



towards a Greener future...

 **आरईसी**
REC
असीमित ऊर्जा, अनन्त संभावनाएं
Endless energy. Infinite possibilities.

47th Annual Report 2015-16



MISSION/VISION & OBJECTIVES

MISSION/VISION

- (i) To facilitate availability of electricity for accelerated growth and for enrichment of quality of life of rural and urban population.
- (ii) To act as a competitive, client-friendly and development oriented organization for financing and promoting projects covering power generation, power conservation, power transmission and power distribution network in the country.

OBJECTIVES

In furtherance of the Mission, the main objectives to be achieved by the Corporation are:

1. To promote and finance projects aimed at integrated system improvement, power generation, promotion of decentralized and non-conventional energy sources, energy conservation, renovation and maintenance, power distribution with focus on pumpset energisation, implementation of Deendayal Upadhyaya Gram Jyoti Yojana, a Government of India scheme for rural electricity infrastructure and household electrification.
2. To expand and diversify into other related areas and activities like financing of decentralized power generation projects, use of new and renewable energy sources, consultancy services, transmission, sub-transmission and distribution systems, renovation, modernization & maintenance etc. for optimization of reliability of power supply to rural and urban areas including remote, hill, desert, tribal, riverine and other difficult/remote areas.
3. To mobilize funds from various sources including raising of funds from domestic and international agencies and sanction loans to the State Electricity Boards, Power Utilities, State Governments, Rural Electric Cooperatives, Non-Government Organizations (NGOs) and private power developers.
4. To optimize the rate of economic and financial returns for its operations while fulfilling the corporate goals viz. (i) laying of power infrastructure; (ii) power load development; (iii) rapid socio-economic development of rural and urban areas, and (iv) technology up-gradation.
5. To ensure client satisfaction and safeguard customers' interests through mutual trust and self respect within the organization as well as with business partners by effecting continuous improvement in operations and providing the requisite services.
6. To assist State Electricity Boards/Power Utilities/State Governments, Rural Electric Cooperatives and other loanees by providing technical guidance, consultancy services and training facilities for formulation of economically and financially viable schemes and for accelerating the growth of rural and urban India.

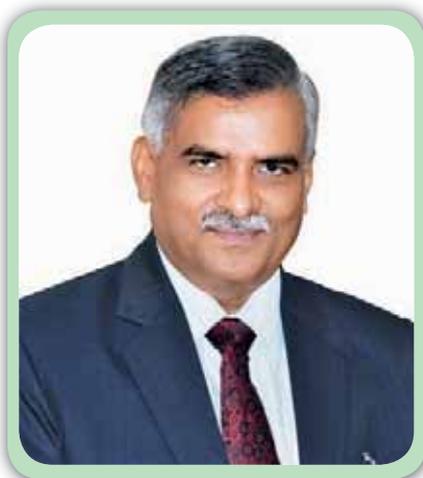
CONTENTS

1. Company Information	2
2. Board of Directors	3
3. Performance Highlights	4
4. Chairman's Message	6
5. Notice	13
6. Directors' Profile	25
7. Board's Report	28
8. Management Discussion & Analysis Report	60
9. Report on Corporate Governance	69
10. Auditors' Certificate on Corporate Governance	91
11. Business Responsibility Report	92
12. Secretarial Audit Report	102
13. Annual Report on CSR activities	105
14. Extract of Annual Return	116
15. Particulars of Contracts or Arrangements with Related Parties	124
16. Details of Debenture Trustees	125
17. Balance Sheet	128
18. Statement of Profit & Loss	129
19. Significant Accounting Policies	130
20. Notes to Accounts	134
21. Cash Flow Statement	171
22. Independent Auditors' Report on Standalone Financial Statements	175
23. Non-Banking Financial Companies Auditors' Report	182
24. Comments of C&AG of India on Standalone Financial Statements	183
25. Consolidated Financial Statements	184
26. Independent Auditors' Report on Consolidated Financial Statements	240
27. Comments of C&AG of India on Consolidated Financial Statements	244
28. Management Team	245
29. Address of REC offices	247

COMPANY INFORMATION

Functional Directors	Shri Rajeev Sharma Chairman & Managing Director	Shri Ajeet Kumar Agarwal Director (Finance)	Shri Sanjeev Kumar Gupta Director (Technical)
Chief Vigilance Officer	Smt. Abha Anand Kishore		
Executive Directors	Shri Ashok Awasthi Executive Director (Admn./REN. & SD/Estate/ Generation Pvt.Sector/AA-RTI)	Dr. Dinesh Arora Executive Director (PMG) & CEO-RECPDCL	Shri Sanjiv Garg Executive Director (Finance-Resources/CA/ Banking/Taxation/CSR)
	Smt. Ritu Maheshwari Executive Director (T&D/Generation-State Sector and CEO-RECTPCL/NPP/NEF)	Shri T. S. C. Bosh Executive Director (DDUGJY)	Smt. Kalpana Kaul Executive Director (HR/CC& PR/ Rajbhasha)
General Managers	Shri Dinesh Kumar General Manager (T&D/Generation-State Sector/NEF)	Shri C. P. Bhatia General Manager (Finance)-CSR	Shri Rakesh Sareen General Manager (Finance-Loans & Recovery/ALM/Risk Management/Pay)
	Shri S.L. Batta General Manager (Law/ PIO-RTI)	Shri. R.P. Vaishnav General Manager (Internal Audit)	Shri G. V. Mahendar General Manager (Entity Appraisal)
	Shri V. K. Singh General Manager (Generation-Private Sector/ Renewable Energy)	Shri Fuzail Ahmed General Manager (PMG)	Shri P.K. Mukhopadhyay General Manager (IT)
	Shri P. K. Singhal General Manager (Admn./Estates)	Shri Rajiv Sood General Manager (Finance)-Treasury	Smt. Valli Natarajan General Manager (T&D)
	Shri P. Baburaj General Manager & In-charge Northern Zone		Smt. Malathi Sundararajan General Manager (F&A) - Loans
Registered Office	Core-4, SCOPE Complex, 7, Lodhi Road, New Delhi-110003, India. Tel: 91-11- 24365161, Fax: 91- 11 -24360644, E-mail: reccorp@recl.nic.in Website: www.recindia.com		
Corporate Identification Number (CIN)	L40101DL1969GOI005095		
Company Secretary	Shri J. S. Amitabh		
Registrar & Share Transfer Agent	Karvy Computershare Private Limited Karvy Selenium Tower-B, Plot 31-32, Gachibowli Financial District, Nanakramguda, Hyderabad-500032, India. Tel:91-40-67161500,Fax: 91- 40- 23420814, E-mail: einward.ris@karvy.com , raju.sv@karvy.com , balaji.reddy@karvy.com Website: www.karvycomputershare.com		
Shares listed at	National Stock Exchange of India Limited	BSE Limited	
Depositories	National Securities Depository Limited	Central Depository Services (India) Limited	
Statutory Auditors	Raj Har Gopal & Co. Chartered Accountants	A.R. & Co. Chartered Accountants	
Secretarial Auditor	Chandrasekaran Associates, Practicing Company Secretaries		
Bankers	Reserve Bank of India State Bank of India State Bank of Hyderabad Honkong & Shanghai Banking Corporation Limited	Dena Bank Corporation Bank HDFC Bank ICICI Bank	IDBI Bank IndusInd Bank Bank of India RBL Bank Yes Bank Union Bank of India Axis Bank Vijaya Bank

BOARD OF DIRECTORS



SHRI RAJEEV SHARMA
Chairman & Managing Director



SHRI AJEET KUMAR AGARWAL
Director (Finance)



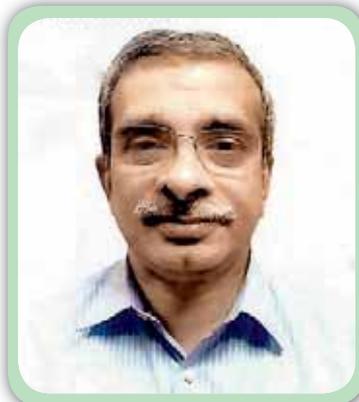
SHRI SANJEEV KUMAR GUPTA
Director (Technical)



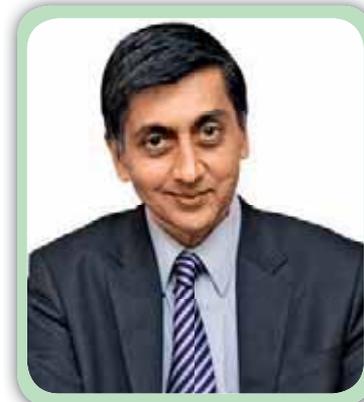
DR. ARUN KUMAR VERMA
Government Nominee Director



SHRI ARUN SINGH
Part Time Non-Official
Independent Director



SHRI ARAVAMUDAN KRISHNA KUMAR
Part Time Non-Official
Independent Director



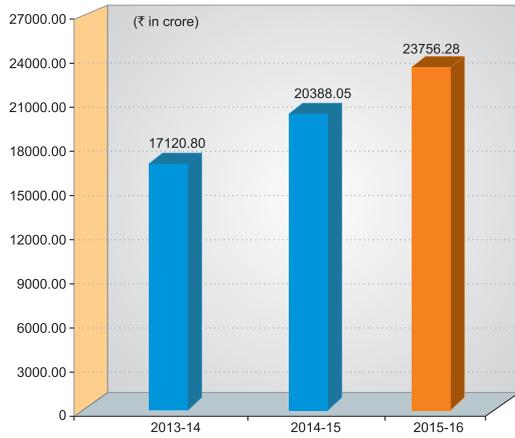
PROFESSOR T.T. RAM MOHAN
Part Time Non-Official
Independent Director

PERFORMANCE HIGHLIGHTS

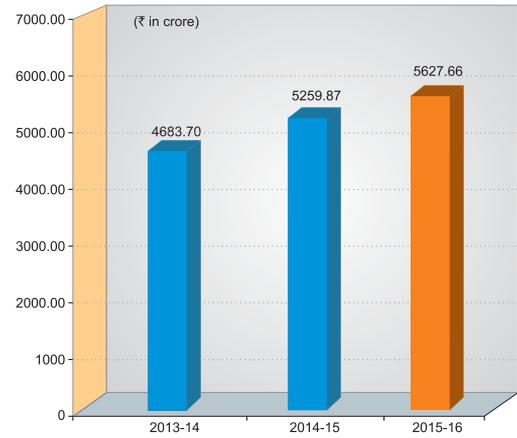
CONSISTENT GROWTH OVER 10 YEARS

Particulars	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07
SHAREHOLDERS' FUND										
(at the end of the year) (₹ in Crore)										
Equity Share Capital	987.46	987.46	987.46	987.46	987.46	987.46	987.46	858.66	858.66	780.60
Reserves & Surplus	27630.30	23869.57	19682.00	16466.92	13575.58	11801.16	10092.88	5331.42	4509.05	3232.11
Net Worth	28617.76	24857.03	20669.46	17454.38	14563.04	12788.62	11080.34	6190.08	5367.71	4012.71
BORROWINGS (₹ in Crore)										
From Government of India	-	3.07	7.93	15.14	24.64	36.13	49.42	64.74	81.92	100.48
Bonds/Debentures	139732.73	124683.85	102806.71	85249.04	71372.20	51208.53	40857.14	32631.48	24089.61	21611.63
From Financial Institutions	1100	1450	2995	4020	4370	4720	4070	3350	3500	3500
Foreign Currency Borrowings	21923.72	24028.20	17621.15	15238.19	10698.09	7605.90	2076.37	1493.67	1048.45	872.09
Term Loans from Banks	-	125.00	269.40	788.80	1091.54	6469.14	5811.43	4801.05	4434.80	3796.80
Commercial Papers	5600.00	-	2540.00	980.00	-	-	2450.00	1295.00	-	-
Short-term/Demand Loans	749.93	734.00	-	1500.00	2500.00	-	630.00	1300.00	1128.00	400.00
Total	169106.38	151024.12	126240.19	107791.17	90056.47	70039.70	55944.36	44935.94	34282.78	30281.00
Fund Mobilization	31254.92	41189.82	36934.37	30759.16	29709.36	25855.35	24028.24	14895.00	8377.23	9437.74
FINANCING OPERATIONS										
(During the year) (₹ in Crore)										
Number of projects approved	625	609	1035	1031	1091	658	492	506	881	748
Financial assistance sanctioned	*65471.10	*61421.37	*70739.48	*79470.49	*51296.77	*66419.98	*45357.36	*40745.84	*46769.76	*28629.85
Disbursements	50630.81	46446.82	37969.99	40183.06	30593.30	28517.11	27127.14	22277.86	16303.70	13732.99
Repayments by borrowers	24394.48	11812.63	14260.45	13345.92	8119.69	8772.58	5806.54	5119.36	5600.24	4034.44
Outstanding at the end of the year	201278.29	179646.94	148641.10	127355.52	101426.26	81725.45	65978.75	50652.81	38614.83	31262.18
ACHIEVEMENTS (in Nos.)										
Electrification of un-electrified villages										
During the year	7108	1405	1197	2587	7934	18306	18374	12056	9301	28706
Upto end of the year	116144	109524	108280	107083	104496	96562	78256	59882	47826	38525
Release of free Electricity Connections to BPL Households										
During the year	1439144	759377	961730	1296541	3444902	5883355	4718468	3084788	1621182	655773
Upto end of the year	23225437	21833995	21683554	20721824	19425283	15980381	10097026	5378558	2293770	672588
Pumpsets energised										
During the year	213926	256026	264165	254993	329022	318176	240020	188743	181244	174750
Upto end of the year	10986558	10772632	10516606	10252441	9997448	9668426	9350250	9110230	8921487	8740243
WORKING RESULTS										
(₹ in Crore)										
Total income	23756.28	20388.05	17120.80	13598.67	10509.07	8495.26	6707.60	4931.28	3537.66	2854.00
Finance Costs	14283.12	11844.61	10038.46	8083.76	6431.35	4851.01	3912.85	2898.70	2072.75	1764.78
Provisions and Contingencies	1089.85	802.96	312.02	130.68	52.27	0.22	0.22	2.37	39.99	21.05
Other Expenses	332.65	306.68	234.99	216.53	229.32	164.72	145.27	112.17	111.11	60.85
Depreciation	5.45	6.76	4.21	3.75	3.27	3.03	2.15	1.36	1.39	1.13
Profit Before Tax	8045.21	7427.04	6531.12	5163.95	3792.86	3476.28	2647.11	1916.68	1312.42	1006.19
Provision for Taxation	2417.55	2167.17	1847.42	1346.33	975.83	906.35	645.69	644.60	452.27	345.93
Profit After Tax	5627.66	5259.87	4683.70	3817.62	2817.03	2569.93	2001.42	1272.08	860.15	660.26
Dividend on Equity	1688.55	1056.58	938.09	814.65	740.59	740.59	603.21	386.40	257.60	177.00

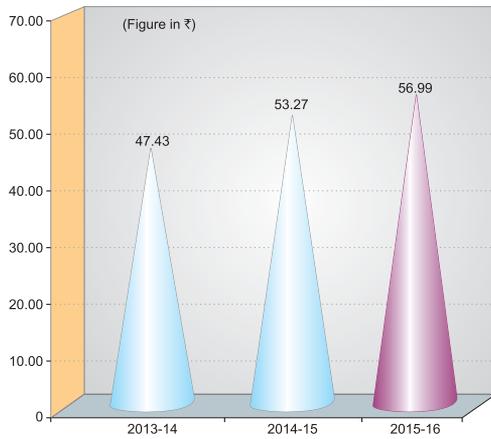
* Excluding sanctions under DDUGJY-RE and DDG



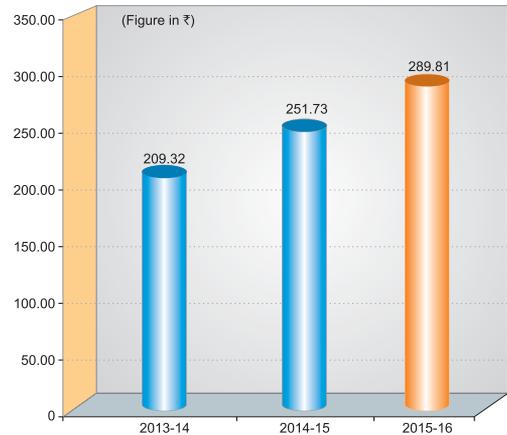
TOTAL INCOME



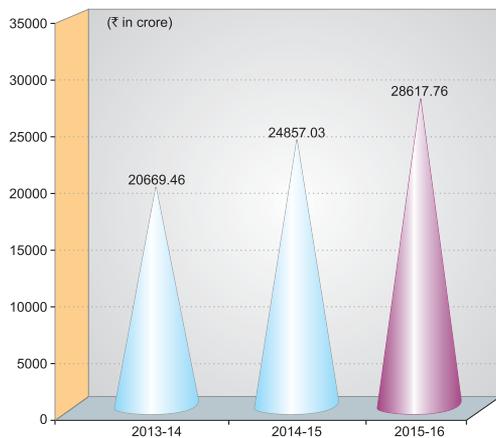
PROFIT AFTER TAX



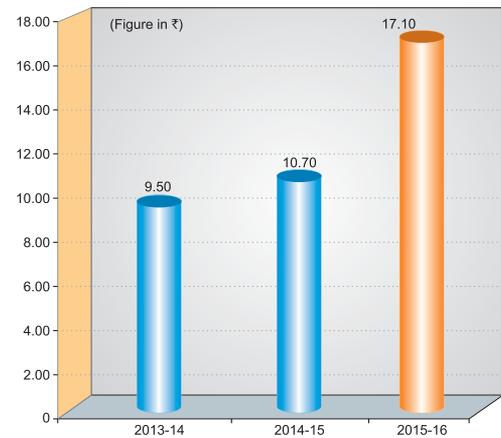
EARNING PER SHARE OF ₹ 10/- EACH



BOOK VALUE PER SHARE

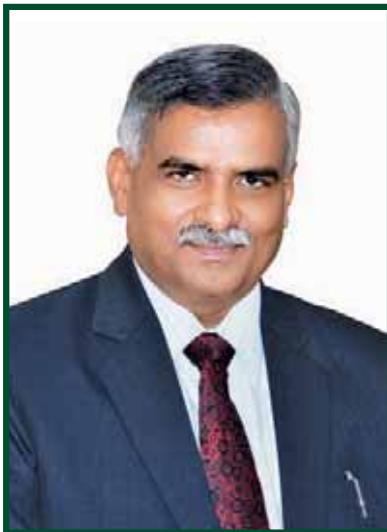


NETWORTH



DIVIDEND PER EQUITY SHARE OF ₹ 10 EACH

CHAIRMAN'S MESSAGE



Dear Stakeholders,

It is my privilege to present to you the 47th Annual Report of your Company. REC has completed yet another year of excellent all-round performance as a leading public financial institution of India. Your Company continues its growth story with a consistent track record of funding almost all needs to the entire Power Infrastructure space in the country. The Indian economy continued to be a bright spot on the global economic scenario in financial year 2015-16. The Government is taking more and more initiatives to kick-start and sustain the growth momentum in business and industry. However, the Indian Corporate Sector will take some more time to get back on a high growth trajectory, as it is still recovering from the prolonged slowdown of past years.

The global economic recovery on the whole has shown signs of improvement, but it may be too early to believe that the crisis period is over. Among the developed economies, US is the only country which has attracted the interest of Investors. European economy is still reeling under pressure. To stave off spectre of subdued growth, Japan resorted to quantitative easing and China is facing the second year of declining economic activity. The commodity cycle, which is an important indicator of economic activity, has not picked up across the world. The industrialized nations have glut of stocks especially Steel, Coal and Ore. Owing to sluggish growth of major economies and huge inventories, the prices of these commodities have hit rock bottom. The existing meek external demand in these markets has posed challenges before emerging and developing economies.

As far as India is concerned, the economy has for the second year in a row bucked the global trends and given a clear indication of consistent improvement in growth during the financial year 2015-16. As per Central Statistical Office data, the Indian economy grew at 7.6% in 2015-16 due to rebound in farm output, improvement in electricity generation and mining production. However, it is also expected that the growth in the ongoing financial year 2016-17 may not surpass that of financial year 2015-16, owing to the adverse effect of global slowdown, which may persist for some time more.

The country at present is relatively better placed in terms of Current Account Deficit (CAD) and Balance of Payments (BoP). The levels of foreign reserves have been at an all-time high. A major reason for this has been a better and more robust fiscal consolidation, low crude prices, though slightly higher than the previous year because of high levels of shale gas production maintained by the US. One of the reasons of rise in foreign reserves has been the lower levels of import due to sluggish growth in manufacturing sector. With supplementation of Iran's crude production, the rise of crude price is expected to be limited. The oil prices at moderate levels have also helped to keep the inflation from rising. Other important determinants viz., signs of recovery in key economic indicators, stability in exchange rates and softening of inflation have resulted in reduction of interest rates by 150 basis points since January 2015.

POWER SECTOR

The role of a growing Power Sector is a key factor in the country's economic growth. In the state of sluggish manufacturing sector growth in the country and sinking commodity cycle across the globe, the performance of the Power Sector stands out during the Fiscal 2016. The Installed Generation capacity of the country at the end of Fiscal 2016 stands at 302 GW. A record 23,976 MW of Conventional power was added to the installed capacity in the year 2015-16. The last two years saw an addition of 46,543 MW of Conventional power, which accounted for 53% of the targeted capacity addition during XII plan period. Also, the Renewable Energy has seen an unprecedented growth in the last two years. The solar capacity rose by 4,132 MW in the last two years and 3,423 MW of wind power was added in last fiscal itself. The share of renewable energy has grown to around 43 Gigawatts, which itself is an indication of major shift imminent in the fuel mix for generation sources in the country.

Till the year 2014, Power sector was passing through tough time due to major bottlenecks viz., slippages of long-term coal linkages to the identified projects, failure to achieve planned targets from captive coal mine blocks, inability to ramp up indigenous coal and gas production, rising imported fuel prices, land acquisition, R & R and environmental issues etc.

A slew of proactive efforts and initiatives have been taken by the Government of India (GoI) in the last two years, viz., allocation of coal mines through a transparent auction route, domestic supply of gas to the gas-based stranded projects and private sector projects operating at less than 30% PLF through subsidized mode, efforts to takeover sick units under operation of State utilities, steps for augmenting indigenous coal production, facilitating developers for getting speedy clearances and fuel linkages, augmenting existing indigenous manufacturing capacity and encouraging latest technology interventions.

Today, the coal fired power plants have coal stocks of around 15 days, which were not having stocks of more than 3 days. Further with the increase in coal production, the quantum of imported coal has come down resulting in reduced effective coal prices and saving of valuable foreign currency outflow. The initiatives to supply 100% crushed and washed coal would add to efficiency of plant operations. Rationalization of coal allocation and shifting of coal linkages from inefficient to efficient plants and quality inspection of coal quality based on Gross Calorific Value (GCV) would help in efficient operation of plants and also mitigate carbon emissions to a large extent.

The inter-regional transfer capacity of the integrated National Grid at present is 59,550 MW (as on June 30, 2016) and planned to be 68,050 MW by the end of the XII plan. This will facilitate surplus power from a region to flow to another region facing power deficits, thus allowing an optimal utilization of the national generating capacity. A record high of 28,114 cKm were added to the transmission capacity in the Fiscal 2016.

Distribution of power, being the weakest link in the power value chain, needs to be strengthened to pace up with rise in generation and transmission capacities on one hand and bring down the existing inefficiencies which has led the DISCOMs/Utilities in a terminal spin of losses and debt. To turnaround the State DISCOMs and ensure their long term viability, GoI has implemented Ujwal DISCOM Assurance Yojana (UDAY), a flagship scheme aimed at financial turnaround and revival of DISCOMs/State Utilities enabling them to become creditworthy once again and start their capex cycle. The important initiatives in this area are – improving operational efficiencies of DISCOMS, reduction of cost of power, reduction in interest cost of DISCOMs and bringing financial discipline in DISCOMs through alignment with State finances.

Further, the flagship schemes of Deendayal Upadhyaya Gram Jyoti Yojana (DDUGJY) and Integrated Power Development Scheme (IPDS) are already under implementation in rural and urban areas respectively to strengthen the Distribution System, availability of power supply and improve reach, thereby boosting the farm sector output and economic activity in rural areas. The extensive coverage of these schemes across the country would help in Government of India's resolve of providing 24X7 Power For All by the year 2019.

With the increasing stress on deploying clean energy in wake of ecological and environmental hazards from fossil fuels, the share of green energy is bound to increase, therefore substantially diluting the reliance on depleting fossil fuel resources. A capacity addition target of 100 GW by harnessing solar energy has been planned by 2022 under National Solar Mission. The target principally comprises of 40 GW roof top and 60 GW through large and medium scale grid connected solar power projects comprising of Solar Parks, Government establishments of Defence, Railways etc., the establishment of a Green Energy Transmission Corridor, development of Solar City projects, replacement of conventional pumps with Solar Pumps, Green Power Fund allocation etc.

Other notable measures are Demand Side Management initiatives like National Mission for Enhanced Energy Efficiency (NMEEE); Perform, Achieve and Trade (PAT) scheme; and Energy Conservation Building Code (ECBC) etc. Large scale substitution of existing lighting loads with energy efficient LED bulbs have been taken up under the ambitious programme Unnat Jyoti by Affordable LEDs for All (UJALA) scheme (earlier known as Domestic Efficient Lighting Program (DELP) scheme). Under the said scheme, Energy Efficiency Services Limited, a joint venture company of REC, is providing LED bulbs to domestic consumers at low cost. This initiative is part of the Government's efforts to spread the message of energy efficiency in the country. So far, around 9 crore LED bulbs have been sold across the country under this scheme.

PERFORMANCE HIGHLIGHTS

Your Company continued to register growth on key fronts of Sanctions, Loan Disbursements, Operating Income and Profits. The loans sanctioned during the financial year 2015-16 were ₹ 65,471.10 crore as compared to ₹ 61,421.37 crore during the previous financial year 2014-15, excluding sanctions under DDUGJY-RE component and DDG. The aggregate disbursement achieved during the financial year 2015-16 was ₹ 46,025.83 crore as against ₹ 42,818.46 crore in the previous year. Further, an amount of ₹ 5,023.99 crore (subsidy of ₹ 4,541.44 crore under RE component of DDUGJY, subsidy of ₹ 63.54 crore under DDG and loan component of ₹ 419.01 crore) under DDUGJY has been disbursed.

On standalone basis, the total operating income of the Company for the financial year 2015-16 increased by 17% to ₹ 23,638.35 crore from ₹ 20,229.53 crore in the previous year. The Profit After Tax increased by 7% to ₹ 5,627.66 crore in financial year 2015-16 from ₹ 5,259.87 crore in the previous year. The Loan Asset Book of your Company as on March 31, 2016 has increased by a healthy 12% to reach a historic high of ₹ 2,01,278 crore from ₹ 1,79,647 crore in the previous year. The Company achieved a recovery rate of 96.61% for the financial year 2015-16. Your Company's Non-Performing Assets (NPAs) continue to be at low levels. As on March 31, 2016, the Gross NPA of the Company was ₹ 4,243.57 crore (including loans classified as NPAs due to restructuring / non-achievement of DCCO amounting to ₹ 811.33 crore). The percentage of NPA as a percentage of Gross Loan Assets stood at 2.11% as on March 31, 2016 as compared to 0.74% as on March 31, 2015. The net NPA as on March 31, 2016 was ₹ 3,230.30 crore, which is 1.60% of Gross Loan Assets. Further, no doubtful loans have been rescheduled by the Company during the financial year 2015-16.

The Company mobilized ₹ 31,254.92 crore from the market during the year 2015-16. This included ₹ 1,000 crore by way of Tax Free Secured Redeemable Non-Convertible Bonds, ₹ 6,476.70 crore by way of Capital Gain Tax Exemption Bonds, ₹ 15,526 crore by way of non-priority sector bonds, ₹ 8,046.60 crore (i.e., US\$ 1,220 million) from External Commercial Borrowings (ECB) and ₹ 205.62 crore by way of Official Development Assistance (ODA) loan from Kreditanstalt für Wiederaufbau (KfW), Germany and Japan International Cooperation Agency (JICA), Japan. Further, an amount of ₹ 20,771.78 crore was also raised through Commercial Paper (CP). At the close of the financial year 2015-16, the total resources of your Company stood at ₹ 2,06,352.97 crore.

The domestic debt instruments of REC continued to enjoy "AAA" rating – the highest rating assigned by CRISIL, CARE, India Ratings & Research and ICRA-Credit Rating Agencies. The Company 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. The overall weighted average annualized interest rate of borrowing for the funds raised during the financial year 2015-16 was 7.30% p.a. and for the borrowings outstanding as on March 31, 2016 was 8.21% p.a. As a result your Company was able to deliver debt financing at competitive rates.

DIVIDEND

In addition to interim dividend of ₹ 12.00 per share paid in February 2016, the Board of Directors of your Company has recommended a final dividend of ₹ 5.10 per share for the financial year 2015-16, which is subject to approval of the Shareholders in the ensuing Annual General Meeting. The total dividend for the financial year 2015-16 will work out to ₹ 17.10 per share, representing 171% of the paid-up share capital of the Company as against ₹ 10.70 per share, representing 107% of the paid-up share capital of the Company in the previous year. The total dividend pay-out for the financial year 2015-16 will amount to ₹ 1,688.55 crore (excluding dividend distribution tax of ₹ 341.71 crore).

FINANCING POWER PROJECTS

The Company has been providing funding assistance for power generation, transmission & distribution projects besides for Village Electrification Programme. Your Company continued to play an active role in creation of new infrastructure and improvement of the existing ones under the transmission and distribution network in the country under its T&D portfolio. In line with the Government of India's objective to provide power for all by creation of infrastructure and also to reduce the AT&C losses, your Company has been financing schemes for expansion and strengthening of the transmission network and more importantly, modernizing the distribution system.

FINANCING GENERATION PROJECTS

During the financial year 2015-16, your Company sanctioned 19 Nos. of Generation/R&M loans including 14 Nos. of additional loan assistance with total financial outlay of ₹ 27,828.44 crore including consortium financing with other financial institutions and has disbursed ₹ 12,819.53 crore against the ongoing generation projects.

FINANCING TRANSMISSION & DISTRIBUTION PROJECTS

During the financial year 2015-16, your Company sanctioned 579 Nos. of Transmission and Distribution schemes involving a total loan assistance of ₹ 23,627.61 crore. This includes primary power evacuation schemes associated with generating plants, system improvement schemes including Restructured Accelerated Power Development and Reforms Programme (R-APDRP) projects, feeder segregation schemes, bulk loan schemes, intensive electrification schemes and pumpset energization schemes. The total disbursement under T&D schemes during the year was ₹ 22,565.50 crore.

FINANCING RENEWABLE ENERGY AND OTHER PROJECTS

During the financial year 2015-16, your Company sanctioned loan assistance of ₹ 2,965.72 crore to 11 new, grid-connected Renewable Energy projects with installed generation capacity aggregating to 688 MW which included 9 Solar photo-voltaic projects aggregating to 662 MW; 1 Biomass project of 6 MW and 1 Wind project of 20 MW. The total cost of these projects aggregates ₹ 4,444.78 crore. Further, during the financial year 2015-16, total disbursement under renewable energy was ₹ 304.07 crore.

DEENDAYAL UPADHYAYA GRAM JYOTI YOJANA

The Government of India approved the scheme "Deendayal Upadhyaya Gram Jyoti Yojana" vide Office Memorandum dated December 3, 2014. REC is the Nodal agency for DDUGJY scheme. The main objectives of DDUGJY scheme are to provide access to all rural households and reduction of AT&C losses as per trajectory (DISCOM-wise) finalized in consultation with States by the Ministry of Power, so as to achieve continuous power supply for non-agricultural consumers and adequate power supply for agricultural consumers through defined project components. For this purpose, Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY) scheme and its targets for XII & XIII plans have been subsumed in DDUGJY.

DDUGJY envisages 60% of the project cost from Government of India as grant to States other than special category States (85% for the Special Category States i.e. all North Eastern States including Sikkim and J&K, Himachal Pradesh, Uttarakhand) with a minimum 10% (5% for Special Category States) contribution from State Government/State Power utility through their own sources and the balance 30% (10% for Special Category States) may be arranged through loan by the State Government/State Power utility. Additional grant upto 15% (5% in case of Special Category States) by conversion of 50% of loan component will be provided by Government of India on achievement of prescribed milestones such as timely completion of projects, reduction in AT&C losses and upfront release of revenue subsidy based on metered consumption, if any, by State Government.

Out of the approved layout of ₹ 44,033 crore under DDUGJY scheme, Government of India shall provide a budgetary support of ₹ 33,453 crore. The Scheme of RGGVY as approved by CCEA for continuation in XII and XIII plans got subsumed in DDUGJY as a separate rural electrification component for which CCEA has already approved the scheme cost of ₹ 39,275 crore including a budgetary support of ₹ 35,447 crore. This outlay has been carried forward to the new scheme of DDUGJY in addition to the outlay indicated above.

In the 69th Independence Day address to the nation on August 15, 2015, Hon'ble Prime Minister resolved that the 18,452 remaining Un-electrified villages in the country would be electrified within a period of 1,000 days with the help of States and Local bodies. These 18,452 villages are located in distant, difficult hilly terrain and inaccessible areas with inclement weather facing Right of Way issues or areas plagued by insurgency etc. Ministry of Power has therefore undertaken on Mission Mode to electrify these 18,452 villages through REC - the Nodal agency for implementation of DDUGJY - and States / DISCOMs. REC developed an innovative monitoring mechanism by dividing the electrification works into 12 milestones; deployed young Electrical Engineers viz. 'Gram Vidyut Abhiyantas (GVAs)' at block level in these villages and developed 'GARV App' Mobile Web Portal (<http://garv.gov.in>) for online monitoring of the progress of village electrification. In financial year 2015-16, a total of 7,108 villages (125%) were electrified against the target of 5,686 villages and till date, the total achievement is more than 10,000 villages.

INTEGRATED POWER DEVELOPMENT SCHEME

The Government of India approved the "Integrated Power Development Scheme" vide Office Memorandum dated December 3, 2014 which primarily aims at improvement in sub-distribution and distribution networks of urban areas comprising (i) Strengthening of sub-transmission and distribution networks (ii) Metering of Distribution Transformers / Feeders / Consumers and (iii) IT enablement of distribution sector and strengthening of distribution network for completion of the targets laid down under R-APDRP for XII and XIII plans by carrying forward the approved outlay for R-APDRP to IPDS programme as a separate component. For this purpose, the earlier scheme of R-APDRP and its targets have been subsumed in IPDS. The financing pattern of the scheme is similar as that applicable for DDUGJY scheme and as stated above.

UJWAL DISCOM ASSURANCE YOJANA

The DISCOMs in the country have accumulated losses of approximately ₹ 3.8 lakh crore and outstanding debt of approximately ₹ 4.3 lakh crore upto 2014-15 (at interest rates upto 14 - 15%) as against outstanding debt of ₹ 2.4 lakh crore in 2011-12. In addition to heavy debt and interest burden, default on bank loans by financially stressed DISCOMs have the potential to seriously impact the banking sector and economy at large.

Govt in financial year 2015-16 announced Ujwal DISCOM Assurance Yojana (UDAY) which aims at financial turnaround and revival of Power Distribution Companies (DISCOMs), for sustainable permanent solution to the problem. Through launch of this scheme, DISCOMs are provided with the opportunity to breakeven in the next 2-3 years through four key initiatives:

- (i) Improving operational efficiencies of DISCOMs
- (ii) Reduction of cost of power
- (iii) Reduction in interest cost of DISCOMs
- (iv) Enforcing financial discipline on DISCOMs through alignment with State Finances.

UDAY is another decisive step in furtherance of landmark strides made in the power sector over the last two years. The UDAY scheme assures vibrant and efficient DISCOMs through permanent resolution of past as well as potential future issues of the sector.

SUBSIDIARY COMPANIES & JOINT VENTURE

The Company has two wholly-owned subsidiaries, to focus on additional business in consultancy in the areas of distribution, transmission etc., namely:

- (i) REC Power Distribution Company Limited; and
- (ii) REC Transmission Projects Company Limited

During the financial year 2015-16, REC Power Distribution Company Limited (RECPDCL) has not only excelled in its core consultancy businesses viz. Preparation of Detailed Project Reports (DPRs), Third Part Inspections (TPI), Material Inspection & Project Management Consultancy (PMC) services, but also set quality benchmark in the areas of Project Implementation under R-APDRP Part-A and execution of turnkey works relating to the construction of toilets (using conventional and prefab technologies) in schools across India under CSR initiatives of REC towards Swachh Vidyalaya Abhiyan. Works executed by RECPDCL have been widely appreciated at various platforms in general and its valued customers in particular.

