03	5.66	4.46	0.10	0.09
Current Service Cost	1.93	1.85	1.23	1.20	0.05	0.05
Benefit Paid	3.89	3.99	5.42	4.21	0.16	0.10
Actuarial (Gain)/ Loss on obligation	(1.19)	(0.67)	9.50	9.39	0.05	(0.04)
Present Value of defined benefit obligation at the end of the year	38.16	38.07	77.61	66.64	1.20	1.16

Changes in the Fair Value of Plan Assets:

(Amounts below in 'Gratuity' columns denotes respective amounts for the gratuity trust)

(₹ in Crores)

Particulars	Gratuity		PRMF		ODRB	
	31.03.2015	31.03.2014	31.03.2015	31.03.2014	31.03.2015	31.03.2014
Fair value of Plan Assets as at the beginning of the year	35.94	35.14	-	-	-	-
Return on Plan Assets	3.24	3.69	-	-	-	-
Contributions	0.82	1.40	-	-	-	-
Benefit Paid	3.89	3.99	-	-	-	-
Actuarial Gain/ (Loss) on Plan Assets	0.14	(0.30)	-	-	-	-
Fair value of Plan Assets as at the end of the year	36.25	35.94	-	-	-	-

The effect of an increase/ decrease of one percent point in inflation rate on PRMF:

(₹ in Crores)

Particulars	1% (+)		1% (-)	
	31.03.2015	31.03.2014	31.03.2015	31.03.2014
Service & Interest Cost	0.64	1.17	(1.09)	(0.46)
PBO (Closing)	11.09	8.56	(7.81)	(7.21)

Actuarial Assumptions:

Particulars	Gratuity		PRMF		ODRB	
	31.03.2015	31.03.2014	31.03.2015	31.03.2014	31.03.2015	31.03.2014
Method Used	Projected Unit Credit (PUC)	Projected Unit Credit (PUC)	Projected Unit Credit (PUC)	Projected Unit Credit (PUC)	Projected Unit Credit (PUC)	Projected Unit Credit (PUC)
Discount Rate	8.00%	8.50%	8.00%	8.50%	8.00%	8.50%
Expected Rate of Return on Plan Assets	9.00%	10.50%	-	-	-	-
Future Salary Increase	6.00%	6.50%	6.00%	6.50%	6.00%	6.50%

- The Expected Rate of Return on Assets is the assumed rate of return (annualised).
- The Principle assumptions are the discount rate and salary growth rate. The discount rate is generally based on the market yields available on govt. bonds at the reporting date with a term that matches the liabilities and the salary growth rate takes account of inflation, seniority, promotions and other relevant factors as long term basis. The above information is certified by the Actuary.

45. Status of Documentation Subsequent to Unbundling of SEBs

Some of the erstwhile State Electricity Boards (SEBs) against whom loans were outstanding or on whose behalf guarantees were given, were restructured by the respective State Governments and new entities were formed in the past. Consequently, the liabilities of the erstwhile SEBs stand transferred to new entities. However, transfer agreements in the case of Chhattisgarh State Electricity Board (CSEB), Kerala State Electricity Board (KSEB) and Meghalaya State Electricity Board (MSEB) are yet to be executed amongst the Company, new entities and the State Governments.

Agreements in case of Tamil Nadu State Electricity Board have been executed based on the provisional provisions of the Tamil Nadu Electricity (Re-organisation and Reforms) Transfer Scheme, 2010. However, further transfer agreements in this regard shall be executed, if required, on finalization of the Transfer Scheme.

Status of Documentation Subsequent to Reorganisation of the State of Andhra Pradesh

Subsequent to the reorganisation of erstwhile State of Andhra Pradesh, the state of Telangana has been formed on 2nd June, 2014. However, the assets and liabilities are yet to be transferred to the respective power utilities through a formal Gazette Notification.

Status of Documentation is as under:

(i) Where ever the loans have been sanctioned to erstwhile APCPDCL, APNPDCL and APGENCO prior to bifurcation and documentation has not been done, these schemes have been re-sanctioned in the name of newly formed utilities and documentation formalities completed and accordingly the charge has been registered with the Ministry of Corporate Affairs (MCA).

(ii) Where ever the loans sanctioned in the name of erstwhile APCPDCL, APNPDCL prior to bifurcation and documentation formalities completed and drawls have been made, in these schemes an undertaking has been obtained from the name changed / newly formed utility and disbursements have been made to the newly formed utility by changing the name of the borrower in the name of new / name changed utility.