During the financial year 2015-16, RECPDCL's total revenue has increased by 73% to ₹ 151.54 crore as compared to the previous year's revenue of ₹ 87.79 crore. The Profit Before Tax (PBT) has increased by 6% to ₹ 55.44 crore as compared to ₹ 52.52 crore in the previous year. Further, the Profit After Tax (PAT) has also increased by 4% to ₹ 36.17 crore from ₹ 34.77 crore during the previous year. For the financial year 2015-16, the Board of Directors of RECPDCL have recommended a dividend of ₹ 2,170.56/- per equity share on the face value of ₹ 10/- each, which is subject to the approval of shareholders of RECPDCL in their ensuing Annual General Meeting.

The other subsidiary company viz., REC Transmission Projects Company Limited (RECTPCL) acts as "Bid Process Coordinator" for selection of Transmission Service Provider for independent transmission projects allocated by MoP from time to time, through Tariff Based Competitive Bidding Process notified for inter-state transmission projects. In order to initiate development of each independent inter-state transmission project allocated by the MoP, RECTPCL incorporates project specific Special Purpose Vehicles (SPVs) as its wholly owned subsidiary companies. The wholly-owned subsidiaries of RECTPCL are also wholly-owned subsidiaries of REC as per Section 2(87) of the Companies Act, 2013. After selection of the successful bidder through Tariff Based Competitive Bidding Process, the respective project specific SPV along with all its assets and liabilities, is transferred to the successful bidder.

As on March 31, 2016, RECTPCL had the following project specific SPVs as wholly owned subsidiaries of RECTPCL / REC:

- i. Nellore Transmission Limited*
- ii. Baira Siul Sarna Transmission Limited*
- iii. NRSS XXXVI Transmission Limited
- iv. North Karanpura Transco Limited #
- v. Khargone Transmission Limited
- vi. Dinchang Transmission Limited
- vii. NER II Transmission Limited

* The Office of Registrar of Companies (RoC), NCT of Delhi and Haryana has approved the applications for striking off the name of "Nellore Transmission Limited" and "Baira Siul Sarna Transmission Limited" from the Register of Companies u/s 560 of the Companies Act, 1956 vide certificate(s) dated May 25, 2016 and July 16, 2016 respectively; and both the companies have been dissolved.

The subsidiary company viz., "North Karanpura Transco Limited" was transferred alongwith all its assets & liabilities to the successful bidder i.e., M/s Adani Transmission Limited on July 8, 2016. As such, the said company has ceased to be a subsidiary of RECTPCL / REC from that date.

During the financial year 2015-16, RECTPCL has generated an income of ₹ 44.15 crore. The Profit Before Tax and Profit After Tax for the year was ₹ 42.42 crore and ₹ 28.80 crore, respectively. The Net worth of RECTPCL as on March 31, 2016 was ₹ 123.40 crore against initial capital of ₹ 0.05 crore injected by REC in year 2007. For the financial year 2015-16, the Board of Directors of RECTPCL has recommended a dividend of ₹ 1,730/- per equity share on the face value of ₹ 10/- each, which is subject to the approval of shareholders of RECTPCL in their ensuing Annual General Meeting.

REC, along with three other PSUs, namely Power Grid Corporation of India Limited, NTPC Limited and Power Finance Corporation Limited, had formed a Joint Venture Company namely Energy Efficiency Services Limited (EESL) on December 10, 2009. EESL is formed to create & sustain market access of energy efficient technologies particularly in the public facilities like municipalities, buildings, agriculture, industry etc. and to implement several schemes of Bureau of Energy Efficiency. EESL is also leading the market related activities of National Mission for Enhanced Energy Efficiency (NMEEE), one of the 8 national missions under National Action Plan on Climate Change. Currently, EESL is implementing Municipal Street Lighting projects with various Municipal Corporations, AgDSM projects for replacement of inefficient agricultural pump-sets in agriculture sector, Unnat Jyoti by Affordable LEDs for all i.e. UJALA scheme (formerly Domestic Efficient Lighting Programme i.e., DELP scheme) in domestic residential sector in ESCO mode with various utilities and CSR projects of various companies. As on date, REC holds 31.7% of the paid up equity share capital of EESL.

During the financial year 2015-16, based on the unaudited financials, EESL's total revenue was ₹ 714.40 crore compared to the previous year's revenue of ₹ 71.11 crore. The Profit Before Tax (PBT) for the year was ₹ 49.60 crore as compared to ₹ 13.57 crore in the previous year. Further, the Profit After Tax (PAT) of EESL for the financial year 2015-16 has also increased to ₹ 32.89 crore from ₹ 9.06 crore during the previous year.

CENTRAL INSTITUTE FOR RURAL ELECTRIFICATION

Central Institute for Rural Electrification (CIRE) was established under the aegis of REC at Hyderabad in 1979, to cater the training and development needs of engineers and managers of Power Sector. The programmes by CIRE are conducted with state-of-the-art technologies in areas of Power Generation, Transmission, Distribution and Renewable Energy sources. CIRE is designated as a nodal agency by Ministry of Power (MoP) for implementation of National Training Programmes (NTP) for employees of C&D category under the Human Resources Development component of DDUGJY programme. During the financial year 2015-16, in addition to coordinating and monitoring the National Training Programmes for employees of C&D category, sponsored by Ministry of Power, CIRE has conducted 128 programmes on various themes and trained 2,471 personnel with 14,353 man-days of training. Further, CIRE has been conferred with the "Education Leadership Award" by ABP News during the year, in recognition of 'Leadership, Development, Innovation and Industry Interface' of the Institute.

HUMAN RESOURCE MANAGEMENT

As a measure of capacity building including up-gradation of employees' skill sets and to ensure high delivery of performance, Training and HRD continued to receive priority during the financial year 2015-16. Training and Human Resource Policy of the Company aims at sharpening 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. During the year under review, training was provided to promote better understanding of professional requirements, as well as to sensitize employees to socio-economic environment in which the Company operates; and also to help employees gain on spiritual, health and attitudinal front. Further, employees were also encouraged to participate in various quizzes, paper presentations and simulation competitions, conducted by reputed institutions.

INFORMATION TECHNOLOGY INITIATIVES

On the IT front, an Integrated ERP system has been in operation in the Company since 2009 covering major business functions of the Company, which is continuously being improved by adding new features. Benefits of the ERP system have also been extended to the Borrowers as a part of better service. Both the Primary Data Centre (PDC) and Disaster Recovery Center (DRC) of REC are ISO/IEC 27001:2013 Certified and comply with the National Cyber Security Policy of Government of India as notified by Ministry of Electronics and Information Technology (MeitY). In addition to the same, number of information security audits are conducted through CERT-in certified auditor, internal auditor on a continuous basis.

REC has implemented Video Conferencing solution across all its offices throughout the country. Corporate office of REC has become Wi-Fi enabled and all field offices of the Company are also being made Wi-Fi enabled. REC has also accomplished implementation of HR-ERP Employee Self Service (ESS) Portal over Internet during the year. Further, all procurement of goods and services of value above ₹ 2 lakh is now being done through the e-Procurement system. The said system is capable of conducting e-Reverse Auction as per CVC guidelines. REC has also deployed a number of in-house developed systems viz., Annual Property Return, Bill Payment and Tracking System, Visitor Management System, File Movement System etc. In addition thereto, a number of IT initiatives of the Government of India are being promoted in the Company, like MyGov, e-Governance, Digital India etc.

CORPORATE GOVERNANCE

Corporate Governance at REC is managing the business in an ethical and responsible manner for sustainable value creation for various Stakeholders within the prevalent regulatory framework. The Company believes in adopting the best practices that are followed in the area of Corporate Governance across the globe. As a listed Public Sector Enterprise, your Company has been complying with the requirements of Corporate Governance as stipulated in the Companies Act, SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, DPE Guidelines and other applicable statutory provisions. Further, the matter pertaining to appointment of one Independent Woman Director on the Board is under consideration of the appointing authority, i.e., Ministry of Power.

SWACHH BHARAT ABHIYAN

As per directions of Ministry of Power, Government of India, REC has organized various cleanliness programs i.e. "Swachhta Abhiyan" (National Cleanliness Campaign) from September 25, 2015 to October 11, 2015 and "Swachh Bharat Abhiyan" from June

22, 2015 to June 26, 2015 at SCOPE and all other offices of the Company. All employees of REC participated with great enthusiasm and zeal & undertook special cleanliness drive of their respective office premises, toilets, stairs, lifts & other surrounding areas. Old and unwanted records have been weeded out as per Record Retention Schedule. In this process, approximately 5,000 kg of waste official papers, magazines, periodicals, draft reports etc. were disposed off. Printing of logo of "Swachh Bharat Mission" on all file covers, envelopes and letter heads of the Company still continues in REC for creating awareness about cleanliness.

CORPORATE SOCIAL RESPONSIBILITY AND SUSTAINABLE DEVELOPMENT

Corporate Social Responsibility and Sustainable Development (CSR & SD) initiatives were pursued actively. Accordingly, CSR budget of ₹ 128.00 crore (i.e. @ 2% of average net profit of previous three financial years, as per the Companies Act, 2013) was allocated for the financial year 2015-16. During the year, the Company has undertaken various CSR initiatives in the fields of skill development programmes, education, environmental sustainability, promotion of health care including for old age and persons with disabilities, drinking water and sanitation facilities including participation in Swachh Vidyalaya Abhiyan, solar smart micro grid lights in select un-electrified / poorly electrified villages etc. During the financial year 2015-16, financial assistance aggregating to ₹ 163.17 crore was sanctioned for various projects under Corporate Social Responsibility and expenditure of ₹ 128.20 crore was incurred, including amount provided for in the books of accounts.

MoU RATING & AWARDS

The performance of your Company in terms of Memorandum of Understanding (MoU) signed with the Ministry of Power, Government of India for the financial year 2014-15 has been rated as "Excellent". This is the 22nd year in succession that REC has received "Excellent" rating since the year 1993-94 when the first MoU was signed with the Government. For the financial year 2015-16 also, the Company is poised to receive "Excellent" rating. During the year, your Company received "Fastest Growing Navratna PSU" award from India Today.

OTHER INITIATIVES

The Company constantly reviews its policies / procedures from time to time, to suitably align with market requirements and also with its corporate objectives and applicable statutory requirements. During the year, the Company has adopted / amended various policies and guidelines, such as Integrated Rating Methodology for Renewable Energy projects, Integrated Rating Guidelines for Coal Mines Financing (State Sector), Long Term Investment Policy, Guidelines on Project Financing Framework for Flexible Structuring, Guidelines on Refinancing of Project Loans, Guidelines on Regulatory Compliance regarding Stressed Assets and Policy for CSR assistance under Skill Development.

Despite growing competition in the market, the Company has been able to maintain healthy spreads, balancing its objectives of business growth and profitability during the year

FUTURE STRATEGY

Your Company offers a wide range of products to target customer segments to satisfy their specific financial needs. REC strives to strengthen its core financing activities and explore new business areas in the allied fields also viz. Power equipment financing, energy efficiency related activities, equity financing, coal mining financing etc.

Your Company is planning to enhance its presence in the Green Energy financing, such as Solar, Biomass and Wind Power, which shall help in mitigating the problem of power scarcity, carbon emissions and fuel supply. In order to provide boost to renewables projects, particularly solar & wind energy, your Company has rationalized its lending policy to enable finance for larger renewable projects. While providing finance on better terms to these projects, your Company has increased the tenure of loans upto 15 years, brought changes in interest rate policy. To take care of risk assessment in different technologies, your Company has introduced integrated rating mechanism.

Your Company is committed to future growth and will strive to maintain the best standards of Corporate Governance, with emphasis on authority and freedom of management coupled with transparency, accountability and professionalism in their working, with aim of enhancing long term economic value and healthy returns to all the Stakeholders of society.

LOOKING AHEAD

Demand and consumption trends will be the key in defining the future of the power sector in the near future. 96% of the planned capacity for XII plan has been added in the first four years itself. The XIII plan capacity addition programme is yet to be firmed up. However, investments in Generation are expected to grow exponentially once the sustained growth in manufacturing sector starts. With the increasing stress on deploying clean energy in wake of ecological and environmental hazards from fossil fuels, the share of green energy is bound to increase substantially. Capacity addition of green energy has been further enhanced by planning to add 1,75,000 MW by the year 2022. Huge investment potential is seen in Transmission and especially Distribution sector in immediate future. Subject to good monsoons, demand is also expected to rise due to farm sector needs and rural economy growth. The Distribution sector is in flux and shall undergo a sea change as the primary aim of all major schemes namely DDUGJY, IPDS, NEF, UDAY and UJALA, is to bring efficiency in the ailing sector. Demand Side Management (DSM) is bound to play a vital role in Distribution sector in the years to come.

As a Nodal agency for monitoring and channelizing funds under the DDUGJY programme, REC continues to take up the socio-economic responsibility of rural electrification.

Considering the low levels of per capita energy consumption compared to the World average, significant growth projections for the Indian economy over the long term and Government efforts to inch closer to developed economy, it is felt that the

power infrastructure sector will be a significant beneficiary. The long-term outlook for power demand is therefore expected to remain strong. The power sector is thus poised to remain vibrant and attract significant investments in the future.

ACKNOWLEDGEMENTS

I take this opportunity to express my sincere gratitude for the immense support and guidance received by your Company from the Hon'ble Minister of State for Power (Independent Charge), the Secretary (Power), Special Secretary, MoP, Additional Secretary, MoP, Joint Secretaries, MoP and other officials in the Ministry of Power. I am also grateful to the officials in the Ministry of Finance, Ministry of Human Resource Development, NITI Aayog, Ministry of New and Renewable Energy, Ministry of Rural Development, and Reserve Bank of India for their continued support and guidance. I also thank the Comptroller & Auditor General of India, the Statutory Auditors of the Company, Secretarial Auditors and other professionals associated with the Company for their valued contribution. I also express my sincere gratitude to our lenders and investors for having reposed their trust in us.

I would also like to express my heartfelt thanks to my esteemed colleagues on the Board and to all employees of REC, for their devoted commitment towards taking the Company forward on the path of growth.

I convey my special thanks to all Stakeholders of the Company for their continued support and goodwill. I am confident that with your continued support, as well as with the dedication and hard-work of Team REC, your Company will continue to excel on all parameters in the times to come.

With best wishes,



(Rajeev Sharma)

Chairman & Managing Director

August 11, 2016

NOTICE

Notice is hereby given that the Forty Seventh (47th) Annual General Meeting (AGM) of Rural Electrification Corporation Limited ("REC" or "the Company") (CIN:L40101DL1969GOI005095) will be held on Wednesday, September 21, 2016 at 11.00 A.M. at Weightlifting Auditorium, Jawaharlal Nehru Stadium, Bhisham Pitamah Marg, Pragati Vihar, Lodhi Colony, New Delhi - 110003, India to transact the following business:-

ORDINARY BUSINESS

- 1) To receive, consider, approve and adopt the audited standalone & consolidated financial statements of the Company for the financial year ended March 31, 2016 along with the Reports of the Board of Directors and Auditors thereon.
- 2) To confirm the payment of Interim Dividend and declare Final Dividend on equity shares of the Company for the financial year 2015-16.
- 3) To appoint a Director in place of Shri Ajeet Kumar Agarwal (DIN: 02231613), who retires by rotation and being eligible, offers himself for re-appointment.
- 4) To fix the remuneration of Auditors for the financial year 2016-17.

SPECIAL BUSINESS

- 5) To consider and if thought fit, to pass, with or without modification(s), the following resolution(s) as an **Ordinary Resolution**:-
"RESOLVED THAT pursuant to the provisions of Section 149, 152 and all other applicable provisions of the Companies Act, 2013 and Rules made thereunder (including any statutory modification or re-enactment thereof for the time being in force), Shri Sanjeev Kumar Gupta (DIN 03464342), who was appointed as Director (Technical) pursuant to Order of Ministry of Power dated October 16, 2015 and who has given a Notice in writing to the Company pursuant to the provisions of Section 160 of the Companies Act, 2013, be and is hereby appointed as Director of the Company, liable to retire by rotation, for a period of five years with effect from the date of assumption of charge of the post or till superannuation, or until further orders, whichever is earlier."
- 6) To consider and if thought fit, to pass, with or without modification(s), the following resolution(s) as an **Ordinary Resolution**:-
"RESOLVED THAT pursuant to the provisions of Section 149, 152 and all other applicable provisions of the Companies Act, 2013 and Rules made thereunder (including any statutory modification or re-enactment thereof for the time being in force), Shri Arun Singh (DIN 00891728), who was appointed as Part time Non Official Independent Director, pursuant to Order of Ministry of Power dated November 13, 2015 and who has given a Notice in writing to the Company pursuant to the provisions of Section 160 of the Companies Act, 2013, be and is hereby appointed as Part time Non Official Independent Director of the Company, for a period of three years from the date of notification of his appointment or till further orders, whichever is earlier."
- 7) To consider and if thought fit, to pass, with or without modification(s), the following resolution(s) as an **Ordinary Resolution**:-
"RESOLVED THAT pursuant to the provisions of Section 149, 152 and all other applicable provisions of the Companies Act, 2013 and Rules made thereunder (including any statutory modification or re-enactment thereof for the time being in force), Shri Aravamudan Krishna Kumar (DIN 00871792), who was appointed as Part time Non Official Independent Director, pursuant to Order of Ministry of Power dated November 13, 2015 and who has given a Notice in writing to the Company pursuant to the provisions of Section 160 of the Companies Act, 2013, be and is hereby appointed as Part time Non Official Independent Director of the Company, for a period of three years from the date of notification of his appointment or till further orders, whichever is earlier."
- 8) To consider and if thought fit, to pass, with or without modification(s), the following resolution(s) as an **Ordinary Resolution**:-
"RESOLVED THAT pursuant to the provisions of Section 149, 152 and all other applicable provisions of the Companies Act, 2013 and Rules made thereunder (including any statutory modification or re-enactment thereof for the time being in force), Professor Tiruvallur Thattai Ram Mohan (DIN 00008651), who was appointed as Part time Non Official Independent Director, pursuant to Order of Ministry of Power dated November 13, 2015 and who has given a Notice in writing to the Company pursuant to the provisions of Section 160 of the Companies Act, 2013, be and is hereby appointed as Part time Non Official Independent Director of the Company, for a period of three years from the date of notification of his appointment or till further orders, whichever is earlier."
- 9) To consider and if thought fit, to pass, with or without modification(s), the following resolution(s) as an **Ordinary Resolution**:-
"RESOLVED THAT pursuant to the provisions of Section 188 and other applicable provisions, if any, of the Companies Act, 2013 read with Rule 15 of the Companies (Meetings of the Board and its Powers) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force) and any other applicable laws/rules under any statute for the time being in force and subject to the approval/consent of such appropriate authorities, consent of the Company be and is hereby accorded for entering into contract(s) or arrangement(s) or transaction(s) to be entered by Rural Electrification Corporation Limited (REC) with Energy Efficiency Services Limited (EESL) or any other associate company(ies) (present or future) of REC, during a period of one year from the date of passing of this Resolution, in the nature of sale/purchase of goods or materials or property of any kind (directly or through an agent), leasing of property of any kind, availing or rendering of services including financial assistance, appointment of manpower, providing support and other services, from time to time, provided that the cumulative value of contract(s) or arrangement(s) or transaction(s) with such related parties shall not exceed two percent (2%) of the turnover of REC for the immediately preceding financial year, i.e. financial year 2015-16."

“RESOLVED FURTHER THAT the Board of Directors of the Company (the “Board”) or any duly constituted Committee of the Board or such other authority as may be approved by the Board be and is hereby authorized to approve the individual contract(s) or arrangement(s) or transaction(s) with EESL or any other associate company(ies) (present or future) of REC within the overall limit of two percent (2%) of the turnover of REC for the financial year 2015-16, including therein the name of the related party and nature of relationship, nature, duration and particulars of the contract or arrangement to be entered with EESL or any other associate company(ies) of REC, material terms of such contract or arrangement *inter-alia* including the value of the contract, advance payment to be made/received, if any, manner of determining the pricing and other commercial terms, both included as part of contract and not considered as part of the contract and/or any other matter to be decided in this regard.”

“RESOLVED FURTHER THAT the Board of Directors of the Company (including any Committee duly constituted by the Board or any authority as may be authorised by the Board) be and is hereby authorized to do and execute all such acts, deeds and things as may be necessary for giving effect to the above resolutions.”

- 10) To consider and if thought fit, to pass, with or without modification(s), the following resolution(s) as an **Ordinary Resolution:-**

“RESOLVED THAT pursuant to the provisions of Section 61 and other applicable provisions of the Companies Act, 2013 and Rules made thereunder (including any statutory modification or re-enactment thereof for the time being in force), the Authorized Share Capital of Rural Electrification Corporation Limited be and is hereby increased to ₹ 5000,00,00,000 (Rupees Five Thousand Crore only) divided into 500,00,00,000 (Five Hundred Crore only) equity shares of ₹ 10/- (Rupees Ten only) each from existing ₹ 1200,00,00,000 (Rupees One Thousand Two Hundred Crore only) divided into 120,00,00,000 (One Hundred Twenty Crore only) equity shares of ₹ 10/- (Rupees Ten only) each by creation of additional 380,00,00,000 (Three Hundred Eighty Crore only) equity shares of ₹ 10/- (Rupees Ten only) each.

“RESOLVED FURTHER THAT the Board of Directors of the Company (including any Committee duly constituted by the Board or any authority as may be authorised by the Board) be and is hereby authorized to do and execute all such acts, deeds and things as may be necessary for giving effect to the above resolution.”

- 11) To consider and if thought fit, to pass, with or without modification(s), the following resolution(s) as a **Special Resolution:-**

“RESOLVED THAT pursuant to the provisions of Section 13, 61 and other applicable provisions of the Companies Act, 2013 and Rules made thereunder (including any statutory modification or re-enactment thereof for the time being in force), the existing Clause V of the Memorandum of Association of the Company be and is hereby amended and substituted by the following:

V. The Authorized Share Capital of the Company is ₹ 5000,00,00,000 (Rupees Five Thousand Crore only) divided into 500,00,00,000 (Five Hundred Crore only) equity shares of ₹ 10/- (Rupees Ten only) each.”

“RESOLVED FURTHER THAT the Board of Directors of the Company (including any Committee duly constituted by the Board or any authority as may be authorised by the Board) be and is hereby authorized to do and execute all such acts, deeds and things as may be necessary for giving effect to the above resolution.”

- 12) To consider and if thought fit, to pass, with or without modification(s), the following resolution(s) as a **Special Resolution:-**

“RESOLVED THAT pursuant to Section 63 and other applicable provisions of the Companies Act, 2013 read with the Companies (Share Capital & Debentures) Rules, 2014 and Article 98 of the existing Articles of Association of the Company and in accordance with the Securities & Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (“the Regulations”) and subject to such consents and approvals as may be required from the appropriate authorities and subject to such terms and modifications as may be specified while according such approvals, consent of the Company be and is hereby accorded to capitalize a sum not exceeding ₹ 987,45,90,000/- (Rupees Nine Hundred Eighty Seven Crore Forty Five Lakh Ninety Thousand only) out of the sum standing to the credit of ‘Securities Premium Account’ of the Company, as per the audited financial statements of the Company for the financial year ended March 31, 2016 and that the said amount be transferred to the Share Capital Account and be applied for issue and allotment of equity shares not exceeding 98,74,59,000 (Ninety Eight Crore Seventy Four Lakh Fifty Nine Thousand only) equity shares of ₹ 10/- each as bonus shares credited as fully paid up, to the eligible Members of the Company, holding equity shares of ₹ 10/- each, whose names appear in the Register of Members / Beneficial Owners’ position of the Company on such date (“Record Date”) as may be fixed by the Company, in the proportion of One new equity share of ₹ 10/- each for every equity share of ₹ 10/- each held as on the Record Date and that the new bonus shares so issued and allotted shall be treated for all purposes as an increase in the nominal amount of the equity share capital of the Company held by each of such members and not as income.”

“RESOLVED FURTHER THAT the new equity shares of ₹ 10/- each to be issued and allotted as bonus shares shall be subject to the provisions of the Memorandum & Articles of Association of the Company and shall rank *pari passu* in all respects and carry the same rights as the existing fully paid equity shares of the Company except that these Bonus Shares shall not be eligible for Final Dividend for the financial year ended March 31, 2016.”

“RESOLVED FURTHER THAT the letter of allotment shall not be issued in respect of the Bonus shares and the share certificate(s) for bonus shares be issued / dispatched to the shareholders who hold the existing shares in physical form and the respective beneficiary accounts be credited with the bonus shares, for such shareholders who hold the existing shares or opt to receive the bonus shares, in dematerialized form, within the prescribed period.”

“RESOLVED FURTHER THAT the allotment of the proposed bonus shares to the extent that they relate to non-resident members of the Company, shall be subject to the approval, if any, of the Reserve Bank of India under the Foreign Exchange Management Act, 1999 and other applicable rules/regulations/guidelines issued/amended by RBI or any other authority, from time to time, in this regard.”

"RESOLVED FURTHER THAT the Board of Directors of the Company (including any Committee duly constituted by the Board or any authority as may be approved by the Board) be and is hereby authorized to do and execute all such acts, deeds and things as may be necessary for giving effect to the above resolution."

- 13) To consider and if thought fit, to pass, with or without modification(s), the following resolution(s) as a **Special Resolution:-**

"RESOLVED THAT pursuant to the provisions of Section 14 and all other applicable provisions of the Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof, for the time being in force) and any other applicable laws/rules under any statute for the time being in force and subject to the approval/consent of such appropriate authorities, if any, the draft Articles of Association of Rural Electrification Corporation Limited be and are hereby approved and adopted, in substitution, and to the entire exclusion of the regulations contained in the existing Articles of Association of the Company."

"RESOLVED FURTHER THAT the Board of Directors of the Company (including any Committee duly constituted by the Board or any authority as may be approved by the Board) be and is hereby authorized to do and execute all such acts, deeds and things as may be necessary for giving effect to the above resolution."

- 14) To consider and if thought fit, to pass, with or without modification(s), the following resolution(s) as a **Special Resolution:-**

"RESOLVED THAT in accordance with the provisions of Section 42 and other applicable provisions, if any, of the Companies Act, 2013 and Rules made thereunder (including any statutory modification(s) or re-enactment thereof, for the time being in force) and any other applicable laws including the SEBI (Issue & Listing of Debt Securities) (Amendment) Regulations, 2012 and other applicable SEBI regulations and guidelines, the circulars / directions / guidelines issued by Reserve Bank of India from time to time, the provisions of the Memorandum and Articles of Association of the Company and subject to the receipt of necessary approvals as may be applicable and such other approvals, permissions and sanctions, as may be necessary, including the approval of any existing lenders / trustees of Debenture Holders, if so required under the terms of agreement / deed and subject to such conditions and modifications as may be prescribed or imposed by any of them while granting such approvals, permissions and sanctions which may be agreed to by the Board of Directors of the Company (the "Board") or any duly constituted Committee of the Board or such other authority as may be approved by the Board, consent of the Company be and is hereby accorded to raise funds through private placement of unsecured/secured non-convertible bonds / debentures upto ₹ 50,000 crore during a period of one year from the date of passing of this resolution, in one or more tranches, to such person or persons, who may or may not be the bond/debenture holders of the Company, as the Board (or any duly constituted Committee of the Board or such other authority as may be approved by the Board) may at its sole discretion decide, including eligible investors (whether residents and/or non-residents and/or institutions/incorporated bodies and/or individuals and/or trustees and/or banks or otherwise, in domestic and/or one or more international markets) including Non-Resident Indians, Foreign Institutional Investors (FIIs), Venture Capital Funds, Foreign Venture Capital Investors, State Industrial Development Corporations, Insurance Companies, Provident Funds, Pension Funds, Development Financial Institutions, Bodies Corporate, companies, private or public or other entities, authorities and to such other persons in one or more combinations thereof through Private Placement in one or more tranches and including the exercise of a green-shoe option (within the overall limit of ₹ 50,000 crore, as stated above), if any, at such terms as may be determined under the guidelines as may be applicable and on such terms and conditions as may be finalized by the Board or any duly constituted Committee of the Board or such other authority as may be approved by the Board."

"RESOLVED FURTHER THAT for the purpose of giving effect to any Private Placement of unsecured/secured non-convertible bonds/debentures, the Board of Directors of the Company (the "Board") or any duly constituted Committee of the Board or such other authority as may be approved by the Board be and is hereby authorized to determine the terms of the Issue, including the class of investors to whom the bonds/debentures are to be allotted, the number of bonds/debentures to be allotted in each tranche, issue price, tenor, interest rate, premium/discount to the then prevailing market price, amount of issue, discount to issue price to a class of bond/debenture holders, listing, issuing any declaration / undertaking etc. required to be included in the Private Placement Offer Letter and to do and execute all such acts, deeds and things under any other regulatory requirement for the time being in force."

By order of the Board of Directors
For Rural Electrification Corporation Limited



(J. S. Amitabh)
General Manager & Company Secretary
Membership No. FCS 4298

Place : Core-4, SCOPE Complex, 7, Lodhi Road,
New Delhi-110003.

Date : August 11, 2016

NOTES:-

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING (AGM) IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL, IF ANY, INSTEAD OF HIMSELF/HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY FORM DULY COMPLETED AND SIGNED MUST BE RECEIVED AT THE REGISTERED OFFICE OF THE COMPANY, NOT LESS THAN FORTY EIGHT (48) HOURS BEFORE THE COMMENCEMENT OF THE AGM. BLANK ATTENDANCE SLIP, PROXY FORM AND ROUTE MAP OF THE VENUE OF THE MEETING IS ATTACHED AND ALSO AVAILABLE ON THE COMPANY'S WEBSITE I.E. www.recindia.com.**

A person can act as a proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent (10%) of the total share capital of the company. A member holding more than ten percent of the total share capital of the company may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.

2. A Statement setting out the material facts concerning each item of Special Business, pursuant to Section 102(1) of the Companies Act, 2013, is annexed hereto.
3. Brief Resume of the Director(s) seeking re-appointment or appointed since last Annual General Meeting, as required under Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 {SEBI (LODR) Regulations, 2015} is annexed hereto and forms part of Notice.
4. The Register of Members and Share Transfer Books of the Company will remain closed from **Wednesday, August 24, 2016 to Friday, August 26, 2016 (both days inclusive)**.
5. The Final Dividend @ ₹ 5.10 (51%) per equity share, as recommended by the Board of Directors in its Meeting held on May 27, 2016, subject to the provisions of Section 123 of the Companies Act, 2013, if approved, by the Members at this Annual General Meeting, will be paid on **Tuesday, October 4, 2016** to the members or their mandates whose names appear in the Register of Members of the Company after giving effect to all valid share transfer requests lodged with the Company or M/s Karvy Computershare Private Limited, Registrar and Share Transfer Agent (R&TA), on or before **Tuesday, August 23, 2016**, in respect of physical shares. In respect of dematerialized shares, the final dividend shall be payable to the "beneficial owners" of the shares whose names appear in the Statement of Beneficial Ownership furnished by National Securities Depository Limited and Central Depository Services (India) Limited at the close of business hours on **Tuesday, August 23, 2016**.

In addition, the Board of Directors in its Meeting held on February 10, 2016 had declared an interim dividend of ₹ 12.00 (120%) per equity share on the paid-up equity share capital of the Company, which was paid on February 25, 2016. The Shareholders are also requested to confirm the same.

6. The Bonus Shares, as recommended by the Board of Directors in its Meeting held on August 11, 2016, if approved by the members at this AGM, will be allotted to the eligible Members of the Company whose names appear in the Register of Members/ Beneficial Owners' position of the Company on such date ("Record Date") as may be fixed by the Company.
7. Members who hold shares in physical form are requested to send all correspondence concerning registration of transfers, transmissions, sub-division, consolidation of shares or any other shares related matter and / or change in address or bank account, to R&TA of the Company and in case of shares held in electronic mode, to their respective Depository Participants.
8. Members who have not received/ encashed their dividend warrants within its validity period may write to the Company at its Registered Office or to R&TA of the Company, for revalidating the warrants or payment in lieu of such warrants in the form of demand draft.

Pursuant to applicable provisions of the Companies Act, 1956, the dividend amount which remains unpaid/ unclaimed for a period of seven years, is required to be transferred to the Investor Education & Protection Fund (IEPF) of the Central Government. Further, pursuant to the provisions of Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012, the Company has already uploaded details of unpaid and unclaimed amounts lying with the Company as on September 16, 2015 (date of last Annual General Meeting) on the website of the Company (www.recindia.com) and also on the website of the Ministry of Corporate Affairs.

9. Corporate Members are requested to send/attach a duly certified copy of the Board Resolution/Authority Letter authorizing their representative to attend and vote on their behalf at the AGM, along with the Proxy Form/ Attendance Slip.

10. Members are requested to:-

- a. **note that copies of Annual Report will not be distributed at the AGM and they will have to bring their copies of Annual Report;**
- b. **bring the Attendance Slip at the venue duly filled-in and signed for attending the meeting, as entry to the Auditorium will be strictly on the basis of the Entry Slip, which will be available at the counters at the meeting venue in exchange of the Attendance Slip;**
- c. **quote their Folio / Client ID & DP ID Nos. in all correspondence with the Company / R&TA;**
- d. **note that due to security reasons briefcases, eatables and other belongings shall not be allowed inside the Auditorium; and**
- e. **note that no gifts / coupons will be distributed at the AGM.**

11. As SEBI has made usage of electronic payment modes for making cash payments to the investors mandatory, therefore members are advised to submit their National Electronic Clearing System (NECS)/National Electronic Fund Transfer (NEFT)/ Direct Credit mandates or changes therein, to enable the Company to make payment of dividend by means of NECS/NEFT/ Direct Credit/Warrants. Shareholders holding shares in physical form may obtain and send the NECS/NEFT/ Direct Credit mandate form to R&TA of the Company at the address i.e. **Karvy Computershare Private Limited, Unit : REC, Karvy Selenium Tower B, Plot 31-32, Gachibowli Financial District, Nanakramguda, Hyderabad - 500032, India.** Shareholders holding shares in electronic form may obtain and send the NECS/NEFT/Direct Credit Mandate Form directly to their Depository Participant (DP). Those who have already furnished the NECS/NEFT/Direct Credit Mandate Form to the Company/ R&TA / DP with complete details, need not send it again.
12. In order to avoid the incidence of fraudulent encashment of dividend warrants, the Members who do not wish to opt for NECS/NEFT/Direct Credit facility are advised to submit particulars of their bank account viz. name and address of the branch of the Bank, Bank Account Number, 9-digit MICR code of the Branch, IFSC Code, type of account etc. latest by September 21, 2016 to R&TA to enable them to print these details on the Dividend Warrant.
13. **SEBI has made it mandatory for the transferee(s) to furnish a copy of PAN card to the Company/R&TA for registration of transfers and for securities market transactions and off-market/private transactions involving transfer of shares in physical form of listed companies. Accordingly, members holding shares in physical mode should attach a copy of their PAN card for every transfer request sent to the Company/R&TA.**
14. Members holding shares in multiple folios in physical mode are requested to apply for consolidation to the Company or its R&TA along with relevant Share Certificates. In case of Joint Holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
15. Pursuant to Section 139(5) of the Companies Act, 2013, the Auditors of a Government Company are appointed/re-appointed by the Comptroller and Auditor General (C&AG) of India and in terms of Section 142 of the Companies Act, 2013, their remuneration shall be fixed by the company in a General Meeting or in such manner as the company in a General Meeting may determine.

In the 46th Annual General Meeting (AGM) of the Company held on September 16, 2015, the Board of Directors were authorized by the Shareholders in pursuance of Section 142 read with Section 139(5) of the Companies Act, 2013 to fix and approve the remuneration of Statutory Auditors of the Company for the financial year 2015-16, on the recommendation of the Audit Committee. Accordingly, the Board of Directors approved the payment of remuneration of ₹ 36,00,000/- (Rupees Thirty Six Lakh only) plus service tax as applicable to be shared equally by the Statutory Auditors, M/s Raj Har Gopal & Co., Chartered Accountants and M/s A R & Co., Chartered Accountants, for the financial year 2015-16. The Board also approved that in addition to the above remuneration, the Statutory Auditors may be paid such actual reasonable traveling allowance and out-of-pocket expenses for outstation audit work, as may be decided by the CMD/Director (Finance).