(iii) Where ever the Loan is sanctioned in the name of erstwhile APCPDCL, APNPDCL prior to bifurcation and documentation formalities completed with Government Guarantee and drawls have been made, further documentation for these schemes shall be done on Gazette Notification.

(iv) Once the final transfer scheme is notified through Gazette Notification by Govt, duly indicating the transfer of assets and liabilities among the power utilities, action for execution of documentation formalities will be taken up in respect of all the outstanding loans with the new / name changed utilities. Till that time, the demand for payment of interest / principal is being segregated by the Utilities and the respective portions are being paid by Utilities in Telangana and Andhra Pradesh.

46. 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.

47. Capital to Risk-weighted Assets Ratio (CRAR)

Being an Infrastructure Finance Company (IFC), REC is required to maintain a Capital to Risk Weighted Assets Ratio (CRAR) of 15% (with a minimum Tier I Capital of 10%).

	Particulars	As at / For the year ended 31.03.2015	As at / For the year ended 31.03.2014
(i)	CRAR (%)	19.56%	19.35%
(ii)	CRAR - Tier I Capital (%)	16.52%	16.02%
(iii)	CRAR - Tier II Capital (%)	3.04%	3.33%
(iv)	Amount of subordinated debt raised as Tier-II capital (₹ in crore)	-	-
(v)	Amount raised by issue of Perpetual Debt Instruments (₹ in crore)	-	-

48. Asset Liability Management - Maturity pattern of certain items of Assets and Liabilities :

(₹ in Crores)

As at 31.03.2015	Advances	Investments	Borrowings		Foreign Currency Items	
			Domestic Borrowings	Foreign Currency Borrowings	Assets	Liabilities (Other than Borrowings)
Upto 30/31 days	745	-	1,036	-	-	-
Over 1 month upto 2 months	664	-	355	-	-	-
Over 2 months upto 3 months	1,449	-	666	97	-	-
Over 3 month & upto 6 months	3,307	-	1,068	2,712	-	-
Over 6 months & upto 1 year	9,065	439	6,196	7,726	-	-
Over 1 year & upto 3 years	38,350	189	34,344	4,629	-	-
Over 3 years & upto 5 years	35,891	189	26,942	8,643	-	-
Over 5 years	90,176	796	56,322	243	-	-
Total	**1,79,647**	**1,613**	**1,26,929**	**24,050**	**-**	**-**

(₹ in Crores)

As at 31.03.2014	Advances	Investments	Borrowings		Foreign Currency Items	
			Domestic Borrowings	Foreign Currency Borrowings	Assets	Liabilities (Other than Borrowings)
Upto 30/31 days	630	-	319	-	-	-
Over 1 month upto 2 months	807	-	366	-	-	-
Over 2 months upto 3 months	1,248	-	1,137	52	-	-
Over 3 month & upto 6 months	2,735	-	6,256	101	-	-
Over 6 months & upto 1 year	7,246	47	7,692	155	-	-
Over 1 year & upto 3 years	31,156	189	22,021	13,487	-	-
Over 3 years & upto 5 years	30,875	189	18,616	3,619	-	-
Over 5 years	73,944	1,283	52,212	207	-	-
Total	**1,48,641**	**1,708**	**1,08,619**	**17,621**	**-**	**-**

49. Disclosures in respect of Entities Consolidated as required under Schedule III to the Companies Act, 2013

Sl. No.	Name of the Entity	Net Assets i.e. Total Assets minus Total Liabilities		Share in Profit or Loss	
		As % of Consolidated Net Assets	Amount (₹ in Crores)	As % of Consolidated Profit or Loss	Amount (₹ in Crores)
(1)	**Parent Subsidiaries - Indian**				
1.	REC Power Distribution Company Limited	**0.38%**	**94.40**	**0.65%**	**34.77**
2.	REC Transmission Projects Company Limited	**0.42%**	**105.01**	**0.89%**	**47.54**
(2)	**Joint Venture - Indian**				
1.	Energy Efficiency Services Limited	**0.11%**	**28.73**	**0.05%**	**2.59**
	Total	**0.91%**	**228.14**	**1.59%**	**84.90**

50. Two projects namely Nellore Transmission Limited (NTL) and Baira Siul Sarna Transmission Limited (BSTL), which are subsidiary companies (SPVs) of REC Transmission Projects Company LImited (REC TPCL), were denotified vide notification No. 15/9/2013-Trans dated 03.01.2014 and 100/1/EC(33)/SP&PA/2013 dated 09.02.2015 respectively by the Ministry of Power (MoP). As a Bid Process Co-ordinator, RECTPCL had sought the reimbursement of the expenditure made in this behalf from the Central Electricity Authority (CEA).

However, CEA vide its letter No.100/EC (32) 2013-SP&PA/2074-2084 dated 12th November, 2014 while circulating the minutes of the 'Empowered Committee on Transmission' held on 30th September, 2014, intimated at clause 3.0 (i) & (ii) that "BPC may for the time being adjust the expenditure incurred by them for the annulled schemes from their profit margins.". Based on the said decision of the empowered committee, RECTPCL decided to bear all the expenses incurred till date on this account. Accordingly, an amount of ₹ 1.77 crores (NTL ₹ 0.87 crores and BSTL ₹ 0.90 crores has been written off. Also, as decided by the Board, RECTPCL will bear all the expenses to be incurred by both the defunct SPVs, BSTL & NTL during FY 2014-15 and thereafter. The management has decided to initiate the fast track mode of dissolution for these companies which is likely to completed in next financial year.

51. There are no Off-Balance Sheet SPVs sponsored by the Company, which need to be consolidated as per accounting norms.

52. No penalties have been levied on the Company by any regulator during the financial year 2014-15 (Previous year Nil).

53. No complaints have been received by the Company from the borrowers under the Fair Practices Code during the financial year 2014-15 (Previous year Nil).

54. Previous year figures have been reclassified/ regrouped to conform to the current classification.

55. Figures in Rupees have been rounded off to the nearest crores with two decimals, unless expressly stated.

The Significant Accounting Policies and Notes to Accounts 1 to 55 are an integral part of the Consolidated Financial Statements.

Annexure VI- Statement of Accounting Ratios - Consolidated

Particulars	As at / For the year ended 31-03-2018	As at / For the year ended 31-03-2017	As at / For the year ended 31-03-2016	As at / For the year ended 31-03-2015
Basic and Diluted Earnings per share (₹) (Annualised)	**23.75**	**31.97**	**28.82**	**27.06**
[Net Profit after Tax/ Weighted average number of equity shares outstanding during the year]				
(a) Net Profit after Tax (₹ in Crore)	4,689.46	6,313.37	5,691.42	5,344.42
b) Weighted average number of equity shares outstanding during the year	1,97,49,18,000	1,97,49,18,000	1,97,49,18,000	1,97,49,18,000
Return on Average Net Worth (%) (Annualised)	**13.49%**	**20.18%**	**21.09%**	**23.30%**
[Net Profit after Tax/ Average Net Worth X 100]				
(a) Net Profit after Tax (₹ in Crore)	4,689.46	6,313.37	5,691.42	5,344.42
(b) Net Worth (Shareholders' Funds) (₹ in Crore)	35,872.30	33,670.56	28,893.40	25,072.58
(c) Average Net Worth (₹ in Crore)	34,771.43	31,281.98	26,982.99	22,937.82
Net Asset Value per share (₹)	**181.64**	**170.49**	**146.30**	**126.96**
[Net Worth/ Number of equity shares as at the end of the period]				
(a) Net Worth (Shareholders' Funds) (₹ in Crore)	35,872.30	33,670.56	28,893.40	25,072.58
(b) Number of equity shares as at the end of the period	1,97,49,18,000	1,97,49,18,000	1,97,49,18,000	1,97,49,18,000
Debt To Equity Ratio (Times)	**5.56**	**4.99**	**5.86**	**6.02**
[Total Debt/ Net Worth]				
(a) Total debt outstanding (₹ in Crore)	1,99,493.14	1,67,851.64	1,69,211.64	1,50,979.06
(b) Net Worth (Shareholders' Funds) (₹ in Crore)	35,872.30	33,670.56	28,893.40	25,072.58
Long Term Debt to Eauity Ratio (Times)	**5.40**	**4.98**	**5.63**	**5.99**
[Long Term Debt/ Net Worth]				
(a) Long term debt outstanding (₹ in Crore)	1,93,765.24	1,67,740.66	1,62,750.87	1,50,245.06
(b) Net Worth (Shareholders' Funds) (₹ in Crore)	35,872.30	33,670.56	28,893.40	25,072.58

Note: The Company has allotted 98,74,59,000 Equity Shares as fully paid up by way of bonus shares during FY 2016-17 in the ratio of 1:1.