Further, pursuant to Section 139(5) of the Companies Act, 2013, M/s Raj Har Gopal & Co., Chartered Accountants (Firm Reg. No.: 002074N) and M/s A R & Co., Chartered Accountants (Firm Reg. No.: 002744C) have been appointed as Statutory Auditors of the Company for the financial year 2016-17 by the C&AG of India. Therefore, it is proposed to obtain approval of the Members of the Company in Annual General Meeting to fix the remuneration of Auditors for the financial year 2016-17, on similar lines as done for the last financial year. **Accordingly, the Members are requested to authorize the Board of Directors of the Company to fix the remuneration of the Statutory Auditors of the Company, as it deems fit, for the financial year 2016-17.**

16. Members desirous of making a nomination in respect of their shareholding in the Company, as permitted under Section 72 of the Companies Act, 2013, are requested to write to the R&TA of the Company in Form SH-13 as prescribed in the Companies (Share Capital and Debentures) Rules, 2014. Blank Nomination form is available on Company's website i.e. www.recindia.com. In case of shares held in dematerialized form, the nomination form has to be lodged directly with the respective Depository Participant (DP).
17. **Members desirous of getting any information on any item(s) of business of this meeting are requested to address their queries to the Company Secretary at the Registered Office of the Company at least ten days prior to the date of the Annual General Meeting, so that the information required can be made available at the time of AGM.**
18. The Companies Act, 2013 permits companies to send documents like Notice of Annual General Meeting, Annual Report and other documents through electronic means to its members at their registered email addresses besides sending the same in physical form. Accordingly, the Company proposes to send all documents viz. Notice, Audited Financial Statements, Board's Report and Auditors' Report etc. in electronic form to the shareholders whose e-mail IDs are registered with the Company / R&TA. These documents will also be available on the website of the Company. Please note that as a Member of the Company, you are entitled to receive above mentioned and all other documents required under the law, free of cost, in physical form on receipt of your request in this regard.

Members who have not registered their e-mail addresses so far, are requested to register their e-mail address with the R&TA of the Company / Depository Participant (DP) of respective Member and take part in the 'Think Green Go Green' Initiative of the Company.

19. The Register of Directors and Key Managerial Personnel (KMP) and their Shareholding maintained under Section 170 of the Companies Act, 2013, Register of contracts and arrangements in which Directors are interested maintained under Section 189 of the Companies Act, 2013 and all other documents referred to in the Notice, will be available for inspection by the Members at the Registered Office of the Company on all working days during business hours and at the time of AGM of the Company at the venue of the Meeting.

20. Non-Resident Indian Members are requested to inform R&TA, immediately in respect of (a) Change in their residential status on return to India for permanent settlement and (b) Particulars of their bank account maintained in India with complete name, branch, account type, account number and address of the bank with PIN code, if not furnished earlier.
21. In compliance with the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, Regulation 44 of SEBI (LODR) Regulations, 2015 and Secretarial Standards on General Meetings issued by ICSI, the Company is offering e-voting facility to the shareholders to enable them to cast their votes electronically on the items mentioned in the Notice. For this purpose, the Company has engaged the services of M/s Karvy Computershare Private Limited for providing e-voting facility to enable the Shareholders to exercise their right to vote through electronic means in respect of businesses to be transacted in the AGM. Those Shareholders who do not opt to cast their vote through e-voting, may cast their vote through ballot process (Insta Poll) at the AGM.

The Company has appointed Shri Sanjay Grover, M/s Sanjay Grover & Associates, Practicing Company Secretaries, New Delhi as the Scrutinizer to scrutinize the votes cast by the shareholders, both on the e-voting platform and through ballot process (Insta Poll) at the Meeting, in a fair and transparent manner.

Further, the Company has fixed **Thursday, the September 15, 2016** as the Cut-off date for determining the eligibility to vote by electronic means or at the AGM venue. A person who is not a member as on the cut-off date should treat this Notice for information purposes only.

The e-voting portal will be open for voting from **Saturday, September 17, 2016 (1000 hours) to Tuesday, September 20, 2016 (1700 hours)**. At the end of the said e-voting period, the e-voting portal shall forthwith be blocked.

Members whose e-mail IDs are registered with the Company / R&TA will receive an e-mail from R&TA informing user ID and Password. For other Members, the unique Password is printed on the Proxy Form. All members are requested to read the following instructions and other information carefully before casting their vote electronically:

- (i) Log on to <https://evoting.karvy.com> or click on the link provided in the e-mail in case a Member receives an e-mail from Karvy. If you are already registered with Karvy for e-voting, you can use your existing User ID and password for casting your vote.
- (ii) Otherwise enter the login credentials (i.e. User-ID & password) mentioned at the bottom of the Proxy Form attached to this Notice or in the e-mail received from R&TA. Your folio / DP ID and Client ID will be your User-ID.

User-ID	For Members holding shares in Demat form:-
	a) For NSDL : 8 Character DP ID followed by 8 Digit Client ID
	b) For CDSL : 16 digit beneficiary ID
Password	For Members holding shares in Physical form:
	EVENT no. followed by Folio Number registered with the Company.
Password	Your Unique password is printed on the Proxy form enclosed to the Notice/mentioned in the email as received from Karvy
Captcha	Enter the Verification code i.e. please enter the alphabets and numbers in the exact way as they are displayed for security reasons.

- (iii) After entering these details appropriately, click on "LOGIN".
- (iv) You will now reach password change Menu wherein you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character (@,#,\$, etc.). The system will prompt you to change your password and update your contact details like mobile number, email ID, etc. on first login. You may also enter a secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential.
- (v) You need to login again with the new credentials.
- (vi) On successful login, the system will prompt you to select the E-Voting Event Number for Rural Electrification Corporation Limited.
- (vii) On the voting page, enter the number of shares (which represents the number of votes) as on the Cut-Off date under "FOR/AGAINST" or alternatively, you may partially enter any number in "FOR" and partially in "AGAINST" but the total number in "FOR/AGAINST" taken together should not exceed your total shareholding as mentioned hereinabove. You may also choose the option ABSTAIN. If the shareholder does not indicate either "FOR" or "AGAINST", it will be treated as "ABSTAIN" and the shares held will not be counted under either head.
- (viii) Shareholders holding multiple folios/demat accounts shall choose the voting process separately for each folio/demat account.
- (ix) Voting has to be done for each item of the Notice separately. In case you do not desire to cast your vote on any specific item, it will be treated as abstained.
- (x) You may then cast your vote by selecting an appropriate option and click on "Submit".

- (xi) A confirmation box will be displayed. Click "OK" to confirm else "CANCEL" to modify. Once you confirm, you will not be allowed to modify your vote. During the voting period, Members can login any number of times till they have voted on the Resolution(s).
 - (xii) Corporate/Institutional Members (i.e. other than Individuals, HUF, NRI, etc.) are also required to send scanned certified true copy (PDF Format) of the Board Resolution/Authority Letter, etc. together with attested specimen signature(s) of the duly authorized representative(s), to the Scrutinizer at e-mail ID: scrutinizer.recl@gmail.com with a copy marked to evoting@karvy.com. The scanned image of the above mentioned documents should be in the naming format "Corporate Name_ EVENT NO.".
 - (xiii) Any person who becomes a member of the Company after dispatch of the Notice of AGM and is holding shares as on the cut-off date may obtain User ID and password for e-voting from the Company's R&TA.
 - (xiv) Further, in case of any query pertaining to e-voting, please visit Help & FAQs section on the website: <https://evoting.karvy.com> or contact our R&TA at toll free number 1800 345 4001 or contact Shri S.V. Raju / Shri S. Balaji Reddy, M/s Karvy Computershare Private Limited, Karvy Selenium Tower B, Plot 31-32, Gachibowli Financial District, Nanakramguda, Hyderabad-500032; Phone: 040-67161569 / 67161571; E-mail: einward.ris@karvy.com / raju.sv@karvy.com / balaji.reddy@karvy.com.
22. Once the vote on a resolution is cast by a Shareholder, he / she shall not be allowed to change it subsequently or cast the vote again.
 23. Once discussion on all the agenda items is completed in the Meeting, every Resolution will be put to vote through a ballot process (Insta Poll) at the Meeting. Those Shareholders who have cast their vote electronically, may also attend the meeting but shall not be allowed to vote again through the ballot process (Insta Poll) at the Meeting.
 24. The Scrutinizer shall, after the conclusion of the voting through ballot process at the AGM, assess the votes cast at the meeting through ballot process, thereafter unblock the votes cast through e-voting in the presence of at least two witnesses not in the employment of the Company and make a consolidated Scrutinizer's Report and submit the same to the Chairman of the Meeting.
 25. The results of the voting indicating the number of votes cast in favour or against each of the Resolutions, invalid votes and whether the Resolution(s) has been carried out or not, together with the Scrutinizer's Report, will be displayed on the Notice Board of the Company at its Registered Office and will also be uploaded on the website of the Company (www.recindia.com) and on Karvy's website (<https://evoting.karvy.com>) and will also be submitted to BSE Limited and National Stock Exchange of India Limited within the prescribed time. Further, the resolutions, if passed by requisite majority, shall be deemed to be passed on the date of Annual General Meeting.
 26. The Company is not providing Video Conferencing facility for this meeting.
 27. The entire Annual Report is also available on the Company's website www.recindia.com.

STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013.

THE FOLLOWING STATEMENT SETS OUT ALL MATERIAL FACTS RELATING TO THE SPECIAL BUSINESS SET OUT IN THE NOTICE.

Item No. 5

Ministry of Power, Government of India vide Order No. 46/14/2014-RE dated October 16, 2015 appointed Shri Sanjeev Kumar Gupta (DIN 03464342) as Director (Technical) of the Company for a period of five years with effect from the date of assumption of charge of the post or till superannuation, or until further orders, whichever is earlier. Accordingly, Shri Sanjeev Kumar Gupta assumed the charge of Director (Technical) w.e.f. October 16, 2015 and his appointment was taken on record by the Board of Directors of the Company with effect from that date.

As per the provisions of Section 160 of the Companies Act, 2013, the Company has received a Notice in writing from Shri Sanjeev Kumar Gupta alongwith requisite amount, signifying his candidature for the office of Director of the Company and the same is available on the website of the Company. Accordingly, appointment of Shri Sanjeev Kumar Gupta as Director may be considered by the shareholders at this AGM. Further, Shri Sanjeev Kumar Gupta is not disqualified to be a Director of the Company in terms of the provisions of Section 164 of the Companies Act, 2013, to the extent applicable to the Company.

Shri Sanjeev Kumar Gupta, if appointed, will be liable to retire by rotation and the terms and conditions regulating his appointment shall be determined by the Government of India. Further, the brief resume of Shri Sanjeev Kumar Gupta *inter-alia* giving the nature of his expertise in specific functional area, remuneration paid, number of meetings attended during the year etc. forms a part of this Notice.

None of the Directors or Key Managerial Personnel of the Company or their relatives except Shri Sanjeev Kumar Gupta is in any way, concerned or interested, financially or otherwise, in passing of the said Resolution.

In view of the above, you are requested to grant your consent to the Ordinary Resolution as set out at Item No. 5 of this Notice.

Item No. 6, 7 & 8

Ministry of Power, Government of India vide Order No. 46/2/2010-RE – Vol.II (Part IV) dated November 13, 2015 has appointed Shri Arun Singh, Shri Aravamudan Krishna Kumar and Professor T.T. Ram Mohan as Part time Non Official Independent Directors on the Board of the Company for a period of three years from the date of notification of their appointment or till further orders, whichever is earlier. Accordingly, the appointment of the said Directors w.e.f. November 13, 2015 was taken on record by the Board.

As per the provisions of Section 160 of the Companies Act, 2013, the Company has received a separate Notice in writing from all the above Directors alongwith requisite amount signifying respectively, their candidature for the office of Director of the Company and the same are available on the website of the Company. Accordingly, appointment of the independent Directors may be considered by the shareholders at this AGM. The said Directors are not disqualified to be Directors of the Company in terms of the provisions of Section 164 of the Companies Act, 2013, to the extent applicable to the Company.

Further, all the Independent Directors have given a declaration that they meet the criteria of independence as per provisions of Section 149 of the Companies Act, 2013 and Rules made thereunder. The brief resume of all the independent Directors *inter-alia* giving the nature of their expertise in specific functional areas, remuneration paid, number of meetings attended during the year etc. forms a part of this Notice.

Further, in the opinion of the Board, all the Independent Directors proposed to be appointed fulfil the conditions specified in the Companies Act, 2013 and Rules made thereunder and they are independent of the management.

Except the concerned Director, none of the Directors or Key Managerial Personnel of the Company or their relatives, is in any way, concerned or interested, financially or otherwise, in passing of the respective Resolutions.

In view of the above, you are requested to grant your consent to the Ordinary Resolutions as set out at Item No. 6, 7 & 8 of this Notice.

Item No. 9

As per provisions of Section 188(1) of the Companies Act, 2013 read with Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014, the Company shall not enter into contract or arrangement with a 'Related party' in excess of the limits prescribed under the said Act & Rules, except with the prior consent of the Shareholders. The term 'Related Party' *inter-alia* includes Energy Efficiency Services Limited (EESL) which is an associate company of Rural Electrification Corporation Limited (REC).

REC may be required to enter into contracts/arrangements/transactions with EESL or any other associate company(ies) (present or future) of REC, from time to time, in excess of the limits prescribed under the Companies Act, 2013 and Rules made thereunder. Therefore, it is proposed to seek approval of the shareholders for any contract(s) or arrangement(s) or transaction(s) to be entered by REC during a period of one year from the date of passing of this Resolution, with EESL or any other associate company(ies) (present or future) of REC in the nature of sale/purchase of goods or materials or property of any kind (directly or through an agent), leasing of property of any kind, availing or rendering of services including financial assistance, appointment of manpower, support and other services, from time to time, provided that the cumulative value of contract(s) or arrangement(s) or transaction(s) with such related parties shall not exceed two percent (2%) of the turnover of REC for the immediately preceding financial year, i.e. financial year 2015-16.

The provisions of Section 188(1) of the Companies Act, 2013 are not applicable in case of any transaction(s) entered into by the company in ordinary course of business other than transactions which are not on an arm's length basis. Accordingly, the approval proposed to be sought is only for those transactions entered with EESL or any other associate company(ies) (present or future) of REC, which are not on arm's length basis.

Further, the Board of Directors of the Company (the "Board") or any duly constituted Committee of the Board or such other authority as may be approved by the Board shall be authorized to finalize and approve the nature, duration, material terms, monetary value and particulars of the contract(s) or arrangement(s) or transaction(s) to be entered with EESL or any other associate company(ies) (present or future) of REC, within the overall limit of two percent (2%) of the turnover of REC for the financial year 2015-16.

The Board of Directors of the Company in its Meeting held on July 18, 2016 has approved the above proposal and recommends the passing of the proposed Resolution as contained in the Notice, by Members of the Company.

In view of the above, you are requested to grant your consent to the Ordinary Resolution as set out at Item No. 9 of this Notice.

The Directors or Key Managerial Personnel or their relatives do not have any concern or interest, financial or otherwise, in passing of the said Resolution, except to the extent of their shareholding in the Company.

Item No. 10, 11 & 12

The Department of Investment & Public Asset Management (DIPAM), Ministry of Finance, Government of India vide Office Memorandum F.No. 5/2/2016-Policy dated May 27, 2016 has issued consolidated guidelines on capital restructuring of CPSEs. The guidelines *inter-alia* prescribe that every CPSE shall issue bonus shares, if their defined reserves and surplus (comprising of free reserves, securities premium account and capital redemption reserve account) is equal to or more than 10 times of its paid-up equity share capital. As on March 31, 2016, the Paid-up capital of the Company was ₹ 987.46 crore and Defined Reserves and Surplus was ₹ 14,607.74 crore. Accordingly, in view of the guidelines issued by DIPAM, the Company is required to consider issue of Bonus shares considering that the defined Reserves and Surplus of the Company is more than 10 times of its paid-up equity share capital.

Besides the above, the Authorised Share Capital of the Company is ₹ 1200 crore and the Issued, Subscribed and Paid-up Capital of the Company is ₹ 987.46 crore. Accordingly, there is a cushion of ₹ 212.54 crore only to accommodate any further issue of capital including issue of Bonus Shares. Further, REC, being an Infrastructure Finance Company is required to maintain a Capital to Risk Weighted Assets Ratio (CRAR) at 15 percent (with a minimum Tier I capital of 10 percent) as per applicable RBI norms. With consistent growth in the business operations, the Company might be required to issue fresh capital in future to maintain CRAR at the prescribed level.

Accordingly, the Board of Directors of the Company, in its Meetings held on July 18, 2016 and August 11, 2016, have approved the following proposals and recommend the passing of the proposed Resolutions as contained at Sl. No. 10, 11 & 12 of this Notice, by the Members of the Company:-

Sl.No.	Particulars	Nature of Resolution proposed to be passed
1.	Increase in the Authorised Share Capital of the Company to ₹ 5000,00,00,000 (Rupees Five Thousand Crore only) divided into 500,00,00,000 (Five Hundred Crore only) equity shares of ₹ 10/- (Rupees Ten only) each from existing ₹ 1200,00,00,000 (Rupees One Thousand Two Hundred Crore only), divided into 120,00,00,000 (One Hundred Twenty Crore only) equity shares of ₹ 10/- (Rupees Ten only) each.	Ordinary
2.	Alteration in Clause V of the Memorandum of Association of the Company with regard to the increase in Authorised Capital.	Special
3.	Issue of Bonus shares to the shareholders of the Company in the ratio 1:1, by capitalization of the sum of ₹ 987,45,90,000/- (Rupees Nine Hundred Eighty Seven Crore Forty Five Lakh Ninety Thousand only) standing to the credit of 'Securities Premium Account' of the Company.	Special

The Memorandum & Articles of Association and all related documents shall be available for inspection by the Members at the Registered Office of the Company on all working days during business hours and the same will also be available at the venue of the AGM.

In view of the above, you are requested to grant your consent to the Ordinary Resolution as set out at Item No. 10 and Special Resolutions as set out at Item No. 11 & 12 of this Notice.

The Directors or Key Managerial Personnel or their relatives do not have any concern or interest, financial or otherwise in passing of the said Resolutions, except to the extent of their shareholding in the Company.

Item No. 13

The Companies Act, 2013, passed by the Parliament to replace the erstwhile Companies Act, 1956, received the assent of the President of India on August 29, 2013 and was published in the Official Gazette on August 30, 2013. In exercise of the powers conferred by Section 1(3) of the Companies Act, 2013, Ministry of Corporate Affairs (MCA) has notified various sections of the Act and Rules thereunder, from time to time and the Act is now largely in force. Further, SEBI vide Notification dated September 2, 2015, has notified the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 {SEBI (LODR) Regulations}, which have come into force w.e.f. December 1, 2015. Accordingly, the entire regulatory framework governing the Company has undergone a change.

The present Articles of Association of the Company were formulated / amended in line with the provisions contained in the erstwhile Companies Act, 1956 and Rules made thereunder. With the coming into force of the provisions of the Companies Act, 2013, Rules made thereunder and SEBI (LODR) Regulations, 2015, it is imperative that the entire Articles of Association of REC are suitably changed in line with the changes in the regulatory provisions.

In terms of Section 14 of the Companies Act, 2013, the Company can alter its Articles of Association by obtaining approval of shareholders through a special resolution. Accordingly, the new set of Articles of Association of REC, in substitution and to the entire exclusion of the regulations contained in the existing Articles of Association of the Company have been prepared keeping the following into consideration:-

1. To align the extant Articles of Association of REC with the provisions of the Companies Act, 2013, Rules made thereunder and SEBI (LODR) Regulations, 2015;
2. To incorporate certain new articles as per provisions of the Companies Act, 2013, Rules made thereunder and incorporating powers delegated by Government of India to Navratna companies;
3. For better clarity of the existing Articles and making them self-explanatory; and
4. To remove inconsistencies and repetitions contained in the extant Articles.

The proposed amended Articles of Association of the Company have been uploaded on the website of the Company www.recindia.com for perusal of the shareholders. The said Articles of Association and all related documents shall also be available for inspection by the Members at the Registered Office of the Company on all working days during business hours and the same will also be available at the venue of the AGM.

The Board of Directors of the Company in its Meeting held on August 11, 2016 has approved the above proposal and recommends the passing of the proposed Resolution as contained in the Notice, by Members of the Company.

In view of the above, you are requested to grant your consent to the Special Resolution as set out at Item No. 13 of this Notice.

The Directors or Key Managerial Personnel or their relatives do not have any concern or interest, financial or otherwise, in passing of the said Resolution, except to the extent of their shareholding in the Company.

Item No. 14

As per provisions of Section 42 of the Companies Act, 2013 read with Rule 14 of the Companies (Prospectus and Allotment of

Securities) Rules, 2014 and Rule 18 of the Companies (Share Capital and Debentures) Rules, 2014, a company shall not make a Private Placement of its securities unless the proposed offer of securities or invitation to subscribe to securities has been previously approved by the Shareholders of the Company by a Special Resolution for each of the offers or invitations. However, in case of offer or invitation for "non-convertible debentures", it shall be sufficient if the company passes a previous Special Resolution only once in a year for all the offer(s) or invitation(s) for such debentures during the year.

Accordingly, the Shareholders of the Company had passed a Special Resolution at the last (46th) AGM of the Company held on September 16, 2015, to raise funds through Private Placement of unsecured/secured non-convertible bonds/debentures upto ₹ 42,000 crore, in one or more tranches, to such person or persons, who may or may not be the bond/debenture holders of the Company, within the overall market borrowing programme of the Company. However, the above approval of shareholders is valid only upto September 15, 2016. In order to facilitate raising of funds thereafter and in line with the aforesaid statutory provisions, it is necessary to pass a Special Resolution at this AGM for raising of funds through private placement of unsecured/secured non-convertible bonds/debentures during a period of one year from the date of passing of this resolution.

Therefore, it is proposed to pass a Special Resolution to enable the Company to raise funds through private placement of unsecured/secured non-convertible bonds/debentures upto ₹ 50,000 crore, during a period of one year from the date of passing of this resolution, i.e. upto September 20, 2017, in one or more tranches, to such person or persons, who may or may not be the bond/debenture holders of the Company, within the overall market borrowing programme, as may be approved by the Board of Directors of the Company, from time to time. Further, the said limit of ₹ 50,000 crore is within the overall borrowing limit approved by the shareholders vide Special Resolution passed through Postal Ballot on June 10, 2014.

Further, the Board of Directors of the Company (the "Board") or any Committee duly constituted by the Board or such other authority as may be approved by the Board, shall be authorized to determine the terms of the issue, including the class of investors to whom the bonds/debentures are to be allotted, the number of bonds/debentures to be allotted in each tranche, issue price, tenor, interest rate, premium/discount to the then prevailing market price, amount of issue, discount to issue price to a class of bond/debenture holders, listing, issuing any declaration/undertaking etc. required to be included in the Private Placement Offer Letter and to do and execute all such acts, deeds and things under any other regulatory requirement for the time being in force.

The Memorandum and Articles of Association and all related documents shall be available for inspection by the Members at the Registered Office of the Company on all working days during business hours and the same will also be available at the venue of the AGM.

The Board of Directors of the Company in its Meeting held on August 11, 2016 has approved the above proposal and recommends the passing of the proposed Special Resolution as contained in the Notice, by the Members of the Company.

In view of the above, you are requested to grant your consent to the Special Resolution as set out at Item No.14 of this Notice.

The Directors or Key Managerial Personnel or their relatives do not have any concern or interest, financial or otherwise in passing of the said Special Resolution, except to the extent of their shareholding in the Company.

By order of the Board of Directors
For Rural Electrification Corporation Limited



(J. S. Amitabh)
General Manager & Company Secretary
Membership No. FCS 4298

Place : Core-4, SCOPE Complex, 7, Lodhi Road,
New Delhi-110003.

Date : August 11, 2016

BRIEF RESUME OF THE DIRECTORS APPOINTED SINCE LAST ANNUAL GENERAL MEETING HELD ON SEPTEMBER 16, 2015.

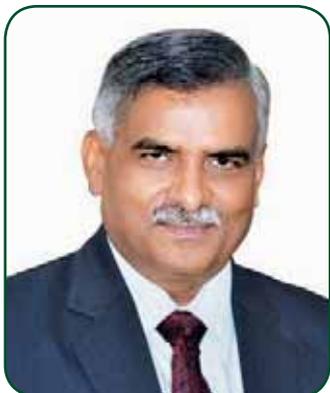
Name	Shri Sanjeev Kumar Gupta (DIN 03464342)	Shri Arun Singh (DIN 00891728)	Shri Aravamudan Krishna Kumar (DIN 00871792)	Professor T.T. Ram Mohan (DIN 00008651)
Date of Birth	October 4, 1961	April 4, 1965	November 18, 1954	January 28, 1956
Date of Appointment	October 16, 2015	November 13, 2015	November 13, 2015	November 13, 2015
Qualifications	Bachelor's Degree in Electrical Engineering from G.B. Pant University of Agriculture & Technology, Pant Nagar, Uttarakhand.	B.Com, FCA	B.A. (Hons), CAIIB	B.Tech from IIT, Mumbai; PGDM from IIM, Calcutta and Ph.D from Stern School of Business, New York University.
Expertise in specific Functional area	<p>Shri S.K. Gupta has 34 years of experience in Indian Power Sector across diverse functions i.e. Planning, Design, Construction, O&M, Project Management of large EHV Transmission system, financing of Generation, Transmission, Distribution and Renewable Projects etc in various power CPSU's, REC, PGCIL and NHPC.</p> <p>He has been working in our Company since March 16, 2010 at Senior Management positions. He also served as the CEO of REC Transmission Projects Company Limited, a wholly owned subsidiary of REC, as well as the nodal officer for the National Electricity fund (NEF). He is responsible for all technical functions and Business Development of the Company.</p>	<p>Shri Arun Singh is a qualified Chartered Accountant and has 28 years of rich experience in the field of Finance, Taxation, Banking and Management. He has served as the Director on Board of Union Bank of India and Central Board, State Bank of India for seven years. He was the member of Committee of Eminent persons in Power Grid Corporation of India Limited. He has also handled various projects of Food and Agriculture Organisation of the United Nations and World Bank.</p> <p>He has also been the guest faculty in the discipline of Management and Finance for Post Graduate Diploma in Management Programmes.</p>	<p>Shri A. Krishna Kumar has around 40 years of rich experience in all facets of banking sector. He served State Bank of India for over 39 years, where he joined as a Probationary Officer in 1975 and elevated as the Managing Director & Group Executive in April 2011. During his long & distinguished career with SBI, he has handled various critical & important assignments, including retail business of SBI spread over 16000 branches and international operation of SBI covering 190 offices in 36 countries. He was one of the key persons in policy making and formulating the strategies for the Bank till his superannuation at the end of November, 2014. He was also on the Boards of SBICAP Securities Limited, SBI Life Insurance Company Limited, SBI General Insurance Company Limited and SBI Cards & Payments Services Private Limited - subsidiaries of State Bank of India, during which period he gained valuable insights into the Securities, Insurance and Credit Card industries.</p>	<p>Professor T.T. Ram Mohan is a Professor of Economics and Finance at IIM Ahmedabad. He holds Directorship on Board of SBICAP Securities Limited and IndusInd Bank.</p> <p>Prof. Ram Mohan worked in consultancy and in the financial sector before entering academics. For over 15 years, he wrote a fortnightly column for 'The Economic Times'.</p> <p>Prof. Ram Mohan's research interests include banking sector reforms, privatisation and corporate governance. He was Visiting Faculty at Stern School of Business, NYU in 2001. He has served on several committees of RBI and on the Primary Markets Advisory Committee of SEBI and is on the boards of several companies. He has authored six books and numerous papers. His most recent title, Rethinc: What's broke at today's corporations and how to fix it, published by Penguin Random House, was judged the co-winner of the Best Business Book of the Year award at the Tata Literary Festival in November, 2015.</p>
Directorship held in other Companies	<ul style="list-style-type: none"> REC Power Distribution Company Limited REC Transmission Projects Company Limited 	--	<ul style="list-style-type: none"> Andhra Bank. Suraksha Asset Reconstruction Private Limited. Sathguru Catalyser Advisors Private Limited. Central Depository Services (India) Limited. 	<ul style="list-style-type: none"> SBICAP Securities Limited IndusInd Bank Limited
Membership/ Chairmanship of Committees across all Public Companies other than REC	--	--	<p>Audit Committee</p> <ul style="list-style-type: none"> Andhra Bank - Chairperson Central Depository Services (India) Limited - Member 	<p>Audit Committee</p> <ul style="list-style-type: none"> SBICAP Securities Limited - Member

Name	Shri Sanjeev Kumar Gupta (DIN 03464342)	Shri Arun Singh (DIN 00891728)	Shri Aravamudan Krishna Kumar (DIN 00871792)	Professor T.T. Ram Mohan (DIN 00008651)
Number of shares held in the Company	Nil	Nil	Nil	Nil
Relationships with other Directors, Manager and other Key Managerial Personnel	None of the Directors have <i>inter-se</i> relationship with any Director, Manager and other Key Managerial Personnel of the Company.			
Details of remuneration paid / sought to be paid	The details of remuneration paid and number of meetings of the Board attended during the year are mentioned in the Corporate Governance Report forming part of Annual Report of the Company for the financial year 2015-16.			
Number of meetings of the Board attended during the year				

BRIEF RESUME OF THE DIRECTORS SEEKING RE-APPOINTMENT AT THE 47TH ANNUAL GENERAL MEETING

Name	Ajeet Kumar Agarwal (DIN 02231613)
Date of Birth	May 30, 1960
Date of Appointment	August 1, 2012
Qualifications	Bachelor's degree in Commerce; and Member of the Institute of Chartered Accountants of India (ICAI)
Expertise in specific Functional area	<p>Shri Ajeet Kumar Agarwal has 33 years experience in Public Sector Undertakings. During his tenure in REC as General Manager/ Executive Director (Finance), he had handled various finance functions including Resource Mobilisation, Loan Disbursement and Corporate Accounts & Taxation. Prior to joining our Company on March 29, 2007, he was General Manager in Telecommunications Consultants India Limited (a Government of India Enterprise).</p> <p>He is responsible for formulating financial strategies and plans to enable the Company in achieving its vision. He provides directions with respect to Financial Management and Operations of the organization encompassing organizational and financial planning, formulation of financial policy, financial accounting, management control systems, cash and funds management, tax planning, mobilization and management of resources, liaison with financial institutions and capital market players. He also supervises treasury functions, lending operations and advises on corporate risk management matters.</p>
Directorship held in other Companies	<ul style="list-style-type: none"> REC Transmission Projects Company Limited; and Indian Energy Exchange Limited
Membership/Chairmanship of Committees across all Public Companies other than REC	Indian Energy Exchange Limited - Member, Audit Committee
Number of shares held in the Company	242
Relationships with other Directors, Manager and other Key Managerial Personnel	None of the Directors have <i>inter-se</i> relationship with any Director, Manager and other Key Managerial Personnel of the Company.
Details of remuneration paid / sought to be paid	The details of remuneration paid and number of meetings of the Board attended during the year are mentioned in the Corporate Governance Report forming part of Annual Report of the Company for the financial year 2015-16.
Number of meetings of the Board attended during the year	

DIRECTORS' PROFILE



Shri Rajeev Sharma, Chairman & Managing Director (CMD) (DIN: 00973413)

Shri Rajeev Sharma, 56 years, is the Chairman & Managing Director (CMD) on the Board of REC since November 29, 2011. He holds a Bachelor's degree in Electrical Engineering from Govind Ballabh Pant University, Pantnagar, a Post Graduate Diploma (Electronics and Communication Engineering) and a Masters degree in Engineering (Electrical Engineering) from Indian Institute of Technology, Roorkee. He also holds a Masters degree in Business Administration from University of Delhi.

He has rich and varied experience of more than 31 years in Power Sector. Under his guidance and leadership REC has excelled in all fields and surpassed all its previous targets and performance. Prior to joining REC, Shri Sharma was Director (Projects), Power Finance Corporation Limited, where he was responsible for all functions of Projects Division including appraisal of the projects financed by the Company. During his tenure as Executive Director in PFC, he was Director (in-charge) for development of Krishnapatnam Ultra Mega Power Project and was responsible for implementation of R-APDRP in India. He has also worked in Central Electricity Authority (CEA), where he was involved in design, engineering and consultancy of Nathpa Jhakri Hydroelectric Project (1500 MW). During his stint as Deputy Secretary in the Ministry of Power, he was also looking after operations of Power Grid Corporation of India Limited, THDC, SJVNL, BBMB and NEEPCO, Public Sector Undertakings (PSUs) under administrative control of Ministry of Power. He was also instrumental in formulating the policies for APDRP and Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY).

As on March 31, 2016, Shri Rajeev Sharma was holding 60 Equity Shares in the Company and has no inter-se relation with any other Director of the Company.

Shri Ajeet Kumar Agarwal, Director (Finance) (DIN: 02231613)

Shri Ajeet Kumar Agarwal, 56 years, is Director (Finance) on the Board of REC since August 1, 2012. He has done 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 Agarwal has 33 years experience in Public Sector Undertakings. During his tenure in REC as General Manager/ Executive Director (Finance), he had handled various finance functions including Resource Mobilisation, Loan Disbursement and Corporate Accounts & Taxation. Prior to joining our Company on March 29, 2007, he was General Manager in Telecommunications Consultants India Limited (a Government of India enterprise). He is also a Nominee Director on the Board of Indian Energy Exchange Limited (IEX) & REC Transmission Projects Company Limited (RECTPCL) a Wholly-Owned Subsidiary of REC.

He is responsible for formulating financial strategies and plans to enable the Company in achieving its vision. He provides directions with respect to Financial Management and Operations of the organization encompassing organizational and financial planning, formulation of financial policy, financial accounting, management control systems, cash and funds management, tax planning, mobilization and management of resources, liaison with financial institutions and capital market players. He also supervises treasury functions, lending operations and advises on corporate risk management matters.

As on March 31, 2016, Shri Ajeet Kumar Agarwal was holding 242 Equity Shares in the Company and has no inter-se relation with any other Director of the Company.



Shri Sanjeev Kumar Gupta, Director (Technical) (DIN: 03464342)



Shri Sanjeev Kumar Gupta, 54 Years, is the Director (Technical) on the Board of REC Since October 16, 2015. He holds a Bachelor's Degree in Electrical Engineering from G.B. Pant University of Agriculture & Technology, Pant Nagar, Uttarakhand. He has 34 years of experience in Indian Power Sector across diverse functions i.e. Planning, Design, Construction, O&M, Project Management of large EHV Transmission system, Financing of Generation, Transmission, Distribution and Renewable Projects, etc. in various power CPSU's, REC, PGCIL and NHPC.

He has been working in our Company since March 16, 2010 at Senior Management positions. He also served as the CEO of REC Transmission Projects Company Limited, a wholly owned subsidiary of REC, as well as the nodal officer for the National Electricity fund (NEF). He is responsible for all Technical functions and Business Development of the Company.

As on March 31, 2016, Shri Sanjeev Kumar Gupta was holding "Nil" Equity Shares in the Company and has no inter-se relation with any other Director of the Company.

Dr. Arun Kumar Verma, Government Nominee Director (DIN: 02190047)

Dr. Arun Kumar Verma, 57 years, is Government Nominee Director on the Board of REC since October 6, 2015. He is an Indian Forest Service officer of 1986 Gujarat Cadre and is a Joint Secretary in Ministry of Power. He holds a Master's degree in Physics and is an Associate Member of Indira Gandhi National Forest Academy (AIGNFA) from FRI & C, Dehradun. He has done Ph.D. in Tribal Development Policy. He has also done Post Graduate Programme in Public Policy & Management (PGPPM) from Indian Institute of Management, Bengaluru & Maxwell School of Citizenship and International Affairs, Syracuse University, USA. He has over 29 years of administrative and management experience. He has served the Power Sector earlier as Managing Director, Uttar Gujarat Vij Company Limited. Before joining Ministry of Power, Government of India he was posted as Member Secretary of Gujarat Ecology Commission, Gandhinagar and Project Director of the World Bank Funded Integrated Coastal Zone Management from July 29, 2011 to November 14, 2014. He is also a Government Nominee Director on the Board of Power Finance Corporation Limited.

As on March 31, 2016, Dr. Arun Kumar Verma was holding "Nil" Equity Shares in the Company and has no inter-se relation with any other Director of the Company.



Shri Arun Singh, Part time Non-Official Independent Director (DIN: 00891728)

Shri Arun Singh, 51 years, is an Independent Director on the Board of REC since November 13, 2015. In 1988, he qualified as a Chartered Accountant with all India ranking and has 28 years of rich experience in the field of Finance, Taxation, Banking and Management. He has served as the Director on Board of Union Bank of India and Central Board, State Bank of India for seven years. He was the member of Committee of Eminent persons in Power Grid Corporation of India Limited. He has also handled various projects of Food and Agriculture Organisation of the United Nations and World Bank.

He has also been the guest faculty in the discipline of Management and Finance for Post Graduate Diploma in Management Programmes.

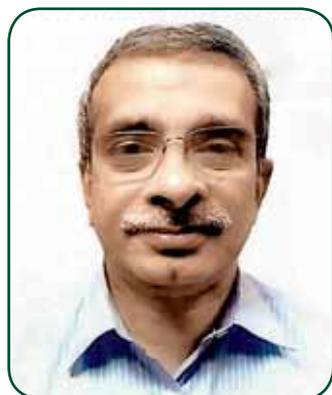
As on March 31, 2016, Shri Arun Singh was holding "Nil" Equity Shares in the Company and has no inter-se relation with any other Director of the Company.



Shri Aravamudan Krishna Kumar, Part time Non-Official Independent Director (DIN: 00871792)

Shri Aravamudan Krishna Kumar, 61 years, is an Independent Director on the Board of REC since November 13, 2015. He has around 40 years of rich experience in all facets of banking sector. He served State Bank of India for over 39 years, where he joined as a Probationary Officer in 1975 and elevated as the Managing Director & Group Executive in April 2011. During his long & distinguished career with SBI, he has handled various critical & important assignments, including retail business of SBI spread over 16000 branches and international operation of SBI covering 190 offices in 36 countries. He was one of the key persons in policy making and formulating the strategies for the Bank till his superannuation at the end of November, 2014. He was also on the Boards of SBICAP Securities Limited, SBI Life Insurance Company Limited, SBI General Insurance Company Limited and SBI Cards & Payments Services Private Limited-sub-sidiaries of State Bank of India, during which period he gained valuable insights into the Securities, Insurance and Credit Card industries. He is also a Director on the Board of Sathguru Catalyser Advisors Private Limited, Suraksha Asset Reconstruction Private Limited, Independent Shareholder Director on the Board of Andhra Bank and Public Interest Director on the Board of Central Depository Services (India) Limited.

As on March 31, 2016, Shri Aravamudan Krishna Kumar was holding "Nil" Equity Shares in the Company and has no inter-se relation with any other Director of the Company.





Professor T.T. Ram Mohan, Part time Non-Official Independent Director (DIN: 00008651)

Professor T.T. Ram Mohan, 60 years, Professor of Economics and Finance at IIM Ahmedabad, is an Independent Director on the Board of REC since November 13, 2015. He graduated from IIT, Bombay and IIM, Calcutta and obtained his doctorate from Stern School of Business, New York University. He also holds Directorship on Board of SBICAP Securities Limited and IndusInd Bank.

Prof. Ram Mohan worked in consultancy and in the financial sector before entering academics. For over 15 years, he wrote a fortnightly column for 'The Economic Times'.

Prof. Ram Mohan's research interests include banking sector reforms, privatisation and corporate governance. He was Visiting Faculty at Stern School of Business, NYU in 2001. He has served on several committees of RBI and on the Primary Markets Advisory Committee of SEBI and is on the boards of several companies. He has authored six books and numerous papers. His most recent title, Rethinc: What's broke at today's corporations and how to fix it, published by Penguin Random House, was judged the co-winner of the Best Business

Book of the Year award at the Tata Literary Festival in November, 2015.

As on March 31, 2016, Prof. T.T. Ram Mohan was holding "Nil" Equity Shares in the Company and has no inter-se relation with any other Director of the Company.

BOARD'S REPORT

To

The Shareholders,

Your Directors have pleasure in presenting the Forty Seventh Annual Report together with the Audited Financial Statements of your Company for the financial year ended March 31, 2016.

1. PERFORMANCE HIGHLIGHTS

1.1 The highlights of performance of the Company for the financial year 2015-16 were as under with comparative position of previous year's performance:-

Parameter	₹ in crore)	
	FY 2015-16	FY 2014-15
Loans Sanctioned (excluding sanctions under DDUGJY-RE and DDG)	65,471.10	61,421.37
Disbursements (including subsidy under DDUGJY-RE and DDG)	50,630.81	46,446.82
Recoveries (including interest)	47,921.00	32,005.56
Total Operating Income	23,638.35	20,229.53
Profit Before Tax	8,045.21	7,427.04
Profit After Tax	5,627.66	5,259.87

1.2 Financial Performance

The total operating income of your Company for the financial year 2015-16 has increased by 17% to ₹ 23,638.35 crore from ₹ 20,229.53 crore during the previous year. The profit after tax increased by 7% to ₹ 5,627.66 crore from ₹ 5,259.87 crore for the previous year.

Loan asset book of your Company as on March 31, 2016 has increased by a healthy 12% to reach a historic high of ₹ 2,01,278 crore from ₹ 1,79,647 crore in the previous year. The outstanding borrowings as on March 31, 2016 were ₹ 1,69,106 crore.

Earnings Per Share (EPS) for the financial year ended March 31, 2016 is ₹ 56.99 per share of ₹ 10/- each. Net Worth of the Company as on March 31, 2016 has increased by 15% to ₹ 28,618 crore from ₹ 24,857 crore in the previous year.

1.3 Dividend

In addition to interim dividend of ₹ 12.00 per share paid in February, 2016, the Board of Directors of your Company have recommended a final dividend of ₹ 5.10 per share for the financial year 2015-16, which is subject to approval of the Shareholders in the ensuing Annual General Meeting. The total dividend for the financial year 2015-16 will work out to ₹ 17.10 per share, representing 171% of the paid-up share capital of the Company as against ₹ 10.70 per share, representing 107% of the paid-up share capital of the Company in the previous year. The total dividend pay-out for the financial year 2015-16 will amount to ₹ 1,688.55 crore (excluding dividend distribution tax of ₹ 341.71 crore).

1.4 Share Capital

The issued and paid up share capital of the Company as on March 31, 2016 was ₹ 987.46 crore divided into 98,74,59,000 equity shares of ₹ 10/- each against the Authorized Share Capital of ₹ 1,200 crore divided into 120,00,00,000 equity shares of ₹ 10/- each.

The President of India held 65.64% of the paid up equity share capital of the Company as on March 31, 2015. During the financial year 2015-16, the President of India acting through Ministry of Power, Government of India disinvested/sold 4,93,72,950 equity shares i.e. 5% of total paid up capital of the Company through Offer For Sale (OFS) on April 8, 2015 and further divested/sold 27,588 equity shares i.e. 0.003% of total paid up capital of the Company through an off-market transaction under Central Public Sector Enterprises Exchange Traded Fund (CPSE ETF) on April 10, 2015. Accordingly, as on March 31, 2016, the President of India held 60.64% of the paid up equity share capital of the Company.

2. LOANS SANCTIONED

The Company sanctioned loans worth ₹ 65,471.10 crore during the financial year 2015-16, as against ₹ 61,421.37 crore in the previous year, excluding sanctions under Deendayal Upadhyay Gram Jyoti Yojana- RE Component (DDUGJY-RE) and Decentralised Distributed Generation (DDG). The state-wise and category-wise break-up of loans sanctioned during the financial year are given in enclosed **Table-1** and **Table-2** respectively. The cumulative amount of sanctions made since inception up to March 31, 2016 was ₹ 6,81,479.23 crore, including DDUGJY-RE and DDG project cost (capital subsidy and loan) upto XI five year plan. The cumulative state-wise position of sanctions up to the financial year 2015-16 is given in enclosed **Table-3**.

3. DISBURSEMENTS

A total sum of ₹ 46,025.83 crore was disbursed during the financial year 2015-16 as against ₹ 42,818.46 crore in the previous year. Further, an amount of ₹ 5,023.99 crore (subsidy of ₹ 4,541.44 crore under RE component of DDUGJY and subsidy of ₹ 63.54 crore under DDG and loan component of ₹ 419.01 crore) under DDUGJY, has been disbursed. The cumulative amount



Shri Rajeev Sharma, CMD, REC presenting interim dividend cheque of ₹ 718.52 crore for the financial year 2015-16 to Shri Piyush Goyal, Hon'ble Minister of State for Power (Independent Charge), Government of India.

disbursed since inception up to March 31, 2016 was ₹ 3,29,538.39 crore excluding subsidy under DDUGJY-RE and DDG. The state-wise disbursements and repayment of loan by borrowers during the financial year 2015-16 together with cumulative figures and outstanding as on March 31, 2016 are given in enclosed **Table-4**.

4. RECOVERIES

4.1 The Company gives utmost priority to the timely realization of its dues towards principal, interest, etc. The amount due for recovery including interest for performing assets during the financial year 2015-16 was ₹ 48,278 crore as compared to ₹ 32,661 crore during the previous year. The Company recovered a total sum of ₹ 46,641 crore towards performing assets during the financial year 2015-16 as against ₹ 31,412 crore during the previous year. The Company achieved recovery rate of 96.61% for the financial year 2015-16. The overdues from defaulting borrowers pertaining to Performing Assets as on March 31, 2016 was ₹ 1,637 crore. Further, an amount of ₹ 1,280 crore was recovered during the financial year 2015-16 towards earlier year dues and NPAs as against ₹ 593.56 crore during the previous year.

4.2 Your Company's Non-Performing Assets (NPAs) continue to be at low levels. As on March 31, 2016, the Gross NPAs of the Company was ₹ 4,243.57 crore (including loans classified as NPAs due to restructuring/ non-achievement of DCCO amounting to ₹ 811.33 crore). The percentage of NPA as a percentage of Gross Loan Assets stood at 2.11% as on March 31, 2016 as compared to 0.74% as on March 31, 2015. The net NPA as on March 31, 2016 was ₹ 3,230.30 crore, which is 1.60% of Gross Loan Assets. Further, no doubtful loans have been rescheduled by the Company, during the financial year 2015-16.

The details of loans rescheduled during the financial year 2015-16 and their position as on March 31, 2016, are as under:

(₹ in crore)

Particulars		FY 2015-16	FY 2014-15
Standard Loans*	No. of Borrowers	23	27
	Amount Outstanding	22,829.88	35,024.03
Sub-Standard Loans*	No. of Borrowers	3	0
	Amount Outstanding	1,402.44	0
Total	No. of Borrowers	26	27
	Amount Outstanding	24,232.32	35,024.03

*The Rescheduled loan amount includes ₹ 5,649.12 crore wherein the first repayment date was extended due to delayed commissioning of the respective project.

5. FINANCIAL REVIEW

5.1 Summary of Financial Results

The summary of audited financial results of the Company for the financial year ended March 31, 2016 is as under:

(₹ in crore)

Particulars	Standalone		Consolidated	
	FY 2015-16	FY 2014-15	FY 2015-16	FY 2014-15
Revenue from Operations	23,638.35	20,229.53	24,012.88	20,384.34
Other Income	117.93	158.52	117.05	165.55
Total Income	23,756.28	20,388.05	24,129.93	20,549.89
Finance Costs	14,283.12	11,844.61	14,282.35	11,839.59
Other Operating Expenses	338.10	313.44	604.74	351.78
Provisions and Contingencies	1,089.85	802.96	1,096.18	806.18
Total Expenses	15,711.07	12,961.01	15,983.27	12,997.55
Profit Before Tax	8,045.21	7,427.04	8,146.66	7,552.34
Provision for Taxation	2,417.55	2,167.17	2,455.24	2,207.92
Profit After Tax	5,627.66	5,259.87	5,691.42	5,344.42
Less : Appropriations				
Transfer to Special Reserve u/s 36(1)(viii) of the Income Tax Act, 1961	1,900.00	1,629.00	1,900.00	1,629.00
Transfer to Reserve for Bad & Doubtful Debts u/s 36(1)(viiia) of the Income Tax Act, 1961	390.00	353.00	390.00	353.00
Dividend	1,688.55	1,056.58	1,688.55	1,056.58
Dividend Distribution Tax	341.71	212.17	345.68	214.21
Transfer to Debenture Redemption Reserve	196.59	185.79	196.59	185.79
Transfer to General Reserve	570.00	526.00	572.89	530.76
Surplus carried over to Balance Sheet	540.81	1,297.33	597.71	1,375.08

5.1.1 Contribution to National Exchequer

During the financial year 2015-16, the Company contributed an amount of ₹ 3,749.55 crore as compared to ₹ 3,134.24 crore in the previous year to National Exchequer in the form of payment of Dividend to the Government of India against its shareholding in the Company, Dividend Distribution Tax, Direct Taxes and Service Tax paid including CENVAT credit, as detailed below:

Particulars	₹ in crore)	
	FY 2015-16	FY 2014-15
Dividend paid to the Government of India	880.19	631.96
Dividend Distribution Tax	293.47	187.26
Direct Taxes	2,540.96	2,285.04
Service Tax paid including CENVAT credit	34.93	29.98
Total	3,749.55	3,134.24

5.1.2 Ratio Analysis

A comparative statement of important ratios of the Company for the financial year 2015-16 vis-à-vis 2014-15 is as below:

Particulars	FY 2015-16	FY 2014-15
Earnings Per Share (₹)	56.99	53.27
Return on Average Net Worth (%)	21.05	23.11
Book Value per Share (₹)	289.81	251.73
Debt Equity Ratio (times)	5.91	6.08
Price Earnings Ratio (times)*	2.92	6.25
Interest Coverage Ratio (times)	1.56	1.63

*PE Ratio has been calculated on the basis of Closing Price of equity share of REC at NSE as on March 31, 2016 & March 31, 2015.

5.2 Resource Mobilization

The Company mobilized ₹ 31,254.92 crore from the market during the year 2015-16. This includes ₹ 1,000 crore by way of Tax Free Secured Redeemable Non-Convertible Bonds, ₹ 6,476.70 crore by way of Capital Gain Tax Exemption Bonds, ₹ 15,526 crore by way of non-priority sector bonds, ₹ 8,046.60 crore (i.e USD 1,220 million) from External Commercial Borrowings (ECB) and ₹ 205.62 crore by way of Official Development Assistance (ODA) loan from Kreditanstalt für Wiederaufbau (KfW), Germany & Japan International Cooperation Agency (JICA), Japan. Further, an amount of ₹ 20,771.78 crore was also raised through Commercial Paper (CP).

Cash Credit Facilities

The Company has an approved cash credit/WCDL limit of ₹ 6,510 crore for availment from various banks for its day-to-day operations.

5.3 Domestic and International Credit Rating

Domestic

The domestic debt instruments of the Company continued to enjoy "AAA" rating – the highest rating assigned by CRISIL, CARE, India Ratings & Research and ICRA-Credit Rating Agencies.

International

The Company 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.

5.4 Cost of Borrowing

The overall weighted average annualized interest rate of borrowing for the funds raised during the financial year 2015-16 was 7.30% p.a. and for the borrowings outstanding as on March 31, 2016 is 8.21% p.a. As a result, your Company was able to deliver debt financing at competitive rates.

5.5 Redemption and Pre-Payment

During the year, the Company repaid a sum of ₹ 34,892.83 crore. This includes repayment amounting to ₹ 3.07 crore to the Government of India, ₹ 2,992.80 crore to non-priority / priority sector bond holders, ₹ 4,903.25 crore worth of Capital Gain Tax Exemption Bonds, ₹ 133.93 crore towards Infrastructure Bonds, ₹ 10,456.14 crore of External Commercial Borrowings and ₹ 403.64 crore of Official Development Assistance (ODA) loan. The Company also redeemed long term and short term loans from Banks and Financial Institutions of ₹ 475 crore and Commercial Papers of ₹ 15,525 crore.

5.6 Deployment of Resources at the close of the year

At the close of the financial year 2015-16, the total resources of your Company stood at ₹ 2,06,352.97 crore. Out of this, Equity Share Capital contributed ₹ 987.46 crore, reserves and surplus stood at ₹ 27,630.30 crore, Loans from Financial Institutions, Commercial Banks and market borrowings through Bonds and Commercial Papers accounted for ₹ 1,69,106.38 crore, Deferred Tax Liabilities of ₹ 49.75 crore and other liabilities & provisions stood at ₹ 8,579.08 crore. These funds were deployed as Long /

Short Term Loans of ₹ 2,00,265.02 crore (net of provisions ₹ 1,013.27 crore), fixed assets (net of depreciation) of ₹ 150.32 crore (including Capital Work in progress), Investments of ₹ 2,466.62 crore, Cash & Bank Balances of ₹ 1,728.55 crore and other assets of ₹ 1,742.46 crore.

5.7 Policy Initiatives

The Company constantly reviews its policies/ procedures from time to time, to suitably align with market requirements and also with its corporate objectives and applicable statutory requirements. During the year, the Company has adopted / amended various policies and guidelines, such as Integrated Rating Methodology for Renewable Energy projects, Integrated Rating Guidelines for Coal Mines Financing (State Sector), Long Term Investment Policy, Guidelines on Project Financing Framework for Flexible Structuring, Guidelines on Refinancing of Project Loans, Guidelines on Regulatory Compliance regarding Stressed Assets and Policy for CSR assistance under Skill Development.

During the year, the Company has modified its existing policy constituted for granting rebates in interest rates/offering special interest rates and Medium Term Loan (MTLs).

Despite growing competition in the market, the Company has been able to maintain healthy spreads, balancing its objectives of business growth and profitability during the year.

6. PRESENT DISTRIBUTION SCENARIO AND MAJOR CHALLENGES

The present scenario of Transmission and Distribution (T&D) industry is much more challenging in comparison to the past since we have achieved highest ever Generation Capacity addition during XI plan and further set a target for addition of over 88,000 MW during XII plan from conventional sources. The country is well on its course for achieving this target and the capacity of around 96% of the target has already been added. This achievement shall pose an urgent requirement for creation of requisite transmission and distribution infrastructure for effective utilization of power. The TRANSCOs and DISCOMs need to create this infrastructure and enhance their capital expenditure during forthcoming years to be able to provide reliable, robust & efficient system for transfer of power from generation facilities to sub-stations and up to the consumer end.

The T&D system basically comprises of transmission lines (inter-state and intra-state), Sub-stations, switching stations, transformers and distribution lines etc. of various voltage levels. Distribution has been identified as the weakest link in the power value chain and most difficult to deal with due to various reasons. The ever increasing demand for affordable, reliable and quality power by various classes of consumers makes distribution all the more challenging task. Your Company has always strived to play an active role in creation of new infrastructure and augmentation/strengthening of the existing network. Your Company encourages the DISCOMs to expedite various reform measures and to adopt best practices including modernization and automation of systems/smart grid, IT-enabled systems for metering and consumer services, other technology interventions in the distribution sector & helps them in improving their operational and financial performance. Since distribution is gateway for all the revenue coming into the power sector, it plays a pivotal role in development and sustainability of the power sector.

Major challenges presently being faced by distribution sector includes high level of accumulated losses & depleting net worth which is severely hindering their finances. High AT&C losses, limited capability to implement capital expenditure plans, delay in tariff order resulting in creation of regulatory assets, carrying cost of these regulatory assets, lack of tariff rationalisation leading to cross subsidy, open access issues, timely release of subsidy by State Government, delayed revenue collection cycle etc. have caused a dent in their cash flows. The overall performance of the state distribution utilities has been an issue of concern due to the above factors. Keeping in tune with the times and dynamic environment wherein utilities are struggling and striving hard to meet the consumer expectations, your Company today finances entire gamut of distribution projects broadly with the objectives of system improvement & augmentation, loss reduction measures, IT-enabling, consumer satisfaction etc. Your Company is always ready to consider special dispensation/requirements of DISCOMs based on the prudence/merit and sound appraisal mechanism. A dedicated Strategic Business Group has been set up in the Company for this purpose.

Your Company is playing a pivotal role in partnering with Ministry of Power, Government of India in all major initiatives and is committed to improve & turn around the power distribution sector in the country, by its deep involvement in programme like DDUGJY (Nodal Agency), IPDS, NEF (Nodal Agency), FRP (Financial Restructuring Plan), Smart Grid task force, Ujwal DISCOM Assurance Yojana (UDAY), etc. With all these major interventions your Company is optimistic that distribution scenario would be much better in not too distant future when the results and effect of above massive programmes in conjunction with the reform measures by the respective states starts trickling in and transform the entire landscape of distribution.

6.1 Major reforms in Distribution Sector

Government of India has made all efforts to intervene in the sector for ensuring overall development by way of Electricity Act, 2003 and various other policy measures such as National Tariff Policy, National Electricity Policy, Rural Electrification Policy etc., to provide a comprehensive framework and also the blueprint for power sector reforms. The sector has shown signs of improvement in operational and financial performance during last few years which have still to go a long way. The process of un-bundling, corporatization, instituting regulatory commission etc., has already been completed in most of the states, thus increasing their accountability and also providing more autonomy to the DISCOMs. Further, some of the DISCOMs have gone ahead in appointing franchisees on case to case basis in order to improve operational efficiency in particular areas.

In the past decade, Government of India (GoI) has launched several programmes to extend the benefits to the ailing DISCOMs such as R-APDRP with an objective to strengthen the infrastructure and to reduce the losses, RGGVY to ensure last mile connectivity and to release service connections to BPL, R-APDRP for undertaking improvements in urban pockets and to introduce IT enabling of distribution systems and presently DDUGJY and IPDS. Further, NEF - Interest Subsidy Scheme is also

under implementation with objective to promote capital investment & expedite the reform process in distribution sector. Government of India has also made its intervention to restructure the loans to enhance liquidity situation of the DISCOMs in joint participation with State Government by way of FRP scheme. The financial outlay of DDUGJY is of ₹ 43,033 crore (with ₹ 33,453 crore as budgetary support from Government of India) and IPDS with total outlay of ₹ 32,612 crore (with Government budgetary support of ₹ 22,727 crore), should provide considerable fillip to the pace of capital investments in distribution sector without putting much strain on already stressed balance sheets of DISCOMs. REC is the Nodal Agency for implementation of DDUGJY and NEF scheme.

REC has been providing counterpart funding for a large number of R-APDRP projects which aim to reduce the Aggregate Technical and Commercial (AT&C) losses considerably in urban areas. Also, REC shall participate in funding of the loan component under DDUGJY and IPDS programmes.

Ministry of Power (MoP) has also been working on Integrated Rating System for all the state DISCOMs in the country which facilitates realistic assessment of performance. The system would enable these DISCOMs to weigh their strengths & weaknesses and facilitate a focused approach for achieving further improvements in their operational and financial performance. It will also aid in adoption of consistent approach by Banks/FIs while considering funding proposals of distribution companies.

The introduction of information & communication technology in power distribution sector shall enable the power system to become "SMART" & Near-real-time information shall allow utilities to manage the entire system as an integrated framework, actively sensing and responding to changes in power demand, supply, costs, quality of power. MoP is also working towards ensuring technological interventions through introduction of Smart Grid and has already extended financial assistance to several pilot projects. Similarly, better information enables consumers to manage energy use to meet their needs. The on-going measures under erstwhile R-APDRP programme will set a stepping stone equipping the DISCOMs to integrate with further technical advancements and to make the grid smarter.

Further, to evolve a road map for implementation of smart grids in India, MoP has constituted India Smart Grid Task Force (ISGTF), an inter-ministerial group. 14 Nos. Smart Grid Pilot Projects had been approved by MoP with 50% Government of India funding to test various functionalities in Indian Environment. The objectives of these Pilots cover – Power Quality Management (PQM), providing Advanced Metering Infrastructure (AMI), Outage Management (OM), Peak Load Management (PLM) and also DG (Distributed Generation) & Micro Grid functionalities. The Government of India is promoting development of 100 smart cities, which shall further lead to plethora of requirements and necessities in further adoption of technology and best practices in the distribution segment.

As is evident from above interventions, Government of India is working on two different fronts, one being to facilitate power to all and second to improve operational & financial performance of the utilities. The results of these measures have already started to show effects in terms of timely notification of tariffs by regulator in many states, filing of MYT petitions, claiming of Return of Equity in the ARR, release of revenue subsidy by state government, etc.

Though, so many initiatives have been taken by the Government of India, State Governments and DISCOMs, however the state of distribution segment on the consolidated level remains weak. The DISCOMs are having fragile balance sheets, face prolonged project execution delays, incurring lesser capital expenditure, engaging in reduced power procurement due to ongoing gap between per unit revenue and cost of supply. Though the utilities are working on reducing this gap through regular tariff filings and demand for Return on Equity by the DISCOMs, however the targets set for performance achievement are regularly being missed by majority of DISCOMs, leading to inadequate tariff transmission through the mechanism. The increased capital expenditure on part of DISCOMs may enable the strengthening of network such that the huge cost burden due to persistently high level of AT&C losses may be brought down and consequently the quality/reliability of supply to the end consumers may be ensured.

Ujwal DISCOM Assurance Yojana (UDAY)

The recent initiative by Ministry of Power, Government of India through Ujwal DISCOM Assurance Yojana (UDAY), launched in November 2015, is a path breaking reform for realizing the Hon'ble Prime Minister's vision of affordable and accessible 24x7 power for all. It is another decisive step furthering the landmark strides made in the Power sector over the past two years, with the sector witnessing a series of historic improvements across the entire value chain, from fuel supply (highest coal production growth in over 2 decades), to generation (highest ever capacity addition), transmission (highest ever increase in transmission lines) and consumption (over 2.3 crore LED bulbs distributed).

Financially stressed DISCOMs are not able to supply adequate power at affordable rates, which hampers quality of life and overall economic growth and development. Efforts towards 100% village electrification, 24X7 power supply and clean energy cannot be achieved without performing DISCOMs. Power outages also adversely affect national priorities like "Make in India" and "Digital India".

Due to legacy issues, DISCOMs are trapped in a vicious cycle with operational losses being funded by debt. Outstanding debt of DISCOMs has increased from about ₹ 2.4 lakh crore at the end of 2011-12 to about ₹ 4.3 lakh crore at the end of 2014-15. UDAY assures the rise of vibrant and efficient DISCOMs through a permanent resolution of past as well as potential future issues of the sector. It empowers DISCOMs with the opportunity to break even in the next 2-3 years. This is through four initiatives (i) Improving operational efficiencies of DISCOMs; (ii) Reduction of cost of power; (iii) Reduction in interest cost of DISCOMs; and (iv) Enforcing financial discipline on DISCOMs through alignment with State finances.

6.2 National Electricity Fund

REC is the Nodal Agency for National Electricity Fund (NEF) - interest subsidy scheme having provision of ₹ 8,466 crore (against interest subsidy) to be provided over 14 years on loan disbursements amounting to ₹ 25,000 crore, for distribution schemes

sanctioned during the 2 years viz. 2012-13 and 2013-14. Ministry of Power, Government of India shall provide interest subsidy on loans disbursed to the State Power Utilities, Distribution Companies (DISCOMs) – both in public and private sector, to improve the infrastructure in distribution sector. The scheme is aimed to incentivize much needed investment into distribution segment of power sector. The scheme is reform linked and interest subsidy is payable to the DISCOMs on achievement on reform based parameters outlined in NEF guidelines. The interest subsidy of 3% to 7% would be provided on loans taken by power utilities in distribution sector for all approved Distribution Sector Infrastructure capital works.

During the financial year 2012-13 & 2013-14, your Company has already sanctioned projects of ₹ 25,000 crore to 25 DISCOMs in 15 states for taking benefits under NEF. The utilities from the states of Uttarakhand, Madhya Pradesh, Haryana, Rajasthan, Andhra Pradesh and Telangana have already benefitted from the interest subsidy of ₹ 16.92 crore approved under the scheme. The other state DISCOMs will also start taking benefit of interest subsidy on loans availed based on their annual achievement on mainly two benchmark parameters i.e. reduction of AT&C losses & reduction in revenue gap (ACS & ARR).

7. FINANCING ACTIVITIES

The Company has been providing funding assistance for power generation, transmission & distribution projects besides for electrification of villages. Details of major financing activities during the financial year 2015-16 are as under:

7.1 Generation

During the financial year 2015-16, your Company sanctioned 19 Nos. of Generation/R&M loans including 14 Nos. of additional loan assistance with total financial outlay of ₹ 27,828.44 crore including consortium financing with other financial institutions and has disbursed ₹ 12,819.53 crore against the ongoing generation projects.

The sector wise break up of loans sanctioned including additional loan assistance is as under:



2x660 MW Thermal Power Project in Nellore District in Andhra Pradesh.

Particulars	₹ in crore)	
	No. of Loans	Loan Amount
STATE SECTOR		
Fresh Loan	5	25,988.26
Additional Loan	2	
PRIVATE SECTOR		
Fresh Loan	0	1,840.18
Additional loan	12	
Total	19	27,828.44

7.2 Renewable Energy

During the year, your Company sanctioned loan assistance of ₹ 2,965.72 crore to 11 new, grid-connected Renewable Energy projects with installed generation capacity aggregating 688 MW which included 9 Solar photo-voltaic projects aggregating 662 MW; 1 Biomass project of 6 MW and 1 Wind project of 20 MW. The total cost of these projects aggregates ₹ 4,444.78 crore. Further, during the financial year 2015-16, total disbursement was ₹ 304.07 crore as detailed below:

Particulars	Unit	FY 2015-16	FY 2014-15
Projects Sanctioned	Nos.	11	8
Capacity of Sanctioned Projects	MW	688	193.86
Cost of Projects	₹ crore	4,444.78	1,768.19
Loan Sanctioned	₹ crore	2,965.72	547.92
Loan Disbursed	₹ crore	304.07	295.25

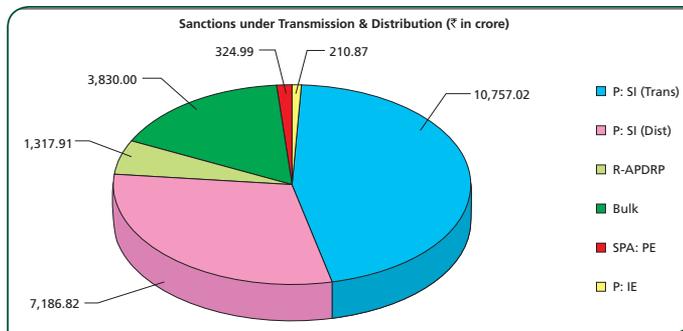


10 MW Wind Project of Global Metal & Energy Private Limited at District Sangli, Maharashtra.

7.3 Transmission & Distribution

Your Company continued to play an active role in creation of new infrastructure and improvement of the existing ones under the transmission and distribution network in the country under its T&D portfolio. In line with the Government of India's objective to provide power for all by creation of infrastructure and also to reduce the AT&C losses, your Company has been financing schemes for expansion and strengthening of the transmission network and more importantly, modernizing the distribution system.

During the financial year 2015-16, your Company sanctioned 579 Nos. of Transmission and Distribution schemes involving a total loan assistance of ₹ 23,627.61 crore. This includes primary power evacuation schemes associated with generating plants, system improvement schemes including R-APDRP projects, feeder segregation schemes, bulk loan schemes, intensive electrification schemes and pumpset energisation schemes.



400 KV KORADI Substation for power evacuation of 3x660 MW koradi TPS in Maharashtra.

The state-wise and category-wise break-up of loans sanctioned during the financial year are given in enclosed **Table 1 & 2**, respectively. The major programmes covered by your Company under T&D sanctions in brief are as under:

7.3.1 System Improvement & Bulk Loan

To overcome the system deficiencies and to improve the quality and reliability of power supply, your Company finances system improvement schemes, based on system studies of an electrical distribution network considering present status of system capacities, connected demand, voltage profiles and level of losses, together with scope for future load growths.

The system improvement programme also includes Bulk loan schemes meant for procurement and installation of meters, transformers, capacitors, conductors, poles, etc. system improvement schemes reduce the AT&C losses to a great extent.

During the year 2015-16, a total of 511 system improvement schemes and bulk loan schemes were sanctioned involving a loan outlay of ₹ 21,773.84 crore. This included: (i) 90 schemes involving a loan assistance of ₹ 3,830.00 crore for financing investment in the distribution system by way of installation of essential equipment like transformers, meters, capacitors, etc.; (ii) 171 schemes for ₹ 7,186.82 crore for improving the distribution system; (iii) 36 schemes involving loan assistance of ₹ 1,317.91 crore towards counterpart funding of Part B of R-APDRP projects; and (iv) 250 schemes for loan assistance of ₹ 10,757.02 crore for improving the transmission network.

7.3.2 Intensive Electrification

Schemes under this activity mainly aim at intensive electrification of already electrified villages. During the year 2015-16, a total of 6 intensive electrification schemes were sanctioned involving a loan outlay of ₹ 210.87 crore.

7.3.3 Pumpsets Energisation

REC's loan portfolio also includes extension of loan assistance for energisation of agricultural pumpsets. During the year 2015-16, under REC financed schemes, 2,13,926 Nos. electric irrigation pumpsets were reported as energized. A loan assistance of ₹ 324.99 crore was sanctioned for 26 new schemes during the year under this category. The state-wise details and cumulative position of pumpset energized up to March 31, 2016 are given in the enclosed **Table-5**.

7.4 Short Term Loans and others

During the financial year 2015-16, your Company has also sanctioned loans assistance of ₹ 11,049.33 crore to various power utilities, in the form of short term loans, medium term loans & special loans, to meet their funds requirement of short/medium term & working capital, etc.

7.5 Financing Activities in North Eastern States

During the financial year 2015-16, a loan assistance of ₹ 233.16 crore towards cost overrun was sanctioned for Generation scheme to M/s Teesta Urja Limited and M/s Dans Energy Private Limited located in North Eastern Region (Sikkim). A loan assistance of ₹ 12.68 crore was sanctioned to M/s Meghalaya Power Transmission Corporation Limited for Transmission projects.

A total sum of ₹ 839.05 crore was disbursed during the financial year 2015-16 as against ₹ 418.99 crore in the previous year for Generation projects in North Eastern states which include ₹ 23.20 crore to M/s Lanco Energy Private Limited, ₹ 38.22 crore to M/s Dans Energy Private Limited and ₹ 777.60 crore to M/s Teesta Urja Limited.

7.6 Appraisal System for Financing

REC has its own methodology for appraisal of Private Sector Power Generation and Transmission Projects and the grading of the State Power Utilities. REC's interest rates are linked to the grades assigned to the private sector projects and State Power Utilities. REC, along with PFC, assists the Ministry of Power in bringing out integrated ratings for State Power Distribution Utilities and adopts the ratings as revised by Ministry of Power from time to time to ensure uniformity in approach by various Banks/ Financial Institutions. The grading of State Power Utilities is an on-going process based on various parameters viz. financial, technical, tariff, regulatory measures, government support and management, etc.

7.7 New policy/financing initiatives under Strategic Business Group (SBG) and Investments made during the financial year 2015-16.

The Strategic Business Group (SBG) of the Company formulated policies to tune with the changes in the regulatory environment in the areas of project loan refinancing, flexible structuring and monitoring of stressed assets.

The Company has framed a policy for funding of State Sector Coal Mining Projects as a new financing opportunity. The Company also formulated a 'Long Term Investment Policy' to augment the long term investment opportunities for the Company. Under the ambit of Long Term Investment Policy, the Company has made total investment of ₹ 1,500 crore in Tier-I Bonds of Indian Bank, Vijaya Bank & Syndicate Bank (₹ 500 crore in each bank), during the financial year 2015-16. Further, the Company has subscribed to 26,05,42,050 fully paid equity shares of NHPC Limited under Offer For Sale (OFS) at a cost of ₹ 21.78 per equity share of ₹ 10/- each aggregating to ₹ 567.50 crore in April, 2016.

8. INTERNATIONAL COOPERATION & DEVELOPMENT

REC has three lines of ODA credit with KfW, Germany. All of them have been fully drawn as on March 31, 2016. KfW-I and KfW-II ODA loan are of EUR 70 million each (approx. ₹ 454.02 crore & ₹ 480.97 crore, respectively) and KfW-III is of EUR 100 million (approx. ₹ 753.73 crore). Apart from above, REC has two line of ODA credit with JICA, Japan. Both of them have also been fully drawn. Under JICA-I & II ODA loans, cumulative amounts of JPY 16,949.38 million (approx. ₹ 820.12 crore) and JPY 11,809.48 million (approx. ₹ 640.64 crore) respectively, has been drawn as on March 31, 2016.

9. DEENDAYAL UPADHYAYA GRAM JYOTI YOJANA (DDUGJY)

Ministry of Power vide OM dated December 3, 2014, conveyed sanction of the President for launch/implementation of Deendayal Upadhyaya Gram Jyoti Yojana (DDUGJY), an integrated scheme 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) is provided by Government of India on achievement of prescribed milestones. All erstwhile RE schemes (including Rajiv Gandhi Grameen Vidutikaran Yojana) have been subsumed in DDUGJY. REC is the Nodal agency for implementation of DDUGJY.