Annexure VII - Statement of Dividend - Consolidated

Figures (₹ in Crores)

Particulars	For the year ended 31-03-2018	For the year ended 31-03-2017	For the year ended 31-03-2016	For the year ended 31-03-2015
Equity Share Capital (As at Period End)	**1974.92**	**1974.92**	**987.46**	**987.46**
Amount of Dividend				
Interim Dividend	1,461.44	1,382.44	1,184.95	789.97
Finanl Dividend	345.61	523.35	503.60	266.61
Total	**1,807.05**	**1,905.79**	**1,688.55**	**1,056.58**
Rate of Dividend (Amount of Dividend/Equity Share Capital)	**91.50%**	**96.50%**	**171.00%**	**107.00%**
Corporate Dividend Tax	**376.79**	**386.47**	**345.68**	**214.21**

W.e.f. FY 2016-17 the appropriation for Final Dividend were made as per Revised AS 4 as amended vide the Companies (Accounting Standards) Amendment Rules, 2016 i.e. in the year of dividend proposed by BoD was approved in AGM.

Annexure VIII- Capitalization statement - Consolidated

Figures (₹ in Crores)

Particulars	As at 31-03-2018	As at 31-03-2017	As at 31-03-2016	As at 31-03-2015
Debt				
Short Term Debt*	5,727.90	110.98	6,460.77	734.00
Long Term Debt	1,93,765.24	1,67,740.66	1,62,750.87	1,50,245.06
Total Debt (A)	**1,99,493.14**	**1,67,851.64**	**1,69,211.64**	**1,50,979.06**
Shareholders' Funds				
Share Capital	1,974.92	1,974.92	987.46	987.46
Reserves & Surplus	33,897.38	31,695.64	27,905.94	24,085.12
Total Shareholders'Funds (B)	**35,872.30**	**33,670.56**	**28,893.40**	**25,072.58**
Long Term Debt to Equity Ratio (Times)	**5.40**	**4.98**	**5.63**	**5.99**
(Long Term Debt/ Shareholders'Funds)				
Debt To Equity Ratio (Times)	**5.56**	**4.99**	**5.86**	**6.02**
(Total Debt/ Shareholders'Funds)				

* Short term debt includes Cash Credits, Commercial Paper and Other Short term Loan from Banks/FI.

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.

G.S. MATHUR & CO. A-160 Defence Colony New Delhi Chartered Accountants

A R & CO FRN 002744 C CHARTERED ACCOUNTANTS

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

G.S. MATHUR & CO.
A-160
Defence Colony
New Delhi
Chartered Accountants

S.C. Choudhary
Partner
M.No. 082023
UDIN – 19082023AAAAAB7874

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

A. R. & CO
FRN 002744 C
CHARTERED ACCOUNTANTS

Priyanshu Jain
Partner
M.No. 530262
UDIN – 19530262AAAAAR5092

Place : New Delhi
Date : 6th August 2019

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**

G. S. MATHUR & CO. A-160 Defence Colony New Delhi Chartered Accountants

A. R. & CO FRN 002744 C CHARTERED ACCOUNTANTS

REC LIMITED Formerly Rural Electrification Corporation Limited New Delhi

(₹ 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)
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		32,328.02		32,328.02
	(as per audited balance sheet as at 31st March)				
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.

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A. R. & CO. FRN 002744 C CHARTERED ACCOUNTANTS

REC LIMITED Formerly Rural Electrification Corporation Limited New Delhi

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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

G. S. MATHUR & CO. A-160 Defence Colony New Delhi Chartered Accountants

A. R. & CO. FRN 002744 C CHARTERED ACCOUNTANTS

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.

G. S. MATHUR & CO. A-160 Defence Colony New Delhi Chartered Accountants

A. R. & CO FRN 002744 C CHARTERED ACCOUNTANTS

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

G. S. MATHUR & CO. A-160 Defence Colony New Delhi Chartered Accountants

S.C. Choudhary
Partner
M.No. 082023
UDIN – 19082023AAAAAC4558

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

A. R. & CO. FRN 002744 C CHARTERED ACCOUNTANTS

Priyanshu Jain
Partner
M.No. 530262
UDIN – 19530262AAAAAS3516

Place : New Delhi
Date : 6th August 2019

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**

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REC LIMITED Formerly Rural Electrification Corporation Limited New Delhi

(₹ 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)
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:

1. 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.
2. 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*'.
3. 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%**

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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 applciaiton of 1st April, 2019. Accordingly, in one of the subsidiaries, REC Power Distrubution 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.

REC LIMITED Formerly Rural Electrification Corporation Limited New Delhi

For REC Limited

Ajeet Kumar Agarwal
Chairman & Managing Director
DIN - 02231613

Place: New Delhi
Date: 6th August 2019

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