Continuation of RE Scheme in XII and XIII five year plans was also approved by Ministry of Power with capital subsidy of ₹ 35,447 crore, out of which ₹ 23,397 crore would be met through Gross Budgetary Support (GBS) for XII five year plan and remaining ₹ 12,050 crore in XIII five year plan.

The main objectives of the scheme are to provide access to all rural households and reduction of AT&C losses as per trajectory (DISCOM-wise) finalized in consultation with States by the Ministry of Power, so as to achieve 24x7 power supply for non-agricultural consumers and adequate power supply for agricultural consumers through the following project components:

- i. Separation of agriculture and non-agriculture feeders facilitating improved quality power supply to non-agricultural consumers and adequate power supply to agricultural consumers in the rural areas;
- ii. Strengthening and augmentation of sub-transmission & distribution infrastructure in rural areas;
- iii. Micro-grid and Off-grid distribution network;
- iv. Metering of distribution transformers/feeders/consumers; and
- v. Rural Electrification works (including the erstwhile RGGVY).

In this scheme, earlier population criteria for eligibility of villages/hamlets have been removed and villages/ habitations having less than 100 population is also eligible.

In order to realise the objectives of the scheme, participation of all the stakeholders particularly, public representatives has already been institutionalised through constitution of District Electricity Committees (DEC) under the Chairmanship of senior most Member of Parliament. DEC is empowered to monitor and review the implementation of DDUGJY.

9.1 UE Mission

At the time of independence, only 3,060 villages had electricity and hence, there was continuous emphasis on village electrification. India's rural electrification programme passed through several stages. In spite of many programmes of Government of India, as on April 1, 2015, 18,452 villages were still left for electrification which are mainly located in Odisha (3,428), Assam (2,892), Bihar (2,747), Jharkhand (2,581), Arunachal Pradesh (1,578), Meghalaya (912), etc.

On August 15, 2015, Hon'ble Prime Minister announced that all remaining Un-Electrified (UE) villages would be electrified within 1,000 days. The Ministry of Power has taken up the electrification of all 18,452 UE villages on Mission mode.

But these remaining 18,452 UE Villages are located in highly inaccessible areas (thickly forested, mountainous regions, etc.), with tough terrain, extreme temperatures, areas facing Right of Way (RoW) issues or areas plagued by insurgency and Left-wing extremism. Keeping in view these challenges and pace of electrification of villages during last few years, it would have taken nearly 10 years to electrify the remaining villages.

REC had the experience of successfully constructing around 12,000 toilets under Swachh Bharat Abhiyan with the help of milestone-based micro-monitoring mechanism. Drawing an analogy from this, REC has developed an innovative monitoring mechanism which is blend of technology and right manpower at ground level.



Change in way of rural life through DDUGJY

A new monitoring mechanism was set up to get regular progress of each village. Under this, entire process of village electrification is divided into 12 milestones. Young electrical engineers: 'Gram Vidyut Abhiyanta (GVA)' were appointed at block/district level. In order to shoulder this mission and accelerate its pace, 'GARV APP', well acknowledged for its transparent and accountable mechanism was designed and brought into development. The APP was launched by Hon'ble Power Minister on October 14, 2015. The GARV APP is designed in such a manner that it is able to delicately monitor and scrutinize the progress of electrification statuses of all the 18,452 Un-Electrified villages through an online system.

The Salient features of GARV APP are Real-time dashboard, Paper-less working, Capturing village-wise milestones, Uploading photographs/ Global Positioning System (GPS) Coordinates, Timely highlighting of implementation hurdles, if any, Habitation-wise infrastructure, Allows offline data entry, Tracking of delay in implementation of works, Segregation of uninhabited villages, State-wise snapshots, Adoption of villages/districts/states & view their respective customized dashboard and also feedback and suggestions from users.

Achievement so far:

The new monitoring mechanism helps for improving pace of village electrification. This results during the year 2015-16, 7,108 villages were electrified and on August 11, 2016, the achievement has crossed 10,000 UE villages.

9.2 Performance during financial year 2015-16

a. Sanctions

Under DDUGJY, during the financial year 2015-16, for electrification through grid, projects for ₹ 31,376.34 crore (Loan & Subsidy) in 25 States have been approved by the Monitoring Committee of Ministry of Power.

In addition to above, Decentralized Distributed Generation (DDG) projects have also been sanctioned under DDUGJY, for providing electricity access to the un-electrified villages/habitations where grid connectivity is neither feasible nor cost-effective. DDG can be from conventional or renewable sources such as biomass, biofuels, biogas, mini hydro, solar, etc. Subsidy of 60% (85 % for special category states) of the project cost is provided under DDG scheme. However, an additional subsidy of 15% (5 % for special category states) is applicable subject to timely completion of DDG projects.

During the financial year 2015-16, for DDG (Off-grid) projects, ₹ 869.30 crore have been sanctioned in 9 states. Also, 232 projects have been commissioned in the states of Andhra Pradesh, Chhattisgarh, Madhya Pradesh, Kerala & Uttarakhand, in the financial year.

b. Fund releases

Under the scheme, during the financial year 2015-16, a sum of ₹ 5,023.99 crore (Loan ₹ 419.01 crore & Subsidy ₹ 4,604.98 crore) has been disbursed to the implementing agencies.

The subsidy from Government of India is channeled through REC and the balance amount can be arranged by the State Government /Implementing Agency through Loan/Equity.

c. Progress of electrification

During the financial year 2015-16, under DDUGJY, electrification works in 7,108 un-electrified villages and intensive electrification in 39,236 villages have been completed. Also free electricity connections have been provided to 14.39 lakh BPL households.

The details of state-wise sanction, fund released & progress of electrification during the financial year 2015-16 are given in enclosed **Table-6**.

9.3 Cumulative Performance upto March 31, 2016

Under DDUGJY, cumulatively up to March 31, 2016, 4,466 projects for ₹ 1,07,760.07 crore have been sanctioned and against that ₹ 41,061.48 crore (Loan & Subsidy) has been disbursed to the implementing agencies.

As regards progress, cumulatively upto March 31, 2016, electrification works in 1,16,144 un-electrified villages and intensive electrification in 3,51,233 villages have been completed. Also, free electricity connections have been provided to 232.22 lakh BPL households.

The state-wise details of cumulative sanctions, fund release & achievements are given in enclosed **Table-7**.

10. STANDARDISATION, QUALITY CONTROL & MONITORING

Your Company has continually provided technical expertise in the distribution system to State Power Utilities. The technical specifications and construction standards issued by the Company are used extensively by the State Power Utilities. The Company, in order to promote new technologies, has been continuously looking for innovations using latest R&D in the field of power distribution.

In line with the three-tier Quality Control Mechanism for ensuring proper quality of materials and works in implementation of RE component of DDUGJY XI & XII five year plan schemes, REC Quality Monitors (RQMs) under Tier-II have been appointed covering 413 projects in 25 states under XI plan (Phase-I&II) and 273 projects in 15 states under XII Plan. Further, during the financial year 2015-16, RQMs have undertaken inspections of 286 villages in XI Plan Phase-I projects, 950 villages & 75 Nos. of material inspections in XI Plan Phase-II projects and 733 Nos. of material inspections were carried out in XII Plan projects at manufacturer premises for ensuring quality of works. Also, your Company successfully accomplished the MoU target of Monitoring of Assets financed/Collaterals and supervision of loans given to various SEBs / DISCOMs / TRANSCOs / GENCOs and Private Companies for Single Project during construction/before CoD having outflow more than ₹ 500 crore.

11. RISK MANAGEMENT

The Company has a Risk Management Policy which covers Asset Liability Management (ALM) Policy and Hedging Policy. ALM Policy provides a framework for defining, measuring and monitoring the mismatches and Hedging Policy covers the management of currency risk.

11.1 Asset Liability Management

The Company has constituted an Asset Liability Management Committee (ALCO) which is functioning under the chairmanship of CMD and comprises of Director (Finance), Director (Technical), 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 programme based on projected disbursement and maturity profile. The interest rate risk is monitored through interest rate sensitivity analysis and monitored through review of lending rates, cost of borrowings and the reset terms of lending & borrowing. Foreign currency risk associated with exchange rate and interest rate is monitored through various derivative instruments. In terms of MoU target, the annual mismatch between Recoveries and Debt Servicing has been within limit and was 2% for financial year 2015-16.

11.2 Enterprise-Wide Integrated Risk Management

The Company is having a Risk Management Committee (RMC) which is functioning under the chairmanship of Part-time Non Official Independent Director and it comprises of Director (Finance) and Director (Technical) as its members for monitoring the integrated risks of the Company.

The main function of RMC is to monitor various risks likely to arise including the project risk along with the categorization for the loan amount outstanding of ₹ 500 crore & above and practices adopted by the Company and also to suggest action for mitigation of risk arising in the operation and other related matters of the Company. The Company has identified its various risks and has taken various steps to mitigate them. The brief description of the risks is as below:

i) 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. To mitigate the same, 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.

ii) 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. In order to mitigate the interest rate risk, Company periodically reviews its lending rates based on prevailing market rates and our weighted average cost of borrowing.

iii) Liquidity Risk:

Liquidity risk is the risk of 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.

iv) Foreign Currency 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. The Company manages foreign currency risk associated with exchange rate and interest rate through various derivative instruments. For this, the Company has put in place a Hedging Policy to manage risk associated with foreign currency borrowings.

v) 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.

vi) Operational Risk:

The Company is facing operational risks arising out of RBI prudential norms, NPA management, other regulatory measures, compliances and Government policies, affecting the project financing in power sector. The Company is continuously following up with RBI & other regulatory agencies and consistently taking steps to strengthen its internal systems and procedures to recognise and reduce operational risk in the business.

12. PREFERRED CUSTOMER POLICY

As a part of business promotion strategy, a Preferred Customer Policy was formulated in 2008 with the basic purpose of offering an enhanced level of services to the Company's customers and to have a long term mutually beneficial relationship with them.

The Policy lays down the eligibility criterion which takes into account various factors such as amount of loan outstanding, duration of loan relationship, repayment track record of the borrower etc. for determining preferred customers and sponsoring them for capacity building/domestic/international seminars/training programmes organized by various external agencies as well as CIRE, Hyderabad.

13. INFORMATION TECHNOLOGY INITIATIVES

The Integrated ERP system is in operation in REC since 2009, covering major business functions of Company which is being improved continuously by adding new features. Benefits of ERP system has been extended to the borrowers also as a part of better service. Process for Upgradation of ERP to newer version has been initiated.

Transformation of existing HR process into online IT driven HR process wherein employees can initiate HR request online on internet through ERP based employees self-service portal, which is being operationalized in phased manner at all offices of REC.

Towards achieving efficient e-governance and transparency in procurement, now all procurement of goods and services of value above ₹ 2 lakh is being done through the e-procurement system. The system is also capable of conducting e-Reverse Auction as per CVC guidelines. In addition, REC has deployed a number of in-house developed systems viz. Annual Property Return, Bill payment and tracking system, Visitor Management System, File Movement System, etc.

Both the Primary Data Centre (PDC) and Disaster Recovery Center (DRC) of REC are ISO/IEC 27001:2013 Certified and comply to National Cyber Security Policy of Government of India as notified by MeitY (Ministry of Electronics and Information Technology). In addition number of information security audits are conducted through CERT-in certified auditor, internal auditor on a continuous basis.

REC has implemented Video Conferencing solution across all of its offices throughout the Country.

Corporate office of REC has become Wi-Fi enabled. This was one of the MoU target for the financial year 2015-16 which has been successfully achieved on December 11, 2015, i.e. within the target date. All field offices of the Company are also being made Wi-Fi enabled. Also, another MoU target of Implementation of HR-ERP Employee Self Service (ESS) Portal over Internet has been accomplished within the cut-off date.

IT Division is also promoting in the Company number of IT initiatives of Government of India like MyGov, e-Governance, Digital India, etc.

Computer to Employee population (other than Class-IV employees) is 100%. IT Division also organizes and impart various training programmes.

14. CENTRAL INSTITUTE FOR RURAL ELECTRIFICATION (CIRE)

CIRE was established at Hyderabad in 1979 under the aegis of REC to cater to the training and development needs of engineers and managers of Power Sector. The programmes are conducted on the state-of-art subjects of Power Generation, Transmission, Distribution and Renewable energy sources. On July 23, 2015, CIRE was conferred with "Education Leadership Award" by ABP News in recognition of 'Leadership, Development, Innovation and Industry Interface' of the Institute.

14.1 National Training Programmes (NTP) under DDUGJY

CIRE is designated as a nodal agency by Ministry of Power for implementation of National Training Programmes (NTP) for employees of C&D category under the Human Resources Development component of DDUGJY programme. A target of training 1,25,000 employees of C&D category was set to be achieved by CIRE during XII plan period. As on March 31, 2016, CIRE was able to organize training of 98,833 employees of C&D category of various power distribution utilities, which includes 32,013 employees of C&D category trained during 2015-16. CIRE/REC has entered into MoAs with 37 Power Utilities/ Training Institutes to conduct the above programmes. A 2-day workshop at CIRE Campus for Nodal Officers of DISCOMs was also organized about the programmes.

CIRE on the request of power utilities, has organized 55 Programmes for employees of C&D category with 1,365 participants at various locations and has also conducted 4 Training of Trainers (ToT) programmes for 93 participants.

14.2 R-APDRP Programme

CIRE, was empanelled as partner training institute to organize R-APDRP programmes sponsored by Ministry of Power. During the year, 2 Nos. Training-of-Trainers programmes under R-APDRP on "Revenue Management & Loss Reduction" with 21 participants from different power utilities were organized.

14.3 International Programmes

CIRE is empanelled by Ministry of External Affairs, Government of India to organize training programmes in the area of power sector under Indian Technical & Economic Cooperation (ITEC)/ Special Commonwealth Assistance for Africa Programme (SCAAP). During the year, CIRE has organized 9 International programmes with 132 participants, on various topics, viz. Financial Management and Accounting System for Power Companies (8 weeks); Planning and Management of Power Transmission & Distribution Systems (8 weeks); Decentralized Distributed Generation & Rural Power Distribution Management (8 weeks); Design, Erection, Operation & Maintenance (O&M) of Extra High Voltage (EHV) Sub-Stations (4 weeks); Solar Power Generation - Grid Enabling (4 weeks); Best Practices in Power Distribution (5 weeks); Management of Power Utilities using IT/Automated Solutions (5 weeks); Trends and Developments in Electric Power Generation (8 weeks) and Certificate Course in Electric Power Management (12 Weeks).

The participants from countries, viz. Afghanistan, Algeria, Bangladesh, Bhutan, Burundi, Cambodia, Cameroon, Democratic Republic of the Congo, Ecuador, Egypt, Gambia, Ghana, Kenya, Malawi, Mauritius, Myanmar, Nepal, Nigeria, Niger, Philippines, Russia, Samoa, Saint Lucia, Sudan, Syria, Tanzania, Thailand, Zimbabwe, etc., have attended the programmes.

14.4 Regular National Programmes

CIRE has organized 20 Regular Training Programmes for the personnel of various Power Utilities/Distribution Companies, on different topics such as, Pilferage of Electricity - Issues, Challenges and Remedial Measures; Ind AS (International Financial Reporting Standards) Adoption in Power Sector; Solar Photovoltaic System – Quality and Performance; Technical Specifications and Construction Standards for Distribution System; Protection System in EHV Sub-Stations; Power Trading & Exchange; Earthing Practices and Safety Measures in Electrical Installations; Open Access, Power Trading and Availability Based Tariff; Gas Insulated and Indoor Sub-stations including Power & Control Cables; Testing, Commissioning and Protection aspects in 33/11 KV Sub-stations; Power Factor Improvement and Reactive Power Management; Power Purchase Agreement; Tariff Policy & Submission of ARRs – Regulatory Compliance; Best Practices in O&M of EHV Sub-stations and Lines; Efficiency Improvement Measures in Thermal Power Station; Technical Aspects for Non-Technical Executives; and Latest Trends in Metering, Billing and Collection. A total number of 243 participants attended the above programmes.

14.5 Programmes organised in collaboration

CIRE has organised training programmes in collaboration with premier Management Institute i.e. Institute of Public Enterprise and conducted 5 programmes during the financial year 2015-16, viz. Best Practices in HR Management of Power Utilities; Procurement and Materials Management; Companies Act, 2013 and HR for Line Managers with 45 participants.

14.6 Customized Programmes

During the year, 26 customized programmes were organized for different Power Utilities and out of these 19 programmes were organized for Andhra Pradesh Power Utilities, such as APTRANSCO, APSPDCL and APEPDCL, 6 programmes were organized for the executives of Punjab State Power Corporation Limited (PSPCL) on “Power Distribution Management” and 1 induction programme of 6-week duration was organised for APSPDCL engineers at CIRE campus. In total, 475 participants were trained under customized programmes.

14.7 In-house Training Programmes

CIRE has also organised 6 in-house programmes for the employees of REC and 53 Employees have taken part in these programmes. The topics covered are Procurement Guidelines; Communication & Negotiation Skills; General Management; Leadership & Teamwork; REC Specifications & Construction Standards; and Finance for Non-finance.

14.8 In all, during the year 2015-16, in addition to coordinating and monitoring the National Training Programmes for employees of C&D category, sponsored by Ministry of Power, CIRE has conducted 128 programmes on various themes and trained 2,471 personnel with 14,353 mandays of training.

15. ISO 9001:2008 QUALITY ASSURANCE CERTIFICATION

The Company has implemented Quality Management Systems as per ISO 9001:2008 standards in six major Divisions of Corporate Office and all Zonal / Project Offices across the country for claims processing.

16. HUMAN RESOURCE MANAGEMENT

In order to professionalize the Executive strength of the Company and also to infuse fresh blood, 44 Executives were appointed through open advertisement and 8 Executives were appointed through Campus Recruitment during the financial year. The total manpower of the Company as on March 31, 2016 was 600 employees which includes 463 Executives and 137 Non-Executives.

16.1 Reservation in Employment

The directives issued by the Government of India regarding reservations for SC/ST etc. in appointment and promotion to various posts were complied with. The group wise details of SC and ST employees out of total strength as on March 31, 2016 are given below:

GROUP	NUMBER OF EMPLOYEES					
	TOTAL		SC		ST	
	FY 2015-16	FY 2014-15	FY 2015-16	FY 2014-15	FY 2015-16	FY 2014-15
A	391	359	40	33	14	12
B	99	121	13	17	2	2
C	36	42	6	7	0	0
D	74	79	22	24	1	1
Total	600	601	81	81	17	15

As on March 31, 2016, 14 employees out of total employees are in the category of persons with disabilities which amounts to 2.33% of total manpower of the Company.

16.2 Training & Human Resource Development

As a measure of capacity building including up-gradation of employees' skill sets and to ensure high delivery of performance, Training and HRD continued to receive priority during the financial year. Training and Human Resource Policy of the Company aims and sharpening 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 sensitize employees to socio-economic environment in which business of the Company is carried out. Training which helped employees benefit in spiritual, health and attitudinal change process was also imparted.

In order to equip the employees professionally, the Company sponsored 251 employees to various training programmes, workshops etc., within the country and abroad. In addition, 7 training programmes were conducted in-house which were attended by around 151 employees. Taken together, these initiatives enabled the Company to achieve 1096 training mandays and also achieve the MoU target of 'Excellent' rating for this parameter. These included exposure of executives to training programme on the subject of Team work and Leadership and Exposure of Top & Senior Management Team to training on advanced management programmes under which 105 mandays and 109 mandays were achieved as against a MoU target of 90 and 100 mandays, respectively. 19 Executives were deputed for programmes in countries like Japan, U.K, France & China.



Participants of the Training Programme on 'The Companies Act, 2013, various Statutory and Corporate Compliances' held from November 19 to November 22, 2015.

16.3 Employee Welfare

In order to provide improved health care facilities to the employees and their dependent family members, the Company has expanded the list of empanelled hospitals under Direct Payment Scheme by adding 6 hospitals. Further, part time services of 4 specialized doctors were engaged to provide onsite medical facilities to employees. The Company has also been funding sports & recreation equipment for use by employees and to promote well-being of employees.

Sports Activities

During the financial year 2015-16, REC hosted an Inter-CPSU Carrom Tournament and also sponsored its employees for various Inter- CPSU sports tournaments such as Badminton, Table Tennis, Volley Ball, Kabbadi, Chess etc., organized by various power sector CPSUs under the aegis of Power Sports Control Board (PSCB). Further, employees were encouraged to participate in various quiz, paper presentations and simulation competitions conducted by reputed institutions.

16.4 Representation of Women Employees

As on March 31, 2016, the Company had 97 permanent women employees, which represent 16.17% of the total work force. There is no discrimination of employees on the basis of gender. A Women Cell has been in operation in the Company to look after welfare and all round development of women employees. International Women's Day was celebrated by REC Women Cell and a health check-up camp was also organized exclusively for women employees.

16.5 Industrial Relations

The Industrial Relations scenario in the Company continued to be cordial and harmonious in the financial year 2015-16. There was no loss of mandays on account of industrial unrest. Regular interactions were held with REC Employees Union and REC Officers Association on issues of employee welfare. This has helped to build an atmosphere of trust and cooperation resulting in a motivated workforce and continued improvement in business performance.

16.6 Public Grievance Redressal Machinery

In accordance with the guidelines issued by the Government of India, the Company has constituted a Grievance Redressal Committee to redress the grievances of employees.

17. CORPORATE SOCIAL RESPONSIBILITY AND SUSTAINABLE DEVELOPMENT

The 'REC Corporate Social Responsibility & Sustainability Policy' prepared in line with the provisions of Companies Act, 2013 and Rules thereunder, The Companies (Corporate Social Responsibility Policy) Rules, 2014, and Guidelines for CSR and Sustainability for Central Public Sector Enterprises issued by Department of Public Enterprises, Ministry of Heavy Industries & Public Enterprises, effective from April 1, 2014, was approved by the Board of Directors of the Company. The 'REC Corporate Social Responsibility & Sustainability Policy' is available on the website of the Company.

During the financial year 2015-16, the Corporate Social Responsibility and Sustainable Development (CSR & SD) initiatives of the Company were continued with a view to integrate REC's business operations with social processes while recognizing the interests of its stakeholders. CSR & SD projects were linked with the principle of sustainable development. The strategic focus was aimed at CSR & SD initiative towards fulfilling the National Plan goals and objectives including Millennium Development Goals



Shri Thaawarchand Gahlot, Hon'ble Union Minister of Social Justice & Empowerment, inaugurating the Operation Theatre in Swami Vivekanand National Institute of Rehabilitation Training And Research, Cuttack, set up under REC CSR initiatives, in presence of Shri Krishan Pal Gurjar, Hon'ble Union Minister of State for Social Justice & Empowerment, CMD, REC, and other senior officials of Government of India and REC.

ensuring gender sensitivity, skill enhancement, entrepreneurship and employment generation by co-creating value with local institutions/ people. While identifying such initiatives the Company has adopted an integrated approach to address the community, societal and environmental concerns measured in terms of triple bottom line approach. During the year, the Company has undertaken various CSR initiatives in the fields of skill development programmes, education, environmental sustainability, promotion of health care including for old age and persons with disabilities, drinking water and sanitation facilities including participation in Swachh Vidyalaya Abhiyan, solar smart micro grid lights in select un-electrified/ poorly electrified villages, etc. The CSR strategy has been developed with action plan in project-based accountability approach. Most of the CSR activities have been implemented in project-mode, with baseline survey, specified time-frame, identified milestones and periodic monitoring and impact assessment. Disbursement of allocated funds under CSR was linked with achievement of the milestones and deliverables. During the financial year 2015-16, financial assistance aggregating to ₹ 163.17 crore was sanctioned for various projects under Corporate Social Responsibility and expenditure of ₹ 128.20 crore was incurred, including amount provided.

In terms of the Companies (Corporate Social Responsibility Policy) Rules, 2014, the Annual Report on CSR activities is annexed to this Report.

18. VIGILANCE ACTIVITIES

Vigilance Division constantly endeavored to optimize probity and integrity and promote professionalism, ethical work culture and discipline among the employees. The emphasis of Vigilance Division was primarily on streamlining the systems and policies and inculcating transparency and accountability in the work processes.

Vigilance Division constantly tried to identify vulnerable areas in the systems and procedures to reduce the scope of arbitrariness and discretion in decision making to the extent possible. The Division regularly pursued with all concerned to ensure that CVC's instructions were strictly implemented in the Company. Pursuant to vigilance initiative, Integrity Pact, File Movement System, Bill Tracking System and Security System in Corporate Office premises were implemented/ operationalised. Also a training programme for the newly recruited officers in REC with respect to REC CDA Rules, Tendering procedure, e-procurement etc. was organized. REC Procurement Guidelines encompassing all relevant instructions issued by CVC/Ministry of Power, etc. have been revised.

Almost all tenders above ₹ 5 lakh were processed through e-Procurement mode w.e.f. April 1, 2015. All concerned divisions were advised to comply with the instructions of CVC with respect to award of contract on single tender/nomination basis. The guidelines for compliance of password policy for accessing ERP/E-mail/Software applications were formulated and uploaded on REC Intranet.

Regular review meetings were taken up by Vigilance Division with operating divisions on the existing systems and procedures to make these more transparent and accountable. Scrutiny of tendering procedure was carried out randomly and suggestions were given to further improve/streamline the tendering mechanism.

REC observed Vigilance Awareness Week (VAW) from October 26, 2015 to October 31, 2015. At Corporate office, Quiz Competition and Lectures were organized. Lectures on Ethics, Transparency and Integrity were also organized in three colleges of Delhi University and Elocution Competition was held in two schools in Delhi. A hand book on 'REC Code of Ethics' was brought out covering important aspects of integrity, probity, work culture, employee's competencies, ethical behavior, etc. Various activities viz. essay writing/debate competition and public awareness rallies, etc. were also organized in Zonal/ Project Offices of REC and CIRE, Hyderabad.

Regular/surprise inspections were carried out by officers of Vigilance Division in field offices and employees were sensitized about the importance of Vigilance. Audit Reports were scrutinized from a vigilance point of view.

With a view to enhance the knowledge of employees on vigilance related issues, a Vigilance Bulletin was issued periodically. The details of Immovable Property Returns (IPRs) of all Executives have been uploaded on REC's Website and vigilance clearance has been linked with timely submissions of IPRs. Annual Property Returns of the employees were subject to systematic scrutiny. The performance of Vigilance Division was reviewed periodically by the CVC, Board of Directors and CMD in addition to regular reviews undertaken by the CVO in accordance with the prescribed norms.

19. IMPLEMENTATION OF OFFICIAL LANGUAGE

The Company has been implementing the provisions of Official Language Policy of the Department of Official Language, Government of India. The quarterly meetings of Official Language Implementation Committee (OLIC) were held regularly to review the progressive use of Hindi in the Company under the chairmanship of CMD. To review and encourage employees to use Hindi and implementation of Annual Programme 2015-16, was the primary concern of these meetings.

The Parliamentary Committee on Official Language held the inspections of REC Project office, Hyderabad on April 9, 2015 and REC Corporate office on January 21, 2016. Officials from Department of Official Language under Ministry of Home Affairs conducted the inspection of the Corporate Office. Further, Internal Inspections were carried out to assess the progressive use of Hindi in 9 divisions of Corporate Office and its 6 Project Offices.

Nodal Hindi Officers were nominated in all Zonal/Project offices of REC to ensure proper implementation of Official Language policy.

A Hindi Pakhwara was organized from September 14 - 28, 2015 in the Company in which 9 competitions were organized for the employees. 47 employees won prizes in different categories, in these competitions.

During the financial year 2015-16, four Hindi Practice based workshops were organised at the Corporate office in which 125 Executives/Non-Executives participated. Further, a Zonal Hindi Workshop was also organized on August 19-20, 2015 at REC,

Zonal Office, Bangluru for the employees of REC 'C' region in which 19 employees including Nodal Hindi Officers of the respected offices were trained.

The Company has also been awarded "Rajbhasha Gaurav Samman" by Rashtrabhasha Swabhiman Nyas for its concerted efforts made in implementation of official language policy.

To create a conducive atmosphere for working in Hindi and to facilitate original work in Hindi, books such as English-Hindi, Hindi-English dictionaries, help and reference-Literature, technical glossaries are widely publicized. Besides, fifty per-cent of the expenditure, earmarked for purchase of books has been utilized for purchase of books published in Hindi.

20. PARTICULARS REGARDING CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS & OUTGO.

20.1 Conservation of Energy

The Registered Office of the Company is located at 'SCOPE Complex' where all civil, electrical installation & maintenance is carried out by SCOPE. Due to effective monitoring, controlling & scheduling the operation of Chilling units, Elevators & by putting energy efficient equipment, replacement of conventional light fittings, CFL, etc. with LED light fittings and maintain power factor to nearest to unity, SCOPE has saved around 5.24 Lakh Units consumption, resulting in saving of ₹ 57 Lakh in terms of amounts during the financial year 2015-16.

Further, as a result of replacement of conventional light fittings with energy efficient LED lights in Corporate Office at SCOPE Complex, REC has saved around 82,135 units of electricity resulting in saving of ₹ 6,80,186/- during the year.

20.2 Foreign Exchange Earnings & Outgo

No foreign exchange was earned during the financial year 2015-16. However, the foreign exchange outflow aggregating to ₹ 661.03 crore was made during the financial year on account of interest, finance charges and other expenses.

21. SUBSIDIARY COMPANIES

Your Company has two Wholly Owned Subsidiaries (WOS), to focus on additional business of consultancy in the areas of distribution, transmission etc.:

- (i) REC Power Distribution Company Limited (RECPDCL) (CIN: U40101DL2007GOI165779)
- (ii) REC Transmission Projects Company Limited (RECTPCL) (CIN: U40101DL2007GOI157558)

Further, Ministry of Power, Government of India, allocates independent transmission projects from time to time to RECTPCL to work as Bid Process Coordinator (BPC), for selection of developer as Transmission Service Provider (TSP) through Tariff Based Competitive Bidding Process. In order to initiate development of each independent inter-state transmission project allocated by Ministry of Power, Government of India, RECTPCL incorporates a project specific Special Purpose Vehicle (SPV) as Wholly Owned Subsidiary Company and after the selection of successful bidder through Tariff Based Competitive Bidding Process notified for transmission projects, the respective project specific SPV along with all its assets and liabilities is transferred to the successful bidder. As on March 31, 2016, following project specific Special Purpose Vehicles (SPVs) existed as Wholly Owned Subsidiary Companies of RECTPCL:

1. Nellore Transmission Limited (NTL) (CIN: U40104DL2012GOI245654)*
2. Baira Siul Sarna Transmission Limited (BSSTL) (CIN: U40106DL2013GOI247564)*
3. NRSS XXXVI Transmission Limited (CIN: U40300DL2015GOI284168)
4. North Karanpura Transco Limited (NKTL) (CIN: U40103DL2015GOI287880)
5. Khargone Transmission Limited (KTL)(CIN: U40300DL2015GOI287933)
6. Dinchang Transmission Limited (DTL)(CIN: U40300DL2015GOI288066)
7. NER II Transmission Limited (NTL) (CIN: U40106DL2015GOI279300)

** Office of Registrar of Companies (RoC), NCT of Delhi and Haryana has approved the applications for striking off the name of Nellore Transmission Limited and Baira Siul Sarna Transmission Limited from the Register of Companies u/s 560 of Companies Act, 1956 and both the companies have been dissolved. Further, RoC has issued certificate dated May 25, 2016 for Nellore Transmission Limited and certificate dated July 16, 2016 for Baira Siul Sarna Transmission Limited in respect of dissolution.*

Further, Transmission System for LTA of 400MW for 2x500MW Neyveli Lignite Corporation Limited. TS-I (Replacement) (NNTPS) in Neyveli, which was notified vide Gazette Notification dated July 9, 2014 has been denotified vide Gazette Notification dated July 24, 2015, considering the small size of project.

21.1 REC Power Distribution Company Limited

During the financial year 2015-16, RECPDCL has not only excelled in its core business viz. Preparation of Detailed Project Reports (DPR's), Third Party Inspections (TPI), Material Inspection & Project Management Consultancy (PMC) services, but also set its quality benchmark in the area of Project Implementation under R-APDRP Part-A and execution of turnkey works relating to the construction of toilets (using conventional and prefab technologies) in schools across India under CSR initiatives of REC under Swachh Vidyalaya Abhiyan. Work executed by RECPDCL has been widely appreciated at various platforms in general and our valued customers in particular.

The major assignments undertaken during the financial year 2015-16 are as follows:-

1) IT Implementation works under R-APDRP Part-A for Goa Electricity Department

RECPDCL has excelled in IT Implementation Works under R-APDRP Part-A for Goa Electricity Department (GED) and has set a benchmark of roll-out of Pilot town within a shortest record period of one year.

RECPDCL has procured various hardware/software/services e.g. Servers, Storage subsystem, UPS, Desktops, Printers, DGPS survey, GIS software, Network Analysis Module etc. after following due e-tendering process and reverse auction to maintain better transparency and higher quality standard.

The work executed till March 31, 2016 includes Preparation of Base-line Data System for the project area covering Consumer Indexing (in Panjim & Marmagoan town), GIS Mapping, installation of Automatic Meter Reading (AMR) on Distribution Transformers and Feeders, set-up of Data centre & Data Recovery Centre with all IT equipments viz. Servers, Storage, Critical UPS, etc., set-up of IT equipments at Sub-Divisional Offices & Other Offices of Panjim, Mapusa & Marmagoan town.

2) Preparation of Detailed Project Report and working as Project Monitoring Agency under DDUGJY and IPDS

RECPDCL is engaged in preparation of Detailed Project Report (DPR) and Project Management Agency (PMA) under DDUGJY and IPDS schemes for various DISCOMs namely:

Paschimanchal Vidyut Vitaran Nigam Limited (PVVNL); Dakshinanchal Vidyut Vitaran Nigam Limited (DVVNL); Madhya Pradesh Madhya Kshetra Vidyut Vitaran Company Limited (MPMKVVCL); West Bengal State Electricity Distribution Company Limited (WBSEDCL); Assam Power Distribution Company Limited (APDCL); Manipur State Power Distribution Company Limited (MSPDCL); Chhattisgarh State Power Distribution Company Limited (CSPDCL); Bangalore Electric Supply Company Limited (BESCL); Hubli Electric Supply Company Limited (HESCL); Chamundeshwari Electricity Supply Company Limited (CESCOM); Gulbarga Electricity Supply Company Limited (GESCOM); Mangalore Electricity Supply Company Limited (MESCL); & The Hukkeri Rural Electric Co-operative Society Limited (HRECS).

3) New Initiatives & Assignment ahead

RECPDCL is looking forward to get more diversified business opportunities. The opportunities under consideration are as follows:

- a. The process of Empanelment of different agencies to carry out LED based lighting, Energy Efficiency projects and Solar PV (Off Grid/Grid connected) projects etc. across the country is under progress.
- b. Project Management Consultancy (PMC) under DDUGJY for J&K Electricity Department.
- c. Future business endeavours: RECPDCL is planning & focusing in various new high end technologies consultancy and implementation business viz. Smart Grid and Mini Grid implementation, etc.

Besides achieving the excellent performance in the conventional areas of business since its incorporation in the year 2007, during the financial year 2015-16, RECPDCL has also been successful in getting business in other segments like – (i) Renewable Energy (Solar Projects) in Assam; (ii) Energy Efficiency Projects; and (iii) Monitoring the progress of work of electrification of un-electrified villages.

(i) Renewable Energy /SPV Project

To promote the utilization of renewable energy to save environment, RECPDCL has participated actively in Roof Top Solar projects. The Company has already completed survey and DPR preparation for 145 remote villages in jurisdiction of Assam Power Distribution Company Limited (APDCL) in Assam State.

(ii) Odisha Solar Project

Contract Award was placed on M/s Punam Energy Private Limited, Kolkata. Survey of all awarded 16 schools was completed. Contractor has submitted Drawings, Time schedule Plan, Bill of material. Ordering of all solar items & equipment for 16 project sites is in process.

(iii) Fund Management

RECPDCL has expanded its portfolio of services further and has added a new business vertical of Fund Management to its existing segments. RECPDCL is currently working as the Lead implementing agency for managing Bureau of Energy Efficiency's (BEE) Partial Risk Guarantee Fund for Energy Efficiency. The agreement has been signed with BEE on July 16, 2015.

Further, with increasing presence of RECPDCL in the field of Energy Efficiency it is also now empanelled with BEE as an Energy Service Company (ESCO) with a vision to further actively participate in the Energy efficiency market.

(iv) Monitoring of Electrification of Un-Electrified Villages (UEV)

Ministry of Power (MoP) has decided to take electrification of all 18,452 Un-Electrified (UE) villages on Mission Mode and set target of electrification of Un-electrified villages by March, 2017. MoP has appointed REC as Nodal Agency to monitor the progress of electrification work of UE villages and further REC has awarded the work relating to day to day monitoring, website maintenance & updation, to develop RE mobile application (GARV App), control room-setup, call center and quality surveillance checks during electrification of UE villages, etc., to its Wholly Owned Subsidiary Company i.e. RECPDCL.

For monitoring the progress of electrification work of UE villages in an effective and speedy manner, RECPDCL has deputed 415 engineers in field as "Gram Vidyut Abhiyantas" (GVAs) at Blocks/Districts level in different state across the country and 75 engineers as "District Vidyut Abhiyantas" (DVAs) posted in all districts of Uttar Pradesh to look after progress of work in their respective districts. RECPDCL has also developed a Web-Portal and a Mobile Application viz. "Grameen Vidyutikaran-GARV" to closely monitor the real time progress of electrification work of UE villages.

Tablets with latest and upgraded technology have been provided to all the GVAs to complete the assignment efficiently & in a time bound manner as well as to capture the real time Pictures & Videos in the GARV app so that the progress can be monitored by everyone across the country.

The captured pictures and videos by GVAs are being published in the GARV App after going through a multi-stage scrutiny & approval at Project Office and Head Office level. The village is being declared electrified on GARV App only when it is declared electrified by DISCOMs and further checked & found electrified by GVAs.

During the financial year 2015-16, REC has achieved the target of electrification of 7,108 UE villages against the internal target of electrification of 7,000 UE villages. Further, as on August 11, 2016, 10,006 villages have been electrified. The brief details are mentioned below:

Sl. No.	Total UE Villages	Electrified	Uninhabited	To be Electrified	Total Village Visited	Total Visits by GVAs
1	18,452	10,006	525	7,921	16,597	46,401

Swachh Vidyalaya Abhiyan (SVA)

REC Power Distribution Company Limited (RECPDCL) (Wholly-Owned Subsidiary of REC) was appointed as Project Implementing & Monitoring Agency for monitoring of work relating to construction of 7,096 Nos. of toilets in schools in 26 districts of Bihar, Rajasthan, Madhya Pradesh, Uttar Pradesh, Telangana and Punjab states under 'Swachh Vidyalaya Abhiyan' (SVA) in response to Prime Minister's call to the nation. All the toilets were constructed & successfully handed over to the respective school authorities within the stipulated time period. The estimated construction cost of 7,096 Nos. of toilets is around ₹ 110 crore.

SKOCH Smart Technology Award 2015

In recognition of its excellent work done for achieving the target of construction of toilets under 'Swachh Vidyalaya Abhiyan' (SVA), RECPDCL has received appreciation from Ministry of Power (MoP) and also was conferred with the 'SKOCH Smart Technology Award 2015' for the Swachh Vidyalaya, Swachh Bharat & UE Mission at the SKOCH Smart Technology Award 2015 Ceremony held on December 11, 2015 at New Delhi. Due to the excellent work carried out by RECPDCL even in some of the most disturbed areas, RECPDCL has been further awarded the work for construction of toilets in Gazipur district of the State of Uttar Pradesh.

Information Technology Initiatives

As an Information Technology initiative, an internal portal has been created for online storage of the data/reports related to the Swachh Vidyalaya Abhiyan project and monitoring of milestone wise payment to the contractors against the construction of toilets in different states. RECPDCL has also implemented the backup policy for maintaining the regular back up of important data to various storage disks at different locations in order to minimize the risks.

OHSAS 18001:2007 Certification

Apart from ISO 9001:2008 and ISO 14001:2004, RECPDCL has also been conferred with OHSAS 18001:2007 during the financial year 2015-16 for implementation of Occupational Health and Safety Assessment System for carrying out administrative and other allied activities at Corporate Office, Delhi.

MoU RATING

The performance of RECPDCL in terms of MoU signed with the holding company i.e. Rural Electrification Corporation Limited for the financial year 2013-14 had been rated as "Excellent" by the Department of Public Enterprises (DPE), Government of India. For the financial year 2014-15 and 2015-16 also the Company is poised to receive "Excellent" rating.

Financial Performance of RECPDCL

The Financial Performance of the company is on the fast trajectory growth path. During the financial year 2015-16, the company's total revenue has increased by 73% to ₹ 151.54 crore as compared to ₹ 87.79 crore in the previous year. The Profit Before Tax (PBT) has increased by 6% to ₹ 55.44 crore as compared to ₹ 52.52 crore in the previous year. Further, the Profit After Tax (PAT) has also increased by 4% to ₹ 36.17 crore from ₹ 34.77 crore during the previous year. The Board of Directors of RECPDCL has recommended a dividend of ₹ 2,170.56 (Rupees Two Thousand One Hundred Seventy and Fifty Six Paise) per equity share (on the face value of ₹ 10/- each) representing 21,705.60% of the Paid up Share Capital of the Company for the financial year 2015-16, subject to the approval of Shareholders of the company in the 9th Annual General Meeting, as against ₹ 100/- (Rupees One Hundred) per share, representing 1,000% of the Paid up Share Capital of the Company in the previous year. The total dividend pay-out for the financial year 2015-16 will amount to ₹ 10.85 crore (excluding dividend distribution tax).

21.2 REC Transmission Projects Company Limited (RECTPCL)

During the financial year 2015-16, the Ministry of Power, Government of India vide Gazette Notification dated July 24, 2015

and November 17, 2015, has allocated following five inter-State transmission systems with aggregate estimated cost of ₹ 4,700 crore to RECTPCL to act as the Bid Process Coordinator for selection of developer for:

- I. System Strengthening Scheme in Northern Region (NRSS-XXXVI) along with LILO of Sikar-Neemrana 400kV D/C Line at Babai (RRVPL).
- II. Immediate evacuation for North Karanpura (3x660 MW) generation project of NTPC and Creation of 400/220 kV Sub-station at Dhanbad -Proposal of JUSNL (ERSS-XIX).
- III. Transmission system Strengthening in WR associated with Khargone TPP (1320 MW).
- IV. Transmission system for Phase-I Generation Projects in Arunachal Pradesh.
- V. NER System Strengthening Scheme-II (Part- B) & V.

Further, for each of the transmission project, a two stage Bidding process featuring separate Request for Qualification (RfQ) and Request for Proposal (RfP) is adopted in accordance with Tariff Based Competitive Bidding guidelines of Ministry of Power, Government of India for selection of developer as Transmission Service Provider. After the selection of successful bidder, the respective project specific SPV along with all its assets and liabilities is transferred to the successful bidder.

For the transmission projects listed at Sl. No. I to IV above, RECTPCL incorporated project specific SPVs by the name of NRSS XXXVI Transmission Limited on August 18, 2015, North Karanpura Transco Limited on November 27, 2015, Khargone Transmission Limited on November 28, 2015 and Dinchang Transmission Limited on December 2, 2015.

For transmission project listed at Sl. No. V, CEA had initially notified RECTPCL to be the Bid Process Coordinator for "NER System Strengthening Scheme II" vide gazette notification dated February 9, 2015. Accordingly, SPV was incorporated by the name of NER II Transmission Limited on April 21, 2015. Subsequently, Empowered Committee in its meeting held on September 14, 2015 revised the scope of project and proposed to merge with another transmission project and named the scheme as NER System Strengthening Scheme-II(Part-B) & V. The revised scheme has also been allocated by the Ministry of Power, Government of India vide Gazette Notification dated November 17, 2015.

The bidding process of following transmission projects has been completed and the respective project specific SPV has been transferred to the successful bidder (from April, 2015) as detailed below:-

Sl. No.	Name of Transmission Project	Name of Project Specific SPV	Name of Selected Bidder	Date of Transfer of project specific SPV
1	Transmission System Associated with Gadawara STPS (2 X 800 MW) of NTPC (Part-A)	Gadawara (A) Transco Limited	M/s Power Grid Corporation of India Limited	April 24,2015
2	Transmission System Associated with Gadawara STPS (2 X 800 MW) of NTPC (Part-B)	Gadawara (B) Transmission Limited	M/s Power Grid Corporation of India Limited	April 24,2015
3	Connectivity Lines for Maheshwaram (Hyderabad) 765/400 kV Pooling S/s	Maheshwaram Transmission Limited	M/s Sterlite Grid 3 Limited	August 20,2015
4	Strengthening of Transmission System beyond Vemagiri	Vemagiri II Transmission Limited	M/s Power Grid Corporation of India Limited	December 4,2015
5	Transmission System Strengthening in Indian System for transfer of power from new HEPs in Bhutan	Alipurduar Transmission Limited	M/s Kalpataru Power Transmission Limited	January 6, 2016
6	Immediate evacuation for North Karanpura (3x660 MW) generation project of NTPC and Creation of 400/220 kV Sub-station at Dhanbad -Proposal of JUSNL (ERSS-XIX)	North Karanpura Transco Limited	M/s Adani Transmission Limited	July 8, 2016

During the current financial year, RECTPCL has been engaged to prepare Detailed Project Report and to act as Project Management Agency (PMA) in respect of Integrated Power Development Scheme by Kanpur Electricity Supply Company Limited (KESCO).

During the financial year ended March 31, 2016, RECTPCL has generated an income of ₹ 44.15 crore. The Profit Before Tax and Profit After Tax for the year is ₹ 42.42 crore and ₹ 28.80 crore respectively. The Net Worth of RECTPCL is ₹ 123.41 crore against initial Capital injected by REC of ₹ 0.05 crore in year 2007. For the financial year 2015-16, the Board of Directors of RECTPCL has recommended a dividend of ₹ 1730 per equity share of face value of ₹ 10/-each i.e. 17,300% on the paid up share capital of the company, amounting to ₹ 8.65 crore, subject to approval of shareholders of the Company in the Annual General Meeting.

22. DETAILS OF JOINT VENTURE AND ASSOCIATE COMPANY

REC, along with three other PSUs, namely Power Grid Corporation of India Limited, NTPC and PFC as partners, has formed a Joint Venture Company by the name Energy Efficiency Services Limited (EESL) on December 10, 2009. The Company has contributed ₹ 47.50 crore (being 28.8% of paid-up capital of EESL) upto March 31, 2016. Further, during the financial year 2016-17, the Equity investment of REC in EESL was increased to 14,65,00,000 Equity Shares of ₹ 10/- each w.e.f April 25, 2016. Accordingly, as on date REC holds 31.7% of the paid up equity share capital of EESL.

EESL is formed to create & sustain market access of energy efficient technologies particularly in the public facilities like municipalities, buildings, agriculture, industry etc. and to implement several schemes of Bureau of Energy Efficiency, Ministry of Power, Government of India. EESL is also leading the market related activities of the National Mission for Enhanced Energy Efficiency (NMEEE), one of the 8 national missions under National Action Plan on Climate Change. The Business verticals of the company *inter-alia* include implementing projects in Energy Service Company (ESCO) mode in Agriculture Demand Side Management (AgDSM), Municipal Demand Side Management (MuDSM), Distribution Energy Efficiency projects, Building, Small & Medium Enterprises (SMEs), Perform, Achieve and Trade-Joint Implementation Plan (PAT-JIP), Corporate Social Responsibility activities, etc.

Currently, EESL is implementing Municipal Street Lighting projects with various Municipal Corporation and AgDSM projects for replacement of inefficient Agricultural Pump sets in agriculture sector, Unnat Jyoti by Affordable LEDs for all formerly Domestic Efficient Lighting Programme (DELP) in domestic residential sector in ESCO mode with various Utilities and CSR projects of various companies.

The performance of EESL during the year has improved and the financial performance of the company is on the growth path. During the financial year 2015-16, based on the unaudited financials, the company's total revenue is ₹ 714.40 crore compared to the previous year revenue of ₹ 71.11 crore. The Profit Before Tax (PBT) is ₹ 49.60 crore as compared to ₹ 13.57 crore in the previous year. Further, the Profit After Tax (PAT) has also increased to ₹ 32.89 crore from ₹ 9.06 crore during the previous year.

23. CONSOLIDATED FINANCIAL STATEMENTS

Pursuant to Section 129 of the Companies Act, 2013 and Accounting Standard-21, the Company has prepared Consolidated Financial Statements including that of its Subsidiary Companies i.e RECTPCL & RECPDCL and Joint Venture Company i.e EESL, which shall be laid before the ensuing 47th Annual General Meeting along with the Standalone Financial Statements of the Company. However, those wholly owned subsidiary companies which are incorporated by RECTPCL & are subsidiary of REC in terms of provisions of Section 2(87) of Companies Act, 2013, for the purpose of subsequent disposal have not been consolidated in the financial statements of the Company.

Pursuant to sub-section (3) of Section 129 of the Act, a statement containing the salient features of the financial statements of subsidiaries and joint venture in Form AOC-1 forms part of this Annual Report.

The Audited Financial Statements including the consolidated financial statements and audited accounts of subsidiaries of the Company are available on the website of the Company at www.recindia.com. Further, these documents will be kept for inspection by any member or trustee of the holder of any debentures at the Registered Office of the Company. The Company will also make available copy thereof upon specific request by any member of the Company interested in obtaining the same.

24. DIRECTORS AND KEY MANAGERIAL PERSONNEL

Being a Government Company, the power of appointment of Directors on the Board of the Company is vested with the President of India acting through the Ministry of Power (MoP), Government of India. The remuneration of Directors and employees of the Company is fixed as per extant Guidelines issued by Department of Public Enterprises (DPE), from time to time. Further, the Part Time Non Official Independent Directors are paid sitting fees, as decided by the Board of Directors from time to time (within the limits prescribed under the Companies Act, 2013) for attending Board and Committee meetings. As per the norms of Government of India, the Government Nominee Director is not entitled to receive any remuneration/ sitting fee from the Company. The details of remuneration/sitting fees paid to Directors are given in Corporate Governance Report annexed to this report.

Further, Ministry of Corporate Affairs (MCA) vide Notification dated June 5, 2015, has exempted Government Companies from the requirements related to criteria formulation for determining qualifications, positive attributes and independence of Directors and policy relating to remuneration of Directors.

As per the provisions of the Companies Act, 2013, the Board of Directors of the Company has designated the Chairman and Managing Director (CMD), Director (Finance), Director (Technical) and Company Secretary as Key Managerial Personnel (KMPs) of the Company. The role of CEO is being performed by the CMD and the role of CFO is being performed by Director (Finance) of the Company.

During the financial year 2015-16, Dr. Arun Kumar Verma (DIN: 02190047) was appointed as Government Nominee Director vice Shri Badri Narain Sharma vide MoP Order dated October 6, 2015. Since, Dr. Verma is a Director nominated by Central Government by virtue of its shareholding in the Company, approval of shareholders in the AGM for his appointment as Director, is not required in line with the provisions of Section 161 (3) of the Companies Act, 2013.

Consequent to the resignation by Shri Prakash Thakkar (DIN: 01120152), he ceased to be a Director on the Board of the Company w.e.f October 12, 2015 and MoP vide its order dated October 16, 2015 has appointed Shri Sanjeev Kumar Gupta (DIN: 03464342) as Director (Technical) for a period of five years from the date of assumption of charge i.e. October 16, 2015 or till superannuation or until further orders whichever is earlier. Also, MoP vide Order dated November 13, 2015 has appointed three Part time Non-Official Independent Directors namely Shri Arun Singh (DIN: 00891728), Shri Aravamudan Krishna Kumar (DIN: 00871792) and Prof. T.T. Ram Mohan (DIN: 00008651) on the Board of Directors of the Company for a period of 3 years from the date of notification of their appointment or till further orders whichever is earlier. Further, Director (Technical) and the Independent Directors, are proposed to be appointed by the shareholders of the Company, in the ensuing AGM.

As per the provisions of the Companies Act, 2013 and in terms of provisions of Article 82 (4) of Articles of Association of the Company, Shri Ajeet Kumar Agarwal (DIN: 02231613), shall retire by rotation at the 47th Annual General Meeting and being eligible, offers himself for re-appointment. The Board of Directors recommends his reappointment as a Director till the completion of his present tenure or until further orders, whichever is earlier.

The brief resume of Directors proposed for appointment/re-appointment is annexed to the Notice of the AGM.

25. EVALUATION OF BOARD OF DIRECTORS/INDEPENDENT DIRECTORS

As per the statutory provisions, a listed company is required to disclose in its Board's Report, a statement indicating the manner in which formal annual evaluation has been made by the Board of its own performance, that of its Committees and individual directors and the criteria for performance evaluation of Independent Directors, as laid down by Nomination and Remuneration Committee, is also required to be disclosed in the Annual Report.

However, Ministry of Corporate Affairs vide its notification dated June 5, 2015 has exempted certain provisions of Companies Act, 2013 for Government Companies. As per the above notification, the Nomination & Remuneration Committee is not required to formulate the criteria for appointment of Directors, their remuneration policy and carrying out their performance evaluation in certain cases. Further, the Board of Government Companies is not required to evaluate performance of directors in case they are evaluated by administrative ministry.

REC being a government company, the evaluation of performance of all the members of the Board including Independent Directors is undertaken by administrative ministry i.e. Ministry of Power, Government of India.

26. MoU RATING AND AWARDS

The performance of your Company in terms of MoU signed with the Ministry of Power, Government of India for the financial year 2014-15 has been rated as "Excellent". This is the 22nd year in succession that REC has received "Excellent" rating since the year 1993-94 when the first MoU was signed with the Government. For the financial year 2015-16 also, the Company is poised to receive "Excellent" rating. During the year, your Company received "Fastest Growing Navratna PSU' award from India Today and CMD of your Company also received "Best CEO Award" in the category of Best CEO Award instituted by Business Today.

27. BOARD & COMMITTEES OF THE BOARD

The details of the composition, terms of reference and number of meetings of the Board and its Committees held during the financial year 2015-16 are provided in the Corporate Governance Report annexed to this Report.

28. DIRECTORS' RESPONSIBILITY STATEMENT

With reference to Section 134(5) of the Companies Act, 2013, it is confirmed that:

- (i) in the preparation of the annual accounts for the year ended March 31, 2016, the applicable Accounting Standards have been followed and no material departures have been made from the same;
- (ii) such accounting policies have been selected and applied consistently (except for changes in Accounting Policies as disclosed in the Notes to Accounts to the Financial Statements) and judgments and estimates made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- (iii) proper and sufficient care is taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) the annual accounts have been prepared on a going concern basis;
- (v) Internal financial controls have been laid to be followed by the Company and such internal financial controls were adequate and operating effectively; and
- (vi) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

29. "THINK GREEN, GO GREEN" INITIATIVE

The Companies Act, 2013 permits companies to send documents like Notice of Annual General Meeting, Annual Report and other documents through electronic means to its members at their registered email addresses, besides sending the same in physical form.

As a responsible Corporate Citizen, the Company has actively supported the implementation of 'Green Initiative' of Ministry of Corporate Affairs (MCA) and effected electronic delivery of Notices and Annual Reports since 2010-11 to those shareholders whose email ids were already registered with the respective Depository Participants (DPs) and who have not opted for receiving such documents in physical form. The intimation of dividends (interim/final) is also being sent electronically to those shareholders whose email ids are registered.

Members, who have not registered their e-mail addresses so far, are requested to register their e-mail address with the Registrar and Share Transfer Agent (R&TA) of the Company / Depository Participant (DP) of respective member and take part in the Green Initiative of the Company, for receiving electronic communications and support the "THINK GREEN, GO GREEN" initiative.

It is reiterated that upon receipt of requisition from the member including the members who have exercised the option of electronic delivery of these documents, every member of the Company is entitled to receive free of cost, a copy of the Balance Sheet of the Company and all other documents required by law to be attached thereto, including the Statement of Profit and Loss and Auditors' Report, etc.

Further, pursuant to Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is providing e-voting facility to all members to enable them to cast their votes electronically in respect of resolutions set forth in the Notice of Annual General Meeting (AGM). The detailed instructions for e-voting are provided in the Notice of AGM.

30. SWACHH BHARAT ABHIYAN

As per directions of Ministry of Power, Government of India, REC has organized various cleanliness programmes i.e. "Swachhta Abhiyan" (National Cleanliness Campaign) from September 25, 2015 to October 11, 2015 and "Swachh Bharat Abhiyan" from June 22, 2015 to June 26, 2015 at SCOPE and all other offices of the Company. During the cleanliness programs, banners & posters were fixed in and around office premises to spread awareness among employees and general public. All employees of REC participated with great enthusiasm and zeal & undertook special cleanliness drive of their respective office premises, toilets, stairs, lifts & other surrounding areas. Old and unwanted records have been weeded out as per Record Retention Schedule. In this process approx. 5,000 kg waste official papers, magazines, periodicals, draft reports etc. were disposed off. Printing of logo of "Swachh Bharat Mission" on all file covers, envelopes and letter heads of the Company still continues in REC for creating awareness about cleanliness. Cleanliness is continuous process and it will continue in REC.

31. RIGHT TO INFORMATION ACT, 2005

Your Company has taken necessary steps for the Implementation of "Right to Information Act, 2005 (RTI)" in the Company and independent RTI Cell has been set up for coordinating the work relating to receipt of applications and furnishing information thereto. RTI Handbook, both in English and Hindi, has been placed on REC website which is updated periodically.

The status of RTI applications and appeals during the financial year 2015-16 is as follows:

Sl. No.	Particulars	Nos.
1.	Applications received (upto March 31, 2016)	345
2.	Applications disposed off (upto March 31, 2016)	322
3.	Applications disposed off subsequently	23
4.	Appeals received by First Appellate Authority, REC	25
5.	Appeals disposed off by First Appellate Authority, REC	25
6.	Second Appeal notice received from Central Information Commission (CIC)	5
7.	Second Appeal disposed off by Central Information Commission (CIC)	5

32. ESTABLISHMENT OF VIGIL MECHANISM

REC has adopted "Public Interest Disclosure and Protection of Informers" (PIDPI) Resolution as issued by Central Vigilance Commission vide Office Order No.33/5/2004 dated May 17, 2004 and the same has also been incorporated in the "Vigilance Hand Book" issued by Vigilance Division. REC has also adopted a separate 'Whistle Blower Policy' as per directives of SEBI and provisions of Companies Act, 2013.

33. REPORTING UNDER PUBLIC PROCUREMENT POLICY FOR MICRO & SMALL ENTERPRISES (MSEs) ORDER, 2012

To encourage participation of Micro, Small and Medium Enterprises (MSMEs) all the directives mentioned in the public procurement policy order, 2012 have been included in REC procurement guidelines including MSEs owned by SC/ST and it has also been uploaded on REC's website, at the link: http://www.recindia.nic.in/images/pdf-files/Public_Procurement_Policy.pdf

REC being financial institution is not executing any project. Hence, only petty purchase i.e. stationery and office equipment from small vendors are being made. However, no target has been fixed for financial year 2016-17 to this effect.

34. DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

In line with the provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013, an 'Internal Complaints Committee' has been constituted in the Company for redressal of complaint(s) against sexual harassment of women employees. The committee is headed by a senior woman official of the Company and includes a representative from an NGO as one of its members. Anti-sexual harassment stance of the Company is also outlined in REC (Conduct, Discipline and Appeal) Rules.

During the financial year 2015-16, the Company did not receive any complaint of sexual harassment.

35. EXTRACT OF ANNUAL RETURN

Pursuant to Section 92(3) of the Companies Act, 2013 read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of Annual Return in Form MGT - 9, is annexed to this Report.

36. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

The particulars of contract or arrangement entered into by the Company with related parties as per the provisions of the Companies Act, 2013 are disclosed in Form AOC-2, is annexed to this Report.

37. AUDITORS

STATUTORY AUDITORS

M/s Raj Har Gopal & Co., Chartered Accountants (Firm Reg No.: 002074N), New Delhi and M/s A.R. & Co., Chartered Accountants (Firm Reg No.: 002744C), New Delhi were appointed as Statutory Auditors of your Company for the financial year 2015-16 by

the Comptroller and Auditor General (C&AG) of India. The Statutory Auditors have audited the Financial Statements of the Company for the financial year ended March 31, 2016.

Further, the Comptroller and Auditor General (C&AG) of India, in exercise of powers conferred under Section 139 of the Companies Act, 2013 has appointed M/s. Raj Har Gopal & Co., Chartered Accountants (Firm Reg. No.: 002074N), New Delhi and M/s. A. R. & Co., Chartered Accountants (Firm Reg. No.: 002744C), New Delhi, as the Statutory Auditors of the Company for the financial year 2016-17 and the Statutory Auditors have also accepted their appointment. Approval of the Members of the Company will be obtained in the ensuing Annual General Meeting, to authorize the Board of Directors of the Company, to fix the remuneration of Auditors for the financial year 2016-17.

SECRETARIAL AUDITORS

M/s Chandrasekaran Associates, Practicing Company Secretaries (Certificate of Practice No. 5673), New Delhi were appointed as Secretarial Auditors of the Company for carrying out Secretarial Audit for the financial year 2015-16. In terms of Section 204 of the Companies Act, 2013 and Rules made thereunder, they have issued Secretarial Audit Report for the financial year 2015-16 and the same is annexed to this Report.

37.1 Management's Comments on the Auditors' Report

Though, auditors have not given any qualifications, reservations, adverse remarks or disclaimers in their report on standalone and consolidated financial statements of the Company but have made certain observations on further strengthening of the internal financial controls. Accordingly, the auditor observations and Management Reply to the observations are submitted as under:

Observation of Statutory Auditors	Management's Reply
<p>Annexure to the Independent Auditors' Report referred under 'Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")' of Independent Auditors' Report on Standalone Financial Statements (Annexure-C) & Consolidated Financial Statements (Annexure-A).</p> <p>In our opinion, the Company has, in all material aspects an adequate internal financial control 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.</p>	<p>Continuous efforts are being made to further strengthen the internal control in the said areas.</p>

The Secretarial Auditors of the Company have given an unqualified report for the financial year 2015-16. However, they have certain observations relating to composition of the Board and its Committees. The Management's Reply to the observations are submitted as under:

Observations of Secretarial Auditors	Management's Reply
<p>1. The Company has not complied with provision of Section 149 of the Companies Act, 2013 read with clause 49 of the Listing Agreement and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as applicable, in respect to the Composition of the Board of Directors, i.e. appointment of Independent Directors and Woman Director.</p>	<p>REC is a Government Company and as per provisions of Article 82 of Articles of Association of the Company, the power of appointment of Directors on the Board of the Company is vested with the President of India, acting through administrative Ministry.</p> <p>During the financial year 2015-16, consequent upon appointment of three Independent Directors on the Board of the Company, the Composition of the Audit Committee, Nomination and Remuneration Committee & Corporate Social Responsibility Committee of the Company, are in compliance with provisions of the Companies Act, 2013, SEBI (LODR) Regulations, 2015 and DPE Guidelines on Corporate Governance for CPSEs, with effect from December 22, 2015.</p>
<p>2. The Company has not complied with provision of section 177 and 178 of the Companies Act, 2013 with respect to Composition of the Audit Committee and Nomination and Remuneration Committee till December 22, 2015.</p>	<p>As on March 31, 2016, the Company has three Executive Directors, three Independent Directors and one Government Nominee Director and vacancy of one Woman Independent Director exist on the Board of the Company. The Company has requested the Ministry of Power to fill the vacancy of one Woman Independent Director on the Board and the same is under process.</p>
<p>3. The Company has not complied with provision of section 135 of the Companies Act, 2013 with respect to Composition of Corporate Social Responsibility Committee till December 22, 2015.</p>	<p>Once a Woman Independent Director is appointed on the Board, the Company would be in compliance with the provisions of the Companies Act 2013, SEBI (LODR) Regulations, 2015 and DPE Guidelines on Corporate Governance for CPSEs relating to composition of Board.</p>

38. COMMENTS OF C&AG OF INDIA

The Comptroller and Auditor General (C&AG) of India, through letters dated July 22, 2016 has given 'NIL' Comments on the Standalone & Consolidated Audited Financial Statements of the Company for the year ended March 31, 2016 under Section 143 (6) (a) of the Companies Act, 2013. The Comments of C&AG for the financial year 2015-16 have been placed along with the report of Statutory Auditors of the Company elsewhere in this Annual Report.

39. DEBENTURE TRUSTEES

In compliance to the requirements of SEBI (LODR) Regulations, 2015, the details of Debenture Trustees appointed by the Company, for different series of Bonds issued by the Company, from time to time, is annexed to this report.

40. STATUTORY DISCLOSURES

- a) There was no change in the nature of business of the Company during the financial year 2015-16.
- b) The Company has not accepted any public deposits during the financial year 2015-16.
- c) No significant and material orders were passed by the regulators or courts or tribunals impacting the going concern status and Company's operations in future.
- d) The Company maintains an adequate system of Internal Controls including suitable monitoring procedures, which ensure accurate and timely financial reporting of various transactions, efficiency of operations and compliance with statutory laws, regulations and Company policies. For details, please refer to the 'Management Discussion and Analysis' annexed to this report.
- e) Pursuant to Section 186(11) of the Companies Act, 2013 loans made, guarantees given or securities provided by a company engaged in the business of financing of companies or of providing infrastructural facilities in the ordinary course of its business are not applicable to the Company, hence no disclosure is required to be made. Further, the details of investments are given at Note No. 10 of Notes to Accounts to Standalone Financial Statements.
- f) Since the provisions of Section 197 of the Companies Act, 2013 and Rules made thereunder are not applicable to Government Companies, no disclosure is required to be made.
- g) There are no material changes and commitments, affecting the financial position of the Company which has occurred between the end of the financial year i.e. March 31, 2016 and the date of this report.
- h) The Company has not issued any stock options to the Directors' or any employee of the Company.

41. STATUS OF CONSTRUCTION OF REC CORPORATE OFFICE BUILDING AT GURGAON

The work of construction of state of art office building at City Centre, Sector-29, Gurgaon was started in April 2015. The proposed building is GRIHA 5 Star Net Positive building having special features like fair finish concrete surfaces, raised flooring, radiant cooling for slabs to reduce power consumption of air conditioning, Integrated Building Management System (IBMS), sensor controlled lighting, Bio-climatic façade with motorized blinds, solar Photo Voltaic at roof top pergola, auditorium and other latest technological features.



Conceptual view of proposed Corporate Office Building of REC.

M/s Chelsea West Architect, New York (USA) selected through Global Architectural Design Competition is the Architect of the building. M/s Telecommunications Consultants India Limited (A Government of India Enterprise) is Project Management Consultant of the project and M/s JMC Project (India) Limited is the contractor for the project. Presently 8 consultants/sub consultants apart from 11 vendors of international repute are working on the project. Giving utmost importance to the project, REC has appointed Indian Institute of Technology, Delhi for vetting of the structural design of the building.

Till July 31, 2016, RCC work in Basement – two & three, has been completed. RCC work for basement one is in progress and service work in basement three has also taken up. The project is scheduled to be completed in year 2018.

42. STATUTORY AND OTHER INFORMATION REQUIREMENTS

Information required to be furnished as per the Companies Act, 2013 and revised listing agreements executed with Stock Exchanges in terms of SEBI (LODR) Regulations, 2015 and other applicable statutory provisions is annexed to this report as under:

Particulars	Annexure
Management Discussion & Analysis Report	I
Report on Corporate Governance	II
Auditors' Certificate on Corporate Governance	III
Business Responsibility Report	IV

Particulars	Annexure
Secretarial Audit Report issued by the Secretarial Auditors of the Company	V
Annual Report on CSR activities	VI
Extract of Annual Return	VII
Particulars of Contracts or Arrangements with Related Parties	VIII
Details of Debenture Trustees appointed by the Company for different series of Bonds	IX

43. ACKNOWLEDGEMENTS

The Directors are grateful to the Government of India particularly the Ministry of Power, Ministry of Finance and Ministry of Human Resource Development, the NITI Aayog and the Reserve Bank of India for their continued co-operation, support and guidance in effective management of the Company's affairs and resources.

The Directors thank the State Governments, State Electricity Boards, State Power Utilities and other Borrowers for their continued support and trust in the Company.

The Directors also place on record their sincere appreciation for the continued support and goodwill of the esteemed Shareholders, Investors in REC Bonds, domestic and overseas Banks, Life Insurance Corporation of India, KfW of Germany and JICA of Japan in the fund raising programmes of the Company.

The Directors also thank M/s Raj Har Gopal & Co. and M/s A.R & Co., Statutory Auditors, M/s Chandrasekaran Associates, Secretarial Auditors and the Comptroller & Auditor General of India for their valued contribution.

The Directors also sincerely appreciate and thank all the employees of the Company for their valuable contribution and dedicated efforts in steering the Company to excellent performance for yet another year in succession.

For and on behalf of the Board of Directors



(Rajeev Sharma)

Chairman & Managing Director
(DIN 00973413)

Place : New Delhi

Date : August 11, 2016

TABLE - 1 : STATEMENT SHOWING DETAILS OF SCHEMES SANCTIONED BY REC DURING THE FINANCIAL YEAR 2015-16

(₹ In Lakh)			
Sl.No.	Particulars/State	No.of Schemes/Projects	Loan Amount
A.	Generation Projects		
1	Bihar	0	74,090.00
2	Punjab	1	3,683.00
3	Tamil Nadu	1	1,63,257.50
4	Telangana	2	17,27,483.00
5	Uttar Pradesh	1	6,30,313.00
6	Private (Generation)	0	1,84,018.00
	Sub-Total-(A)	5	27,82,844.50
B.	Renewable Projects		
1	Andhra Pradesh	1	2,48,000.00
2	Private (Renewable)	10	48,572.00
	Sub-Total-(B)	11	2,96,572.00
C.	T & D Projects		
1	Andhra Pradesh	45	3,97,641.47
2	Bihar	31	14,764.63
3	Chhattisgarh	28	57,864.43
4	Delhi	14	62,542.14
5	Haryana	72	1,33,150.98
6	Himachal Pradesh	22	31,171.85
7	Jammu and Kashmir	2	217.54
8	Karnataka	45	1,15,730.38
9	Kerala	4	4,347.24
10	Madhya Pradesh	1	41,070.00
11	Maharashtra	63	1,60,251.75
12	Meghalaya	1	1,268.10
13	Punjab	33	67,759.47
14	Rajasthan	19	1,09,898.78
15	Sikkim	0	1,887.00
16	Tamil Nadu	22	3,15,738.98
17	Telangana	85	5,13,683.17
18	Uttar Pradesh	75	2,08,004.40
19	Uttarakhand	12	65,868.88
20	West Bengal	5	44,376.60
21	Private (T&D)	0	15,523.00
	Sub-Total-(C)	579	23,62,760.79
D.	STL, MTL & Special loan assistance		
1	Andhra Pradesh	3	1,60,000.00
2	Assam	1	8,433.00
3	Haryana	2	20,000.00
4	Karnataka	1	11,500.00
5	Madhya Pradesh	4	90,000.00
6	Meghalaya	1	5,000.00
7	Punjab	8	1,90,000.00
8	Rajasthan	2	65,000.00
9	Telangana	2	50,000.00
10	Uttar Pradesh	4	4,55,000.00
11	West Bengal	1	25,000.00
12	Private (STL)	1	25,000.00
	Sub-Total-(D)	30	11,04,933.00
	Grand Total (A+B+C+D)	625	65,47,110.29

Note: The above sanctions do not include sanctions under DDUGJY-RE and DDG.

TABLE - 2 : STATEMENT SHOWING DETAILS OF CATEGORY-WISE SCHEMES SANCTIONED BY REC DURING THE FINANCIAL YEAR 2015-16

(₹ In Lakh)

Sl.No.	Category	Category Code	No. of Schemes/ Projects	Loan Amount
A	Generation		5	27,82,844.50
B	Renewable Energy Projects			
1	Solar PV	SPV	9	2,85,217.00
2	Wind	Wind	1	8,663.00
3	Biomass	Biomass	1	2,692.00
	Sub- Total		11	2,96,572.00
C	T & D			
	Distribution			
1	System improvement	SI	171	7,18,681.41
2	Bulk	Bulk	90	3,82,999.91
3	Intensive electrification	IE	32	53,585.33
4	R-APDRP	RAPDRP	36	1,31,791.97
	Transmission		250	10,75,702.17
	Sub- Total		579	23,62,760.79
D	STL, MTL & Special loan assistance		30	11,04,933.00
	Grand Total (A+B+C+D)		625	65,47,110.29

Note: The above sanctions do not include sanctions under DDUGJY-RE and DDG.

TABLE - 3: STATEMENT SHOWING DETAILS OF CUMULATIVE STATE-WISE SANCTIONS BY REC TILL THE FINANCIAL YEAR 2015-16

Sl. No.	Particulars/ State	Upto 2001-02		X Plan		XI Plan		XII Plan Upto 2015-16		Cumulative upto 2015-16	
		No. of Projects	Sanctioned Amount	No. of Projects	Sanctioned amount	No. of Projects	Sanctioned amount	No. of Projects	Sanctioned amount	No. of Projects	Sanctioned amount
1	Andhra Pradesh	4,810	4,40,263.00	1,104	12,09,532.12	558	13,00,954.48	399	31,47,004.46	6,871	60,97,754.06
2	Arunachal Pradesh	159	29,954.00	54	1,04,019.57	16	73,949.07	0	0	229	2,07,922.64
3	Assam	393	32,984.00	33	30,404.38	20	1,50,196.78	1	8,433.00	447	2,22,018.16
4	Bihar	1,664	55,272.00	73	1,89,856.52	78	16,71,581.51	33	4,62,501.11	1,848	23,79,211.14
5	Chhattisgarh	0	0	22	5,16,315.14	63	4,86,756.14	60	2,72,234.21	145	12,75,305.49
6	Delhi	2	817.00	6	47,323.00	1	3,63,707.00	15	72,542.14	24	4,84,389.14
7	Goa	16	2,007.00	0	0	0	0	0	0	16	2,007.00
8	Gujarat	1,784	2,53,470.00	124	5,27,966.27	42	7,26,831.98	2	46,224.00	1,952	15,54,492.25
9	Haryana	1,209	1,16,989.00	148	3,95,304.36	253	9,57,795.03	305	10,30,208.15	1,915	25,00,296.54
10	Himachal Pradesh	419	52,240.00	37	1,16,177.14	125	2,15,488.85	92	1,16,683.38	673	5,00,589.37
11	Jammu & Kashmir	500	67,243.00	34	93,791.86	69	1,62,056.63	43	1,04,416.77	646	4,27,508.26
12	Jharkhand	0	0	27	1,47,602.49	12	2,55,580.82	0	0	39	4,03,183.31
13	Karnataka	2,384	3,07,390.00	472	3,88,445.49	213	12,76,890.39	291	14,67,390.23	3,360	34,40,116.11
14	Kerala	1,454	2,42,741.00	297	2,41,884.17	20	1,04,897.17	87	3,45,451.25	1,858	9,34,973.59
15	Madhya Pradesh	5,111	2,36,175.00	133	2,35,711.17	255	9,71,789.13	17	4,53,402.29	5,516	18,97,077.59
16	Maharashtra	4,602	4,40,595.00	833	15,16,910.29	418	27,53,166.66	456	20,98,804.78	6,309	68,09,476.73
17	Manipur	146	20,696.00	3	9,462.64	2	9,169.22	13	3,988.00	164	43,315.86
18	Meghalaya	105	19,351.00	4	31,571.20	10	44,645.16	4	21,268.10	123	1,16,835.46
19	Mizoram	46	7,879.00	24	20,360.35	7	14,342.75	0	0	77	42,582.10
20	Nagaland	71	7,791.00	23	5,648.47	36	28,107.67	0	0	130	41,547.14
21	Odisha	1,624	77,691.00	21	1,20,627.30	55	4,08,198.64	25	6,73,354.20	1,725	12,79,871.14
22	Puducherry - UT	0	0	0	0	2	12,506.79	1	6,358.18	3	18,864.97
23	Punjab	1,303	2,59,737.00	216	6,57,148.09	125	11,61,462.31	206	13,38,925.28	1,850	34,17,272.68
24	Rajasthan	3,012	3,82,940.00	597	5,56,041.59	449	29,02,505.72	174	19,63,214.43	4,232	58,04,701.74
25	Sikkim	36	2,910.00	4	5,625.82	2	3,101.08	0	1,887.00	42	13,523.90
26	Tamil Nadu	3,003	1,75,458.00	597	3,80,609.65	364	26,04,367.97	155	15,65,412.05	4,119	47,25,847.67
27	Telangana	0	0	0	0	0	0	147	25,32,147.32	147	25,32,147.32
28	Tripura	172	15,732.00	6	36,373.77	3	11,188.99	0	0	181	63,294.76
29	Uttaranchal	0	0	84	3,06,792.19	20	1,72,884.14	74	4,69,886.72	178	9,49,563.05
30	Uttar Pradesh	3,027	2,23,840.00	102	6,70,276.50	557	21,46,380.48	528	51,69,385.51	4,214	82,09,882.49
31	West Bengal	1,256	59,750.00	198	4,42,874.90	78	11,26,535.95	115	15,44,537.75	1,647	31,73,698.60
32	Private T&D	0	0	9	4,955.00	10	1,07,084.96	7	3,08,429.54	26	4,20,469.50
33	Private Generation	6	3,347.00	19	6,02,002.57	64	50,66,680.00	17	22,50,940.00	106	79,22,969.57
34	Private Renewable	0	0	0	0	0	0	31	1,60,213.99	31	1,60,213.99
35	Private STL	0	0	0	0	0	0	2	75,000.00	2	75,000.00
	Total	38,314	35,35,262.00	5,304	96,11,614.00	3,927	2,72,90,803.47	3,300	2,77,10,243.84	50,845	6,81,47,923.31

Notes: (i) The above figures includes DDUGJY and DDG project cost (Capital subsidy and Loan) upto XI Plan only.
(ii) One STL Sanction to private borrower in 2014-15 has been taken out from Delhi and added in Private STL.

TABLE - 4 : STATEMENT SHOWING DETAILS OF STATE-WISE AND PROGRAMME-WISE DISBURSEMENTS AND REPAYMENT BY BORROWERS DURING THE FINANCIAL YEAR 2015-16 AND OUTSTANDINGS AS ON MARCH 31, 2016

Sl. No.	Particulars/State	Transmission	Distribution	Generation-Conventional	Generation-Renewable Energy	DDUGJY-RE (including DDG)	STL	Others (including MTL and TFL)	Total Disbursement for the year 2015-16	Disbursed upto the end of the year	Repayments		Outstanding at the end of the year 2015-16
											During the year	Upto the end of year	
1	Andhra Pradesh	1,40,278	1,61,758	81,225	-	133	-	-	3,83,394	21,80,070	1,00,364	12,00,266	9,79,804
2	Arunachal Pradesh	-	-	-	-	-	-	-	-	24,394	661	20,684	3,710
3	Assam	-	-	-	-	3,732	-	-	3,732	55,961	2,794	30,256	25,706
4	Bihar	26,353	-	2,54,525	-	6,234	-	-	2,87,112	7,40,892	3,294	48,926	6,91,965
5	Chhattisgarh	7,314	17,686	-	-	-	-	-	25,000	3,67,445	89,552	2,52,469	1,14,974
6	Delhi	-	-	-	-	-	-	-	-	1,093	-	1,093	-
7	Goa	-	-	-	-	-	-	-	-	1,479	-	1,479	-
8	Gujarat	-	-	-	-	62	-	-	62	6,43,823	9,889	6,40,717	3,106
9	Haryana	17,601	39,022	1,125	-	-	-	49,500	1,07,248	14,69,797	69,136	5,86,795	8,83,003
10	Himachal Pradesh	8,146	8,025	181	-	449	-	-	16,801	2,58,918	8,923	1,65,069	93,849
11	Jammu & Kashmir	-	1,634	-	-	-	-	-	1,634	1,29,565	8,382	92,520	37,046
12	Jharkhand	-	-	-	-	-	-	-	-	1,47,886	7,742	1,03,579	44,307
13	Karnataka	-	64,774	82,787	-	407	-	11,500	1,59,468	12,39,637	45,357	5,48,163	6,91,473
14	Kerala	2,603	46,455	5,373	-	-	-	-	54,431	5,76,323	48,739	4,45,647	1,30,676
15	Madhya Pradesh	-	36,421	-	-	3,273	45,000	45,000	1,29,694	7,90,481	86,344	2,87,910	5,02,572
16	Maharashtra	66,005	1,94,289	6,116	-	-	-	-	2,66,410	37,26,759	2,39,518	14,15,681	23,11,079
17	Manipur	-	-	-	-	26	-	-	26	23,639	1,119	7,467	16,173
18	Meghalaya	634	-	-	-	-	-	7,569	8,203	66,909	1,411	14,096	52,812
19	Mizoram	-	-	-	-	207	-	-	207	27,177	388	24,554	2,622
20	Nagaland	326	150	-	-	598	-	-	1,074	25,087	1,715	13,661	11,425
21	Odisha	9,032	-	27,829	-	5,052	-	-	41,913	2,32,454	2,177	1,31,794	1,00,660
22	Puducherry - UT	-	-	-	-	-	-	-	-	3,574	-	-	3,574
23	Punjab	43,020	71,110	7,457	-	-	10,000	1,50,000	2,81,587	23,23,179	3,74,621	12,68,530	10,54,647
24	Rajasthan	1,25,559	1,36,528	1,35,466	-	2,806	50,000	2,77,500	7,27,859	38,62,696	1,51,239	13,30,668	25,32,029
25	Sikkim	-	-	-	-	-	-	-	-	5,357	194	3,822	1,535
26	Tamil Nadu	1,05,043	90,692	42,403	-	316	-	-	2,38,454	33,77,594	1,67,298	9,57,866	24,19,729
27	Telangana	66,241	1,24,993	1,43,421	-	1,067	-	85,000	4,20,722	12,83,092	39,915	2,10,249	10,72,843
28	Tripura	-	-	-	-	51	-	-	51	12,843	174	11,356	1,487
29	Uttar Pradesh	1,52,148	3,26,983	35,519	-	16,754	1,15,000	1,45,703	7,92,107	37,00,275	6,47,554	17,67,934	19,32,340
30	Uttaranchal	2,862	14,982	6,302	-	-	-	-	24,146	4,49,340	26,436	2,38,487	2,10,852
31	West Bengal	32,520	68,177	-	-	734	-	-	1,01,431	11,57,712	1,07,188	4,18,451	7,39,261
32	Private	47,190	-	4,52,221	30,407	-	-	-	5,29,818	40,48,389	1,97,324	5,85,820	34,62,570
	Total	8,52,871	14,03,679	12,81,953	30,407	41,901	2,20,000	7,71,772	46,02,583	3,29,53,839	24,39,448	1,28,26,010	2,01,27,829
	DDUGJY (Erstwhile RGGVY)	-	-	-	-	-	-	-	3,44,975	-	-	-	-
	DDUGJY (New)	-	-	-	-	-	-	-	1,09,170	-	-	-	-
	DDG SUBSIDY	-	-	-	-	-	-	-	6,353	-	-	-	-
	Grand Total	8,52,871	14,03,679	12,81,953	30,407	41,901	2,20,000	7,71,772	50,63,081	3,29,53,839	24,39,448	1,28,26,010	2,01,27,829

(₹ In Lakh)

TABLE - 5 : STATEMENT SHOWING DETAILS OF PUMPSETS ENERGISED UNDER THE PROJECTS FINANCED BY REC DURING THE FINANCIAL YEAR 2015-16 AND CUMULATIVE POSITION UPTO MARCH 31, 2016

Sl. No.	State	Achievement during 2015-16 (Nos.)	Cumulative Achievement upto March 31, 2016 (Nos.)
1	Andhra Pradesh	65,932	24,15,977
2	Assam	0	1,922
3	Bihar	0	1,13,354
4	Gujarat	0	4,20,456
5	Haryana	0	2,33,570
6	Himachal Pradesh	0	6,535
7	Jammu & Kashmir	0	15,761
8	Karnataka	0	8,62,387
9	Kerala	0	3,40,882
10	Madhya Pradesh	0	10,54,106
11	Maharashtra	35,661	26,00,367
12	Manipur	0	29
13	Meghalaya	0	58
14	Nagaland	0	164
15	Odisha	0	63,015
16	Punjab	0	5,01,913
17	Rajasthan	2,564	5,18,976
18	Tamil Nadu	13,509	11,83,516
19	Telangana	96,260	1,90,294
20	Tripura	0	1,530
21	Uttar Pradesh	0	3,79,544
22	West Bengal	0	82,202
	Total	2,13,926	1,09,86,558

TABLE-6 : STATEMENT SHOWING DETAILS OF FINANCIAL & PHYSICAL ACHIEVEMENTS DURING THE FINANCIAL YEAR 2015-16 UNDER DDUGJY (INCLUDING X, XI, XII PROJECTS & NEW DDUGJY)

(As on March 31, 2016)

Sl. No.	State	Financial Parameters (₹ in crore)				Physical Parameters (Nos.)		
		Sanction (Loan & Subsidy)			Release (Loan & Subsidy)	Electrification of Un-electrified villages	Intensive Electrification of villages	Electricity connection to BPL Households
		Grid projects	Off-Grid projects	Total				
1	Andhra Pradesh	593.46	22.09	615.55	31.87	0	0	0
2	Arunachal Pradesh	401.81	111.89	513.70	30.98	174	0	0
3	Assam	317.86	266.71	584.57	375.36	827	4	22,077
4	Bihar	5,856.36	0	5,856.36	772.56	1,754	9,090	8,29,336
5	Chhattisgarh	1,253.99	177.95	1,431.94	279.34	395	2,161	38,239
6	Dadra & Nagar Haveli	5.00	0	5.00	0	0	0	0
7	Goa	20.00	0	20.00	0	0	0	0
8	Gujarat	924.72	0	924.72	58.41	0	0	0
9	Haryana	316.38	0	316.38	0	0	0	0
10	Himachal Pradesh	0	0	0	32.84	1	17	0
11	Jammu & Kashmir	619.67	0	619.67	0	27	10	420
12	Jharkhand	3,696.22	147.19	3,843.41	0	423	14	6,314
13	Karnataka	1,754.27	0.61	1,754.88	48.33	0	173	2,735
14	Kerala	485.37	0	485.37	0	0	15	15,657
15	Madhya Pradesh	0	77.87	77.87	471.48	214	8,599	1,46,391
16	Maharashtra	2,163.44	0	2,163.44	43.27	0	8	59
17	Manipur	54.96	0	54.96	7.30	75	0	0
18	Meghalaya	100.64	8.23	108.87	0	1	10	21
19	Mizoram	30.43	0	30.43	20.67	16	0	0
20	Nagaland	42.38	0	42.38	54.27	0	0	507
21	Odisha	1,656.48	56.76	1,713.24	564.74	1,264	711	19,477
22	Punjab	252.06	0	252.06	0	0	0	0
23	Rajasthan	2,819.41	0	2,819.41	280.58	142	1,929	8,035
24	Sikkim	0	0	0	0	0	8	1,850
25	Tamil Nadu	0	0	0	85.78	0	0	0
26	Telangana	462.30	0	462.30	15.99	0	0	0
27	Tripura	74.12	0	74.12	49.89	9	82	4,435
28	Uttar Pradesh	6,632.99	0	6,632.99	1,416.52	1,305	14,587	3,37,313
29	Uttarakhand	842.00	0	842.00	71.21	0	0	0
30	West Bengal	0	0	0	312.52	8	1,818	6,278
	Sub Total	31,376.34	869.30	32,245.64	5,023.91	6,635	39,236	14,39,144
	Others* (Under State Plan)	0	0	0	0	473	0	0
	Total	31,376.34	869.30	32,245.64	5,023.91	7,108	39,236	14,39,144

* Under State Plan 473 villages have been electrified by the States of Assam (115), Chhattisgarh (10), Jharkhand (327) & Rajasthan (21).

TABLE - 7 : STATEMENT SHOWING DETAILS OF CUMULATIVE ACHIEVEMENTS UPTO

Sl. No.	State	RE Component under X, XI & XII Plan (Grid & Off-Grid)							
		Number of Projects	Financial (₹ in crore)		Physical (Nos.)			Number of Projects	Financial (₹ in crore)
			Sanction	Release	Un-electrified villages	Intensive Electrification of villages	BPL Households		
1	Andhra Pradesh	278	622.00	572.10	0	16,114	19,97,962	178	944.17
2	Arunachal Pradesh	16	1,023.20	890.38	2,078	1,306	51,662	824	513.70
3	Assam	39	4,355.91	2,936.79	8,965	12,076	12,10,198	505	584.57
4	Bihar	129	12,630.62	6,919.61	25,040	16,909	32,21,537	38	5,856.36
5	Chhattisgarh	118	1,673.16	1,178.84	1,661	17,341	11,36,894	167	1,431.94
6	Dadra & Nagar Haveli	0	0	0	0	0	0	1	5.00
7	Goa	0	0	0	0	0	0	2	20.00
8	Gujarat	25	315.19	315.48	0	16,144	8,42,945	27	924.72
9	Haryana	21	172.99	156.27	0	5,137	1,98,580	21	316.38
10	Himachal Pradesh	12	325.42	309.94	90	7,896	16,290	12	159.12
11	Jammu & Kashmir	17	1,055.34	833.31	238	2,915	68,435	21	619.67
12	Jharkhand	82	4,652.59	3,076.42	18,208	5,609	12,73,717	282	3,843.41
13	Karnataka	129	1,146.61	899.91	55	22,803	8,92,690	32	1,754.89
14	Kerala	29	220.53	160.18	0	1,124	1,41,208	14	485.37
15	Madhya Pradesh	111	4,325.44	2,589.83	936	41,691	14,59,381	204	2,943.14
16	Maharashtra	35	697.25	639.13	0	36,154	12,21,350	37	2,163.44
17	Manipur	15	642.07	430.44	883	1,322	70,307	3	54.96
18	Meghalaya	10	463.17	406.37	1,842	2,947	1,04,383	77	108.87
19	Mizoram	16	394.25	304.33	170	517	29,263	8	30.43
20	Nagaland	22	359.90	289.45	102	1,152	54,559	10	42.38
21	Odisha	70	7,401.35	3,896.19	15,622	27,269	27,70,593	141	1,713.24
22	Punjab	17	160.01	59.90	0	6,131	92,988	20	252.06
23	Rajasthan	110	2,722.22	1,392.65	4,277	35,147	11,19,074	33	2,819.41
24	Sikkim	4	217.92	191.03	25	413	13,601	0	0
25	Tamil Nadu	29	385.46	359.40	0	9,673	5,01,202	27	924.12
26	Telangana	49	319.99	308.23	0	9,176	7,08,865	9	462.30
27	Tripura	12	502.16	273.82	150	702	1,20,747	8	74.12
28	Uttarakhand	15	793.89	688.65	1,514	10,042	2,37,921	13	842.01
29	Uttar Pradesh	212	15,585.67	7,296.90	29,057	18,120	14,86,217	75	6,946.92
30	West Bengal	36	3,496.95	2,562.19	4,192	25,403	21,82,868	19	4,262.10
	Sub Total	1,658	66,661.28	39,937.74	1,15,105	3,51,233	2,32,25,437	2,808	41,098.79
	Others (under State Plan)	0	0	0	473	0	0	0	0
	Grand Total	1,658	66,661.28	39,937.74	1,15,578	3,51,233	2,32,25,437	2,808	41,098.79

* Under State Plan 473 villages have been electrified by the States of Assam (115), Chhattisgarh (10), Jharkhand (327) & Rajasthan (21).

MARCH 31, 2016 UNDER DDUGJY (INCLUDING X, XI, XII & NEW DDUGJY)

New DDUGJY (Grid & Off-Grid)					Total					
Release	Physical (Nos.)			Number of Projects	Financial (₹ in crore)		Physical (Nos.)			
	Un-electrified villages	Intensive Electrification of villages	BPL Households		Sanction	Release	Un-electrified villages	Intensive Electrification of villages	BPL Households	
19.62	0	0	0	456	1,566.18	591.72	0	16,114	19,97,962	
0	174	0	0	840	1,536.90	890.38	2,252	1,306	51,662	
0	188	0	0	544	4,940.48	2,936.79	9,153	12,076	12,10,198	
349.63	0	0	0	167	18,486.98	7,269.24	25,040	16,909	32,21,537	
106.90	31	0	0	285	3,105.10	1,285.75	1,692	17,341	11,36,894	
0	0	0	0	1	5.00	0	0	0	0	
0	0	0	0	2	20.00	0	0	0	0	
55.21	0	0	0	52	1,239.91	370.69	0	16,144	8,42,945	
0	0	0	0	42	489.37	156.27	0	5,137	1,98,580	
13.46	1	0	0	24	484.54	323.40	91	7,896	16,290	
0	1	0	0	38	1,675.01	833.31	239	2,915	68,435	
0	4	0	0	364	8,496.00	3,076.42	18,212	5,609	12,73,717	
0	0	0	0	161	2,901.50	899.91	55	22,803	8,92,690	
0	0	0	0	43	705.90	160.18	0	1,124	1,41,208	
171.06	62	0	0	315	7,268.58	2,760.89	998	41,691	14,59,381	
0	0	0	0	72	2,860.69	639.13	0	36,154	12,21,350	
4.68	0	0	0	18	697.03	435.12	883	1,322	70,307	
0	0	0	0	87	572.04	406.37	1,842	2,947	1,04,383	
0	0	0	0	24	424.68	304.33	170	517	29,263	
3.61	0	0	0	32	402.28	293.06	102	1,152	54,559	
0	22	0	0	211	9,114.59	3,896.19	15,644	27,269	27,70,593	
0	0	0	0	37	412.07	59.90	0	6,131	92,988	
0	27	0	0	143	5,541.63	1,392.65	4,304	35,147	11,19,074	
0	0	0	0	4	217.92	191.03	25	413	13,601	
55.17	0	0	0	56	1,309.58	414.57	0	9,673	5,01,202	
0	0	0	0	58	782.29	308.23	0	9,176	7,08,865	
0	0	0	0	20	576.28	273.82	150	702	1,20,747	
71.21	0	0	0	28	1,635.89	759.86	1,514	10,042	2,37,921	
18.74	56	0	0	287	22,532.59	7,315.64	29,113	18,120	14,86,217	
254.45	0	0	0	55	7,759.05	2,816.64	4,192	25,403	21,82,868	
1,123.74	566	0	0	4,466	1,07,760.07	41,061.48	1,15,671	3,51,233	2,32,25,437	
0	0	0	0	0	0	0	473	0	0	
1,123.74	566	0	0	4,466	1,07,760.07	41,061.48	1,16,144	3,51,233	2,32,25,437	

ANNEXURE-I TO BOARD'S REPORT

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The Management of the Company is pleased to present its report on Industry Scenario including Company's performance during the financial year 2015-16.

1. BUSINESS ENVIRONMENT

Global economic recovery on the whole has shown signs of improvement but it may be too early to believe that the crisis period is over. The financial condition of major developed economies, though on the path of recovery, is still a major cause of concern. Among the developed economies, US is the only country which has attracted the interest of Investors. European economy is still reeling under pressure. To stave off spectre of subdued growth, Japan resorted to quantitative easing and China is facing the second year of declining economic activity.

The Commodity cycle which is an important indicator of economic activity has not picked up across the world. The industrialized nations have glut of stocks especially Steel, Coal and Ore. Owing to sluggish growth of major economies and huge inventories, the prices of these commodities have hit rock bottom. The existing meek external demand in these markets has posed challenges before emerging and developing economies. Protracted periods of credit expansion, coupled with high leverages during the good times, are now presenting the risk of exposing emerging and developing markets to financial vulnerabilities. India is no exception. Pushing the growth along with financial stability in the present scenario the world over would be a key challenge and test for the policymakers.

As far as India is concerned, the economy has for the second year in a row bucked the global trends and given a clear indication of consistent improvement in growth during the financial year 2015-16. As per Central Statistical Office data, the Indian economy grew at 7.6% in 2015-16 due to rebound in farm output, improvement in Electricity generation and Mining production. India has surpassed the growth of China for the first time in past few years. In fact the Indian Economy clocked the fastest growth rate in the world in the January - March 2016 quarter. Further, the economy is expected to grow at a rate of 7 - 7.75% in financial year 2016-17 subject to a normal monsoon. However, it is also expected that the growth in 2016-17 may not surpass that of 2015-16, owing to the adverse effect of Global slowdown which may persist for some time more.

The country at present is relatively better placed in terms of Current Account Deficit (CAD) and Balance of Payments (BoP). The levels of foreign reserves have been at an all-time high. A major reason for this has been a better and more robust Fiscal consolidation, low crude prices, though slightly higher than the previous year because of high levels of Shale gas production maintained by the US. One of the reasons of rise in foreign reserves has been the lower levels of import due to sluggish growth in manufacturing sector. With supplementation of Iran's crude production, the rise of crude price is expected to be limited. The oil prices at moderate levels have also helped to keep the inflation from rising. Other important determinants viz., signs of recovery in key economic indicators, stability in exchange rates and softening of inflation have resulted in reduction of Interest rates by 150 basis points since January 2015.

The tangible improvement in the overall growth of the Core sectors including growth in Coal, Mining and Electricity sectors during Fiscal 2016, is a positive indicator for development of Power Sector in the coming years. Also, the Government's steps to improve the operating business climate by taking various reforms initiatives coupled with a good monsoon are expected to push the otherwise subdued investment cycle and economy.

2. INDUSTRY STRUCTURE AND DEVELOPMENT

Industry Overview

The financial year 2015-16 saw the highest capacity addition of 23,976 MW of Conventional power in a financial year vis-à-vis addition of 22,566 MW in the previous fiscal, i.e. a 6% rise on year-on-year basis. The major contribution came from thermal stream having a share of 93% of the total Conventional power capacity addition. Of 23,976 MW, the private sector share was 55%; and around 57% of the total thermal capacity addition came from private developers. During the first four years of XII five year plan, 84,991 MW of Conventional power was added against the targeted capacity addition of 88,537 MW. Also, Renewable Energy has seen an unprecedented growth in the last two years. The Solar capacity rose by 4,132 MW in the last two years and 3,423 MW of Wind power was added in last fiscal itself. The share of Renewable energy has grown to around 43 Gigawatts, which is itself reflective of the paradigm shift imminent in the fuel mix for generation sources in the country.

The power generation grew at an overall growth rate of 5.60% during the year, higher than the achievement of 1,049 BUs in the year 2014-15. The actual electric energy generation during the Fiscal 2016 was 1,107 BUs against the generation of 1,049 BUs in the previous fiscal. The aggregate Power Supply Deficit for the fiscal 2016 was 2.1% whereas Peak Power Deficit stood at 3.2%. In Fiscal 2015, the aggregate Power Deficit was also 2.1% which was 4.3% and 8.7% in Fiscal 2014 and Fiscal 2013 respectively. Similarly, Peak Power Deficit in Fiscal 2015 was 3.2% compared to 4.5% in Fiscal 2014 and 9.0% in Fiscal 2013. Among all regions, the power supply deficit and peak power deficit was highest in North Eastern region, followed by Northern region. As on March 31, 2016, the total installed capacity of the country was 3,02,088 MW which was 12.8% higher than that at the end of the previous fiscal.

The capacity addition achievement barely crossed 50% mark vis-à-vis the targets upto the X plan. However, the generation capacity added post X plan has improved relatively. It was only in the XI plan that the capacity addition was 88% of the target of 62,374 MW. The XII plan targets for power envisage addition of 88,537 MW of Conventional capacity. The capacity added during the first four years constitutes 96% of the planned capacity addition in XII plan, of which the last two years alone have contributed 53% of the targeted plan capacity.

For the XIII five year plan period, NITI Aayog had earlier projected a capacity addition of 93,400 MW of Conventional power and Renewable power of 30,000 MW by 2022 at a GDP growth rate of 9% with matching expansion in transmission and distribution systems. However, the current scenario reflects a situation that the country may not need new extra capacity addition for next three years because the available capacity has operated at a PLF of around 64% only, owing to DISCOMs' incapacity to purchase power and sluggish manufacturing sector growth, around 30 GW is stranded for want of Power Purchase Agreements (PPAs) and another 50 GW is under various stages of construction. This implies that rise in demand in near future may be met by improvement in plants operation at optimum levels (around 85% PLF), signing of PPAs and commissioning of under construction plants which may add around 100 GW itself.

Industry Structure

Generation

The installed generation capacity in the country stood at 3,02,088 MW as on March 31, 2016 with 1,01,790 MW (33.7%) in the State Sector, 76,297 MW (25.2%) in the Central Sector and 1,24,001 MW (41.1%) in the Private Sector. The share of the Private sector has seen an increase over the last three years.

In terms of the generation capacity by type as on March 31, 2016, the installed thermal capacity was 2,10,675 MW (69.7%), 42,783 MW (14.1%) was in hydro and 42,849 MW (14.2%) was in renewable energy sources. The nuclear capacity witnessed no new addition during the financial year 2015-16 which stood at 5,780 MW (1.9%).

The Generation capacity installed in financial year 2015-16, has been the highest in any financial year and for the first time, Conventional energy capacity addition itself has added a record 46,543 MW of installed capacity during the last two years. The sector was passing through tough time till the year 2014 due to major bottlenecks viz., slippages of long-term coal linkages to the identified projects, failure to achieve planned targets from captive coal mine blocks, inability to ramp up indigenous coal and gas production, rising imported fuel prices, land acquisition, R & R and environmental issues etc.

A slew of proactive efforts and initiatives have been taken by the Government of India in the last two years viz., allocation of coal mines through a transparent auction route, domestic supply of gas to gas-based stranded projects and private sector projects operating at less than 30% PLF through subsidized imported gas supply supported by a Power System Development Fund (PSDF), efforts to takeover sick units under operation of State utilities and steps for augmenting indigenous coal production.

Other notable initiatives are special focus on clean energy with enhanced stress on development of solar energy capacity, effecting enablers for development of self-sustaining solar energy installation model on Government sites viz., Railways, Defence etc., Green Power Fund allocation, revision of Standard Bidding Guidelines pertaining to Case-I and Case-II bidding process, revisiting Electricity Act, facilitating developers for getting speedy clearances and fuel linkages, augmenting existing indigenous manufacturing capacity and encouraging latest technology interventions.

Further, in order to reduce the reliance on coal as primary fuel for Power Plant Generation, lower auxiliary consumption and losses, extract higher efficiency and improve carbon footprint, most of the projects in the XIII five year plan are planned to be based on supercritical technology.

The outcome is visible such that today the coal fired power plants have coal stocks of around 15 days, which were not having stocks of more than 3 days. Further with the increase in coal production, the quantum of imported coal has come down resulting in reduced effective coal prices and saving of valuable foreign currency outflow. The initiatives to supply 100% crushed and washed coal would add to efficiency of the plant operation in the time to come. Rationalization of coal allocation and shifting of coal linkages from inefficient to efficient plants, quality inspection of coal quality based on Gross Calorific Value (GCV) would help in efficient operation of plants and also mitigate the carbon emissions to a large extent.

In an attempt to tide over funding and Stressed Assets issues, steps for fast tracking the solution of issues obstructing the project progress as well as commissioning have been undertaken.

The average annual per capita consumption of the country is still very low (957 Kwh, as per CEA Executive Summary of March 2016) compared to the World average of 3,000 Kwh. Therefore, to raise the energy consumption level and support sustained economic growth in the coming years, India needs to increase its electricity generation and thus the need for capacity addition in future will always be there in the years to come.

Transmission and Distribution

Transmission

The transmission and distribution system in the country comprises of regional grids, state grids and distribution networks in a three-tier structure. Transmission system till recently was planned on the premise of establishing a power system capable of safely withstanding a contingency without generation rescheduling or load-shedding. However, due to various reasons such as spatial development of load in the network, non-commissioning of originally planned load center generating units and deficit in reactive compensation, certain pockets in the power system could not safely operate even under normal conditions which led to backing down and redundancy. The long term power perspective of transmission planning has therefore moved away from the evacuation system planning of generation adopted earlier to integrated system planning.

Developments in power sector stress the need for accelerated implementation of National Grid on priority to enable scheduled/unscheduled exchange of power as well as for providing open access to support competition in the market. Powergrid is strengthening its transmission network to establish inter-state and inter-regional links for enhancing the capacity of National Grid in a time bound manner to ensure optimal utilization of uneven distribution of energy resources. The five regional

grids, configured on a geographical contiguity basis, enable transfer of power from a power surplus State to a power deficit State. The regional grids also facilitate the optimal scheduling of maintenance outages and better co-ordination between power plants. These regional grids are operating as an integrated unit of National Grid with an inter-regional transfer capacity of 59,550 MW (as on June 30, 2016) whereby surplus power from a region could be redirected to another region facing power deficits, thus allowing an optimal utilization of the national generating capacity. The inter-regional grid connectivity has lent flexibility and brought resilience to the system. The inter-regional power transfer capacity is planned to be augmented to about 68,050 MW by the end of the XII plan (2016-17). The National Grid in the country is now one of the largest operating synchronous grids in the world.

Providing unconstrained inter-regional power transfer, open access availability, maintaining the grid discipline without grid collapse are primary requirements and therefore putting proper checks and balances in place is the need of the hour. For this, special powers to Regional Load Dispatch Centres (RLDCs) and National Load Dispatch Centre (NLDC) for regulating the grid which may also include legal provisions for their empowerment are the need of the hour. The RLDCs would then have the power to disconnect load to States not adhering to grid discipline.

Major smart technology interventions have been taken up by Powergrid for making the System sturdier such as implementing Synchrophasor Technology in its Wide Area Measurement System (WAMS) project through installation of Phasor Measurement Units (PMUs) at different locations in all regions across the country for facilitating better visualization and situational awareness of the grid events such as grid robustness, oscillations, angle / voltage instability, system margin etc., as well as decision support tools. The ultimate aim is to build a robust integrated grid network that will allow large transfers of power from one part of the country to another.

At the end of Fiscal 2016, the total length of transmission lines aggregated to about 3.41 lakh cKm as compared to about 3.13 lakh cKm at the end of the previous year. A total of 28,114 cKm were added to the transmission capacity in the Fiscal 2016, which was around 27% higher than the transmission capacity added in the previous fiscal. The transmission capacity added during the past fiscal has been the highest ever.

At the end of Fiscal 2016, the aggregated substation transformation capacity at 765 kV, 400 kV and 220 kV level stood at 6.58 lakh MVA. The aggregated capacity was 5.95 lakh MVA at the end of Fiscal 2015. During the year, around 63,000 MVA has been added to the sub-station capacity. A total of 1.284 lakh MVA of sub-station capacity has been added in the last two years which has been the highest in any two consecutive years. Transmission Projects worth around ₹ 1 lakh crore have been initiated in FY 2015-16. Also the idea of setting up of a SAARC dedicated Transmission Grid for boosting the transmission capacity between the SAARC region is also being looked into actively.

Distribution

Distribution Sector, the revenue generating link in the Generation-Transmission-Distribution chain is the weakest link in the power sector value chain and is a threat to derail the entire process of power sector reforms. While the power generation sector has witnessed the lowest energy deficit in the country, the Distribution Sector is not robust and has been reeling under losses making it crucial for the policymakers to devise various measures to make the State DISCOMs/utilities viable.

The Distribution sector has different set of issues disparate from the issues akin to Generation and Transmission sectors. Distribution provides the crucial last mile connectivity to consumers belonging to varied economic spectrum. Though most of the SEBs have been unbundled, distribution is still largely under the control of Government utilities. Notwithstanding unbundling, operations on sound commercial principles under the regulatory supervision, the outcome has not been encouraging in the past few years. The ever widening gap between their Average Cost of Supply (ACS) and Average Revenue Realized (ARR) is resulting in further erosion of the net worth of these utilities.

In order to enable the turnaround of the State DISCOMs and ensure their long term viability, a financial restructuring scheme for the State owned DISCOMs viz., Transitional Finance Mechanism (TFM) was formulated by the Government of India and notified in October 2012. The mechanism included measures such as revision of tariff, release of subsidies only to State Government to be later adjusted in the ARR and posting of Audited Accounts on regular basis. The primary aim was their financial turnaround by restructuring their short term liabilities with support through TFM.

To help power utilities access funds, the policy of subsidizing the interest on loans taken by them for cutting distribution losses as well as to incentivize investment in improvement of distribution infrastructure in the country, National Electricity Fund (NEF) was launched in financial year 2012-13. Under this scheme, the utilities/DISCOMs both in public and private sector shall be eligible for discount on interest rates depending on their performance. The scheme basically covers improvement of the distribution network for areas not covered by Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY) and Restructured Accelerated Power Development and Reforms Programme (R-APDRP) project areas. The preconditions for eligibility are linked to certain reform measures taken by the States and the amount of interest subsidy is linked to the progress achieved in reforms linked parameters.

To strengthen the power supply and availability, improve reach and strengthen energy accounting in the rural and urban areas, the Government of India has recently introduced implementation of Deendayal Upadhyaya Gram Jyoti Yojana (DDUGJY) for rural areas; and Integrated Power Development Scheme (IPDS) for urban areas.

To make the DISCOMs/Utilities creditworthy once again, Government of India (GoI) has recently introduced a new scheme Ujwal DISCOM Assurance Yojana (UDAY) in November 2015, wherein the respective State Government shall take over DISCOMs/Utilities debts so that the DISCOMs/Utilities could take up their future capex programs.

These interventions once integrated would help to overcome the major challenges like exorbitantly high transmission and distribution losses, suboptimal internal functioning of regulatory institutions, tariffs mismatch etc., thereby paving way for turnaround of distribution sector.

To improve and turn around the power distribution sector in the country, the Company in coordination with MoP, Gol has taken up major initiatives by its involvement in programmes like NEF, DDUGJY, IPDS, UDAY, Smart Grid Task Force etc. Technical interventions such as implementation of Feeder Separation Scheme, High Voltage Distribution Systems (HVDS) in the distribution network, installation of Smart Energy Meters such as Automatic Meter Reading (AMRs) with 100% coverage having two-way real-time digital communication and facility of remote metering, usage of information technology in operation & maintenance coupled with harnessing best management practices would ensure safe and reliable delivery of power with minimal losses and at reduced costs. Deployment of Smart-grid technologies for providing two way communications between the consumer and the utility would completely change the way electricity is used and delivered. The initiative would go a long way in the Gol's resolve of providing power for all by 2019.

With all these major interventions, the Company is optimistic of a better and improved distribution scenario when the results and effect of these programmes in the States start trickling in and transform the entire landscape of distribution. Therefore, augmenting the Distribution system would require huge capital investments in future along with major stress on investments towards Demand Side Management (DSM) and energy efficiency for the sector.

Power Sector Policy Environment

In past few years, owing to persistent power shortages, coal availability crisis and given the estimated rate of increase in demand for electricity in India, the Gol has taken significant measures to restructure the power sector, increase capacity and improve transmission, sub-transmission & distribution network.

The advent of the Electricity Act, 2003 brought sweeping changes to legal framework governing the Electricity sector, enabling capital arrangement, thereby making possible to set up large power projects. The Act replaced the multiple legislations that previously governed the Indian electricity sector and introduced a multi-buyer and a multi-seller system.

Furthermore, it granted increased autonomy to the regulatory regime in determination of tariffs, without being constrained by rate-of-return regulations. This was followed by the notification of National Electricity Policy. Subsequently, National Tariff Policy, RE Policy, National Hydro Policy and Mega Power Policy were notified. However, the Electricity Act may require revisiting owing to the evolving business climate.

In order to bring the economies of scale to large generation capacities based at a single location, utilization of super critical technology for reducing emissions and tariff-based international competitive bidding process for developing large capacity power projects in India, the concept of Ultra Mega Power Projects (UMPPs) involving contracted capacity of 3,500 MW or above each, was introduced by creating Special Purpose Vehicles (SPVs).

A tariff based competitive bidding process is also in place for Independent Power Transmission Companies (IPTCs) for the development of inter-state and intra-state transmission systems on similar lines to that followed for UMPPs. The IPTCs aim to evacuate power from generating stations and transmit the power from pooling stations to other grid stations, resulting in system strengthening across India. A number of transmission projects have been transferred to the developers in last few years, including 17 transmission projects transferred to developers by RECTPCL, a Wholly-Owned Subsidiary of REC.

In a bid to attract private funds in the development of hydroelectric projects, the Hydro Power Policy was implemented in the year 2008. The policy aimed at attracting private funds by encouraging joint ventures with private developers and the use of IPP model, in addition to promoting power trading and speeding up the availability of statutory clearances. The policy provides guidelines for accelerated development of the hydropower industry in India, particularly in the Himalayan States. However, the country has not been able to exploit the huge potential of hydro power in the last few years as most of the hydro projects are stuck up owing to environmental issues and court rulings causing long delays and stoppage of work at site. Despite being the cheapest source of power, the traction has been relatively low as the investors in hydro power sector are keeping away because of uncertainties.

The Gol, in order to promote Hydro Power and address problems in development of hydro projects viz., higher capital costs, long gestation periods, R & R issues and geological bottlenecks, has taken many steps in the last two years. The notable ones are (i) hydro projects getting exempted from competitive bidding till 2022; (ii) to make hydro power more attractive, developers have been allowed flexibility in depreciation rates and Time of Day Tariff; and (iii) exclusion from Renewable Purchase Obligation (RPO). Further, to benefit States and consumers, the Distribution licensees have been allowed to extend the long term Power Purchase Agreements (PPAs) by additional 15 years beyond the normal allowed period of 35 years.

Renewable Energy Sources

With the depleting fossil fuels and the attendant environmental hazards associated with coal-fired Thermal Power Plants, priority is shifting towards harnessing Renewable Energy sources. Several initiatives to increase the uptake of renewable energy through policy initiatives including enactment of a National off shore Wind Energy Policy and throwing support behind generation-based incentives and accelerated depreciation are underway.

Besides the ongoing policies and programmes of the Government in Renewable Energy sector, several policy measures initiated recently by the Government to achieve this up-scaled target, *inter-alia*, include suitable amendments to the Electricity Act and Tariff Policy for strong enforcement of Renewable Purchase Obligation (RPO) and for providing Renewable Generation Obligation (RGO); setting up of exclusive solar parks; development of power transmission network through Green Energy Corridor project; identification of large government complexes / buildings for roof top projects; provision of roof top solar and 10 percent renewable energy as mandatory under Mission Statement and Guidelines for development of smart cities; amendments in building bye-laws for mandatory provision of roof top solar for new construction or higher FAR; infrastructure status for solar projects; raising tax free solar bonds; providing long tenor loans; making roof top solar a part

of housing loan by banks / NHB, incorporating measures in Integrated Power Development Scheme (IPDS) for encouraging distribution companies and making net-metering compulsory; and raising funds from bilateral and international donors as also the Green Climate Fund to achieve the target.

Mechanisms are being devised for utilizing Renewable Energy sources with special thrust on development of solar energy. A ₹ 38,000-crore Green Energy Corridor is planned to strengthen the transmission of Renewable Energy. The Green Energy Corridor project would enable the grid stability by way of evacuating Renewable Power from the generation points to load centers with creation of additional and adequate transmission capacity. The Union Budget plans for raising Renewable Energy capacity to 1,75,000 MW by 2022 are on the anvil, which is more than five times the present capacity. Of the said 1,75,000 MW capacity, the share of Solar, Wind, Biomass and Small Hydro projects are 100,000 MW, 60,000 MW, 10,000 MW and 5,000 MW respectively.

National Solar Mission

Development of clean energy through renewed thrust on solar capacity enhancement has lent a new dimension to the existing Jawaharlal Nehru National Solar Mission, by plans to scale up the solar capacity to 1,00,000 MW from the earlier envisaged target of 20,000 MW by the year 2022. The target will principally comprise of 40 GW roof top and 60 GW through large and medium scale grid connected Solar power projects. With this target, the country would become one of the largest Green Energy producers in the world. The total investment seen for setting up 100 GW capacity of Solar power is ₹ 6 lakh crore. A target of 4.46 GW capacity addition was set for financial year 2015-16. Efforts are on to establish an investor-friendly mechanism, providing an attractive, predictable and adequate tariff for growth of solar power.

Development of Solar Parks is an effort in this direction. To prioritize it, 25 Solar Parks of 500 MW each and above have been planned; and Ultra Mega Solar Power Projects are to be developed in next 5 years in various States with the Gol's financial support of ₹ 4,050 crore. These parks will be able to accommodate over 20,000 MW of solar power projects. Further, 27 parks with capacity of about 18,000 MW in 21 States have been sanctioned.

Also the "Off Grid and Decentralized Solar Applications" is seen as a huge area towards self-reliance. Roof top solar installation is being propagated in a big way and means of making it financially attractive are being explored. Also, large Government Installations viz., Railways, Defence etc. may be encouraged to harness their land for dedicated use of solar energy which could also reduce their dependence on grid for lighting loads locally. Also, promoting solar power by way of Renewable Purchase Obligation (RPO) with a specific solar component is one of the key drivers.

To discover the best tariff for Solar energy, e-Reverse auction mode has been adopted and today, the solar tariff has come down in the range of ₹ 4.50 – ₹ 5.00 per unit. Further, creation of an intra-state transmission system with total transformation capacity around 17,100 MVA in the seven States of Andhra Pradesh, Gujarat, Himachal Pradesh, Karnataka, Madhya Pradesh, Maharashtra and Rajasthan at an estimated cost of ₹ 8,548.68 crore with Government of India contribution from National Clean Energy Fund (NCEF) of ₹ 3,419.47 crore (40% of the total estimated cost of project) has been approved. Creation of an intra-state transmission system will facilitate evacuation of renewable power from generation stations to load centers. Also, 56 Solar Cities projects, against the target of 60 Solar Cities under the Development of Solar Cities Programme, have been approved.

The Government has implemented a scheme to install one lakh Solar Pumps for irrigation and drinking water through State Nodal agencies and NABARD. These pumps would help lakh of farmers to increase output, income and also provide drinking water. According to estimates, drinking water problems will be solved for more than 7.6 lakh families through Solar Pumps for drinking water. A capital subsidy of 30% to farmers for installation of Solar Pumps for irrigation purpose through State Nodal agencies shall be provided by MNRE. The State Governments can give additional subsidy through own funds. A total of 31,472 Solar Pumps have been installed in financial year 2015-16.

In addition, CPSUs and Gol organizations shall implement setting up 1000 MW of Grid Connected Solar PV power projects through Viability Gap Funding in three years period from 2015-16 to 2017-18. About 100 MW have been allocated to various CPSUs under the scheme.

Rural Electrification Policy

The Rural Electrification Policy was notified in August 2006, with the objective of improving access and quality of electricity supply in rural areas to ensure rapid economic development, by providing electricity as an input for productive uses in agriculture, rural industries etc.

Deendayal Upadhyaya Gram Jyoti Yojana

The Government of India approved the scheme "Deendayal Upadhyaya Gram Jyoti Yojana" vide Office Memorandum dated December 3, 2014. REC is the Nodal agency for DDUGJY scheme. The main objectives of DDUGJY scheme are to provide access to all rural households and reduction of AT&C losses as per trajectory (DISCOM-wise) finalized in consultation with States by the Ministry of Power, so as to achieve 24X7 power supply for non-agricultural consumers and adequate power supply for agricultural consumers through defined project components. For this purpose, the RGGVY scheme and its targets for XII & XIII plan have been subsumed in DDUGJY.

The scheme envisages 60% of the project cost from Government of India as grant to States other than special category States (85% for the Special Category States i.e., all North Eastern States including Sikkim and J&K, Himachal Pradesh, Uttarakhand) with a minimum 10% (5% for Special Category States) contribution from State Government/State Power utility through their own sources and the balance 30% (10% for Special Category States) may be arranged through loan by the State Government/

State Power utility. Additional grant upto 15% (5% in case of Special Category States) by conversion of 50% of loan component will be provided by Government of India on achievement of prescribed milestones such as timely completion, reduction in AT&C losses and upfront release of revenue subsidy based on metered consumption, if any, by State Government.

Out of the approved layout of ₹ 44,033 crore under DDUGJY scheme, Government of India shall provide a budgetary support of ₹ 33,453 crore. The Scheme of RGGVY as approved by CCEA for continuation in XII and XIII plans will get subsumed in this scheme as a separate rural electrification component for which CCEA has already approved the scheme cost of ₹ 39,275 crore including a budgetary support of ₹ 35,447 crore. This outlay will be carried forward to the new scheme of DDUGJY in addition to the outlay indicated above.

In the 69th Independence Day address to the nation on August 15, 2015, Hon'ble Prime Minister resolved that the 18,452 remaining Un-Electrified villages in the country would be electrified within a period of 1,000 days with the help of States and Local bodies. These 18,452 villages are located in distant, difficult hilly terrain and inaccessible areas with inclement weather facing Right of Way issues or areas plagued by insurgency etc. Ministry of Power has therefore undertaken on Mission Mode to electrify these 18,452 villages through REC - the Nodal agency for implementation of DDUGJY - and States / DISCOMs. REC developed an innovative monitoring mechanism by dividing the electrification works into 12 milestones; deployed young Electrical Engineers viz. 'Gram Vidyut Abhiyantas (GVAs)' at block level in these villages and developed 'GARV App' Mobile Web Portal (<http://garv.gov.in>) for online monitoring of the progress of village electrification. In financial year 2015-16, a total of 7,108 villages (125%) were electrified against the target of 5,686 villages and till date, the total achievement is more than 10,000 villages.

Integrated Power Development Scheme

The Government of India approved a scheme called "Integrated Power Development Scheme" vide Office Memorandum dated December 3, 2014 which primarily aims at improvement in sub-distribution and distribution networks of urban areas comprising (i) Strengthening of sub-transmission and distribution networks (ii) Metering of Distribution Transformers / Feeders / Consumers and (iii) IT enablement of distribution sector and strengthening of distribution network for completion of the targets laid down under R-APDRP for XII and XIII plans by carrying forward the approved outlay for R-APDRP to IPDS programme as a separate component. For this purpose, the earlier scheme of R-APDRP and its targets have been subsumed in IPDS.

The financing pattern of the scheme is similar as that applicable for DDUGJY scheme and as stated above. In this regard, the earlier scheme of R-APDRP and its targets have been subsumed in IPDS as a separate component relating to IT enablement of Distribution sector and strengthening of distribution network (as (iii) above) at an approved scheme cost of ₹ 44,011 crore with a budgetary support of ₹ 22,727 crore, in addition to an estimated outlay of ₹ 32,612 crore including a budgetary support of ₹ 25,354 crore pertaining to R-APDRP for strengthening of sub-transmission & distribution networks in urban areas and Metering of Distribution Transformers / Feeders / Consumers in the urban areas.

The aim of implementing IPDS is to attain reliable and verifiable baseline data of revenue and energy over an IT platform in its project areas and AT&C loss reduction on a sustained basis, thus making it more financially attractive and performance oriented.

National Electricity Fund

National Electricity Fund (Interest Subsidy) scheme was set up by the Ministry of Power to promote capital investment in the distribution sector. The scheme provides interest subsidy on achievement of pre-defined reform linked parameters on loans disbursed to the State Power utilities, Distribution Companies (DISCOMs) - both in public and private sector. Your Company as Nodal agency is designated to operationalize the scheme for channelizing the interest subsidy amounts to the utilities in the entire country.

Ujwal DISCOM Assurance Yojana

The DISCOMs in the country have accumulated losses of approximately ₹ 3.8 lakh crore and outstanding debt of approximately ₹ 4.3 lakh crore upto 2014-15 (at interest rates upto 14 - 15%) as against outstanding debt of ₹ 2.4 lakh crore in 2011-12. In addition to heavy debt and interest burden, default on bank loans by financially stressed DISCOMs has the potential to seriously impact the banking sector and the economy at large.

The GoI in financial year 2015-16 announced Ujwal DISCOM Assurance Yojana (UDAY) which aims at financial turnaround and revival of Power Distribution Companies (DISCOMs), and also ensures a sustainable permanent solution to the problem. Through the launch of this scheme, DISCOMs are provided with the opportunity to break even in the next 2-3 years through four initiatives:-

- (i) Improving operational efficiencies of DISCOMs
- (ii) Reduction of cost of power
- (iii) Reduction in interest cost of DISCOMs
- (iv) Enforcing financial discipline on DISCOMs through alignment with State Finances.

The following key measures are proposed in the scheme:

- (a) States shall take over 75% of DISCOM debt as on September 30, 2015 over two years - 50% of DISCOM debt shall be taken over in 2015-16 and 25% in 2016-17 with the enabler that such debt taken over by the States would not be a part of fiscal deficit of respective States in financial year 2015-16 and 2016-17. States will issue non-SLR including SDL bonds in the market or directly to the respective Banks / Financial Institutions (FIs) of long term tenor. DISCOM debt not taken

over by the State shall be converted by the Banks / FIs into loans or bonds with interest rate not more than the bank's base rate plus 0.1%. Alternately, this debt may be fully or partly issued by the DISCOM as State guaranteed DISCOM bonds at the prevailing market rates which shall be equal to or less than bank base rate plus 0.1%.

- (b) It is also envisaged that States shall take over the future losses of DISCOMs in a graded manner over a period of 5 years starting from fiscal 2016 to 2021.
- (c) State DISCOMs will comply with the Renewable Purchase Obligation (RPO) outstanding since 1st April, 2012, within a period to be decided in consultation with Ministry of Power.
- (d) States accepting UDAY and performing as per operational milestones shall get additional / priority funding through DDUGJY, IPDS, PSDF or other such schemes of Ministry of Power and Ministry of New and Renewable Energy. Also, such States shall also be supported with additional coal at notified prices and, in case of availability through higher capacity utilization, low cost power from NTPC and other Central Public Sector Undertakings (CPSUs).
- (e) States not meeting operational milestones will be liable to forfeit their claim on IPDS and DDUGJY grants.
- (f) UDAY is optional for all States. However, States are encouraged to take the benefit at the earliest as benefits are dependent on the performance.

Besides the above policies/initiatives, some of the other initiatives by Government of India towards improving power sector are Demand Side Management initiatives like National Mission for Enhanced Energy Efficiency (NMEEE); Perform, Achieve and Trade (PAT) Scheme; and Energy Conservation Building Code (ECBC) etc.

Unnat Jyoti by Affordable LEDs for All

Unnat Jyoti by Affordable LEDs for All (UJALA) scheme has been launched in May 2015 {originally launched as Domestic Efficient Lighting Program (DELP) in January 2015} with a target of replacing 77 crore incandescent lamps with LED bulbs. Under the said scheme, Energy Efficiency Services Limited, a joint venture company of REC, would be providing LED bulbs to domestic consumers at low cost. This initiative is part of the Government's efforts to spread the message of energy efficiency in the country. Having relatively longer life and being highly energy efficient compared to incandescent bulbs and CFLs, LED bulbs would lead to both energy and cost savings in the medium term. So far, around 9 crore LED bulbs have been sold across the country under this scheme.

These major policy initiatives taken by Government of India in past two years would help in enabling and redefining the power sector, thus making it an attractive investment destination.

3. OPPORTUNITIES

The investments in the power sector were estimated at around ₹ 14 lakh crore in the XII five year plan period (2012-2017) with associated transmission and distribution network. Huge investment potential is seen in Transmission and especially Distribution sector in immediate future. Subject to good monsoons, demand is also expected to rise on the back of farm sector and rural economy growth. The Distribution sector is in flux and shall undergo a sea change as the primary aim of all major policies namely DDUGJY, IPDS, NEF, UDAY and UJALA is to bring efficiency in the ailing sector. Demand Side Management (DSM) is bound to play a vital role in Distribution sector in the years to come.

As per NITI Aayog's earlier estimations, 93,400 MW of capacity addition was envisaged in XIII plan. However, the XIII plan requirements are yet to be firmed up. Capacity addition of green energy has been further enhanced by planning to add 1,75,000 MW by the year 2022. The idea of creating a Green Corridor exclusively for green energy projects with major stress on promoting solar energy projects on a large scale throws a whole gamut of business opportunity in the near future. With the increasing stress on deploying clean energy in wake of ecological and environmental hazards from fossil fuels, the share of green energy is bound to increase, substantially diluting reliance on depleting fossil fuel resources. As a Nodal agency for monitoring and channelizing funds under the DDUGJY programme, the Company continues to take up the socio-economic responsibility of rural electrification. Thus, Power sector is expected to attract significant investment opportunities in future also.

4. THREATS, RISKS AND CONCERNS

The power sector financing industry has become increasingly competitive and broad based with entry of new players and banks giving tough challenge to the Company.

Financing infrastructure projects especially power is not bereft of risks, rather the risks are high as the time horizon associated are long and there are various policy aspects in the dynamic business environment. Despite the restructuring efforts taken, the condition of State Electricity Boards and State Power utilities across the country continue to present a grave picture on the financial front as most of them are reeling under severe financial stress, barring a few. The failure of the entities in meeting their debt related obligations may adversely impact the Company's profits due to rise in Non-Performing Assets (NPAs), thereby impacting the ability to mobilize low cost funds. Since the Company has significant exposure to the State Electricity Boards and State Power utilities, the risk perception for the Company is high.

The Company is concerned about prevailing exposure norms, limit constraint of raising money from Tax Saving Bonds, financial position of State Distribution utilities, entry of new players and competition from Banks / Multilateral Agencies, uncertain business environment, fluctuation in rupee and likely increase in cost of capital due to volatile market conditions / large requirement of funds.

The state of business and policy environment having cascading effect on interest-rate regime, statutory regulations and policies, cost and availability of raw materials, long gestation periods, large capital outlay, other key inputs and general economic conditions may also have a direct bearing on the projects' viability, which affects the borrowers' capacity of servicing the loans.

Therefore, raising of resources at a low cost and ensuring deployment of these funds in avenues offering best returns would be the key factor for the Company's sustainable growth and profitability.

5. SEGMENT WISE OR PRODUCT-WISE PERFORMANCE

The principal products of REC as a leading Public Financial Institution are interest bearing loans to SEBs, State Power utilities/ State Power Departments and Private sector for all segments of Power infrastructure. Your Company does not have any separate reportable segment.

During the financial year 2015-16, the Company sanctioned total loan assistance of ₹ 65,471.10 crore as against ₹ 61,421.37 crore during the financial year 2014-15 excluding sanctions under DDUGJY-RE component and DDG. This included sanctions of ₹ 27,828.44 crore for Generation Sector, sanctions of ₹ 2,965.72 crore for Renewable Energy Sector, sanctions of ₹ 23,627.61 crore for Transmission & Distribution Sector and sanctions of Short Term & other loans of ₹ 11,049.33 crore.

The aggregate disbursement achieved during the financial year 2015-16 was ₹ 46,025.83 crore, as against ₹ 42,818.46 crore in the previous year. This included ₹ 12,819.53 crore disbursed under Generation projects, ₹ 304.07 crore disbursed under Renewable Energy projects, ₹ 22,565.50 crore disbursed under T&D schemes, ₹ 2,200.00 crore disbursed under Short Term Loans and ₹ 7717.72 crore disbursed under other loans such as TFL and MTL. Further, an amount of ₹ 5,023.99 crore (subsidy of ₹ 4,541.44 crore under RE component of DDUGJY and subsidy of ₹ 63.54 crore under DDG and loan component of ₹ 419.01 crore) under DDUGJY has been disbursed.

6. OUTLOOK

Demand and consumption trends will be key in defining the future of the power sector and the current weak demand is expected to have short term overhang mainly arising from the industrial slowdown, poor traction in rural economy owing to two deficient monsoons back to back, lack of power procurement by utilities and seasonal fluctuations.

The Initiatives and steps taken would continue to drive the prospects of power sector in the country. Thrust in rural electrification, renewable energy with special focus on Solar Energy and Decentralized Distributed Generation (DDG) will *inter-alia*, increase the penetration of electricity in the country thereby driving the demand further. With the timely interventions by the Government of India in addressing the issues affecting the power industry adversely, the outlook for the sector is quite optimistic with ample market opportunities available for financial products.

The enormous capital expenditure, development of equally huge operational infrastructure combining ample potential for future expansion in the distribution sector creates a very optimistic business outlook for the Company. Also the performance orientation built into the DDUGJY, IPDS and UDAY is expected to attract and accelerate investments in distribution infrastructure, thus resulting in faster accomplishment of loss reduction, better realization of revenue and automation goals.

Average per capita consumption and state of economy are pointers to the long-term energy requirement of any country. Considering the low levels of per capita energy consumption vis-à-vis the World average, significant growth projections for the Indian economy over the long term and Government efforts to inch closer to developed economy, it is felt that the power infrastructure sector will be a significant beneficiary. The long-term outlook for power demand therefore is expected to remain strong.

7. MEMORANDUM OF UNDERSTANDING (MoU) RATING & AWARDS

The performance of your Company in terms of Memorandum of Understanding (MoU) signed with the Ministry of Power, Government of India for the financial year 2014-15 has been rated as "Excellent". This is the 22nd year in succession that REC has received "Excellent" rating since the year 1993-94 when the first MoU was signed with the Government. For the financial year 2015-16 also, the Company is poised to receive "Excellent" rating. During the year, your Company received "Fastest Growing Navratna PSU" award from India Today and CMD of your Company also received "Best CEO Award" in the category of Best CEO Award instituted by Business Today.

8. INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

The Company maintains an adequate system of Internal Control including suitable monitoring procedures to ensure accurate and timely financial reporting of various transactions, efficiency of operations and compliance with statutory laws, regulations and Company policies. Suitable delegation of power and guidelines for accounting has been issued for uniform compliance. In order to ensure that adequate checks and balances are in place and internal control systems are in order, regular and exhaustive Internal Audit of various Divisions/Offices are conducted by in-house Internal Audit Division/external professional audit firms. The Internal Audit covers all the major areas of operations including identified critical/risk areas as per the Annual Internal Audit Programme. The Audit Committee of Board of Directors periodically reviews the significant findings of different Audits as prescribed in the Companies Act and in the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

9. FINANCIAL AND OPERATIONAL PERFORMANCE

The loans sanctioned during the financial year 2015-16 were ₹ 65,471.10 crore as compared to ₹ 61,421.37 crore during the previous financial year 2014-15, excluding sanctions under DDUGJY-RE component and DDG. The disbursement during

the financial year 2015-16 was ₹ 46,025.83 crore as against ₹ 42,818.46 crore in the previous year. Further, an amount of ₹ 5,023.99 crore (subsidy of ₹ 4,541.44 crore under RE component of DDUGJY and subsidy of ₹ 63.54 crore under DDG and loan component of ₹ 419.01 crore) under DDUGJY has been disbursed.

The amount due for recovery including interest for performing assets during the financial year 2015-16 was ₹ 48,278 crore as compared to ₹ 32,661 crore during the previous year. The overdues from defaulting borrowers pertaining to Performing Assets as on March 31, 2016 were ₹ 1,637 crore. Further, an amount of ₹ 1,280 crore was recovered during the financial year 2015-16 towards earlier year dues and NPAs as against ₹ 593.56 crore during the previous year. The Company recovered a total sum of ₹ 46,641 crore towards performing assets during the financial year 2015-16 as against ₹ 31,412 crore during the previous year. The Company achieved a recovery rate of 96.61% for the financial year 2015-16. Your Company's Non-Performing Assets (NPAs) continue to be at low levels. As on March 31, 2016, the Gross NPA of the Company was ₹ 4,243.57 crore {including loans classified as NPAs due to restructuring / non-achievement of DCCO amounting to ₹ 811.33 crore}. The percentage of NPA as a percentage of Gross Loan Assets stood at 2.11% as on March 31, 2016 as compared to 0.74% as on March 31, 2015. The net NPA as on March 31, 2016 was ₹ 3,230.30 crore, which is 1.60% of Gross Loan Assets. Further, no doubtful loans have been rescheduled by the Company during the financial year 2015-16.

During the financial year 2015-16, on standalone basis the Company registered an increase of 17% in Operating Income which went up to ₹ 23,638.35 crore, as compared to ₹ 20,229.53 crore in the previous year. Profit Before Tax in financial year 2015-16 was ₹ 8,045.21 crore, in comparison to ₹ 7,427.04 crore in financial year 2014-15. Net Profit of the Company for financial year 2015-16 was ₹ 5,627.66 crore, which is an increase of 7% over the previous year's Net Profit of ₹ 5,259.87 crore. Net Worth of the Company as on March 31, 2016 was ₹ 28,617.76 crore, i.e., an increase of 15% over the Net Worth of the Company as on March 31, 2015 at ₹ 24,857.03 crore.

10. HUMAN RESOURCES / INDUSTRIAL RELATIONS

In order to professionalize the Executive strength of the Company and also to infuse fresh blood, 44 Executives were appointed through open advertisement and 8 Executives were appointed through campus recruitment during the financial year.

The total manpower of the Company as on March 31, 2016 was 600 employees which includes 463 Executives and 137 Non-executives.

In order to equip the employees professionally, the Company sponsored 251 employees to various training programmes, workshops etc., within the country and abroad. In addition, 7 training programmes were conducted in-house which were attended by around 151 employees. Taken together, these initiatives enabled the Company to achieve 1,096 training man-days and also achieve the MoU target of "Excellent" rating for this parameter. Further, 19 Executives were deputed for programmes in countries like Japan, U.K, France and China.

11. CORPORATE SOCIAL RESPONSIBILITY & SUSTAINABLE DEVELOPMENT

Corporate Social Responsibility and Sustainable Development (CSR & SD) initiatives were pursued actively. Accordingly, CSR budget of ₹ 128.00 crore (i.e. @ 2% of average net profit of previous three financial years, as per the Companies Act, 2013) was allocated for the financial year 2015-16. During the year, the Company has undertaken various CSR initiatives in the fields of skill development programmes, education, environmental sustainability, promotion of health care including for old age and persons with disabilities, drinking water and sanitation facilities including participation in Swachh Vidyalaya Abhiyan, solar smart micro grid lights in select un-electrified / poorly electrified villages etc. During the financial year 2015-16, financial assistance aggregating to ₹ 163.17 crore was sanctioned for various projects under Corporate Social Responsibility and expenditure of ₹ 128.20 crore was incurred, including amount provided for in the books of accounts.

Cautionary Note

Certain statements in "Management Discussion and Analysis" section may be forward looking and are stated as required by applicable laws and regulations. Many factors may affect the actual results, which could be different from what the Management envisages in terms of future performance and outlook.

ANNEXURE-II TO BOARD'S REPORT

REPORT ON CORPORATE GOVERNANCE

Effective corporate governance practices constitute the strong foundation on which successful corporate entities are built. Transparency and accountability are the two basic tenets of Corporate Governance. Responsible corporate conduct is integral to the way we do our business. REC strives to achieve highest standards of Corporate Governance practices based on the values of transparency, integrity and accountability. The policies of our Company seek to focus on enhancement of long term shareholder value without compromising on ethical standards and Corporate Social Responsibility. Our guiding principles and practices are summarized in this Corporate Governance Report. These principles have been the guiding force for whatever we do and shall continue to be so in the years to come.

Besides adhering to the provisions of SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015, the Company is also following Guidelines on Corporate Governance for Central Public Sector Enterprises, 2010 issued by Department of Public Enterprises (DPE), Ministry of Heavy Industries and Public Enterprises, Government of India. The Company is also following the Secretarial Standards issued by ICSI. A report regarding compliance of conditions of Corporate Governance is given below along with the Certificate on Corporate Governance by the Auditors.

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Corporate Governance at Rural Electrification Corporation Limited (REC) is managing the business in an ethical and responsible manner geared to sustainable value creation for stakeholders within the prevalent regulatory framework. The Company believes in adopting the best practices that are followed in the area of Corporate Governance across the globe. The Company has a strong legacy of fair, transparent and ethical governance practices. REC is also committed to facilitate availability of electricity for accelerated growth and for enrichment of quality of life of rural and urban population and acts as a competitive, client-friendly and development-oriented organization for financing and promoting projects covering power generation, power conservation, power transmission and power distribution network in the country.

The Corporate Governance framework at REC is based on the following guiding principles:

- Compliance of law, rules & regulations in true letter and spirit;
- Appropriate systems and practices to protect, promote and safeguard the interests of all its stakeholders; and
- Establishing a climate of trust and confidence among various stakeholders by means of transparent and timely disclosure of all material information.

2. BOARD OF DIRECTORS

The Board of Directors provides leadership and guidance, objective judgment and at the same time monitors the strategic direction of the Company. The Company is headed by an Executive Chairman. The tenure of Part time Non-Official Independent Directors holding office on the Board of the Company during the financial year 2015-16 was within the limits prescribed under the Companies Act, 2013 and all Part-time Non-official Independent Directors holding office during the year have adequate qualifications, expertise and experience which enables them to contribute effectively to the management of the Company.

(A) Composition of the Board

Being a Government Company within the meaning of Section 2 (45) of the Companies Act, 2013, the power to appoint Directors on the Board vests with the President of India acting through Administrative Ministry. Further, as per the Articles of Association of the Company, the number of Directors of the Company shall not be less than three and not more than fifteen

SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015 stipulates that the Board of Directors of the Company shall have an optimum combination of executive and non-executive directors with at least one Woman Director and not less than fifty percent of Board of Directors comprising of non-executive directors. In addition, where the Chairman is an executive director, at-least one half of the Board of Directors shall comprise of Independent Directors. Further, the Companies Act, 2013 also stipulates the requirement of Independent Directors and at least one Woman Director on the Board of Listed Companies.

The composition of Board of Directors as on March 31, 2016 was as follows:

Sl. No.	Name of the Director	Director Identification Number (DIN)	Position
Whole Time Directors (Executive Directors)			
1	Shri Rajeev Sharma	00973413	Chairman and Managing Director
2	Shri Ajeet Kumar Agarwal	02231613	Director (Finance)
3	Shri Sanjeev Kumar Gupta	03464342	Director (Technical)
Government Nominee Director (Non-Executive Director)			
4	Dr. Arun Kumar Verma	02190047	Government Nominee Director
Part time Non-Official Independent Directors			
5	Shri Arun Singh	00891728	Independent Director
6	Shri Aravamudan Krishna Kumar	00871792	Independent Director
7	Prof. Tiruvallur Thattai Ram Mohan	00008651	Independent Director

During the financial year 2015-16, Dr. Arun Kumar Verma (DIN: 02190047) was appointed as Government Nominee Director vide Shri Badri Narain Sharma(DIN:01221452) vide Ministry of Power Order No. 46/8/2015-RE dated October 6, 2015. Further, on account of resignation of Shri Prakash Thakkar, Director (Technical) (DIN:01120152), he was relieved from services of the Company on October 12, 2015 and Shri Sanjeev Kumar Gupta was appointed as Director (Technical) vide Ministry of Power Order No. 46/14/2014-RE dated October 16, 2015 for a period of five years from the date of assumption of charge i.e. October 16, 2015 or till superannuation or until further orders whichever is earlier. Further, Ministry of Power vide Order No.46/2/2010-RE- Vol. II (Part- IV) dated November 13, 2015 has appointed three Part time Non- Official Independent Directors, namely, Shri Arun Singh, Shri A. Krishna Kumar and Prof. T.T. Ram Mohan, on the Board of Company for a period of 3 years from the date of notification of their appointment or till further orders whichever is earlier. Presently, the Board is falling short of one Independent Woman Director. Accordingly, as on date, the composition of the Board of Directors is not in conformity with the provisions of Companies Act 2013, Regulation 17 of SEBI(Listing obligations and Disclosure Requirements) Regulations, 2015 and Clause 3.1.4 of DPE Guidelines on Corporate Governance for CPSEs issued by DPE.

The Company has already requested the Ministry of Power, Government of India, the appointing authority, for appointment of one Independent Woman Director on the Board of the Company and the same is under process.

(B) Other provisions as to Board and its Committees

(i) Details of Board Meetings held during the financial year 2015-16

The Company follows a methodized process of decision-making by the Board and its Committees. The meeting dates are usually finalized in consultation with all Directors in order to ensure presence of all Board Members in its Meeting. All the Agenda and Explanatory Notes are normally given to the Directors well in advance for the Meetings of the Board and Committees thereof. To address specific urgent needs, sometimes meetings are also called at shorter notice, in compliance of the applicable statutory provisions and utmost efforts are made to adhere to the minimum notice period. In some instances, resolutions are passed by circulation which is confirmed in the next Board Meeting. The Chairman & Managing Director of the Company decides inclusion of any matter in the agenda for discussion in the Meeting of the Board. Head of Divisions (HoDs)/ Senior Management officials are also called to provide additional inputs on the matters being discussed in the Meetings of the Board/ Committees of the Board. The Board is also given detailed presentation on certain agenda Items, if required. The Meetings of the Board of Directors are normally held at Registered Office of the Company during office hours. The Company is also complying with the Secretarial Standards issued by the Institute of Company Secretaries of India, effective from July 1, 2015, in respect of Board Meetings and General Meetings.

During the financial year 2015-16, nine (9) meetings of Board of Directors of the Company were held on (i) May 28, 2015; (ii) July 1, 2015; (iii) August 7, 2015; (iv) September 16, 2015; (v) November 9, 2015; (vi) December 22, 2015; (vii) January 13, 2016; (viii) February 10, 2016; and (ix) March 18, 2016.

The minimum and maximum interval between any two Board Meetings was twenty two (22) days and fifty four (54) days, respectively. The gap between any two Board Meetings was less than 3 months. The quantum and quality of information supplied by the Management to the Board goes well beyond the minimum requirement stipulated in Schedule II of SEBI (Listing obligations and Disclosure Requirements) Regulations, 2015.

(ii) Information placed before the Board of Directors

The Board has complete access to all the information available with the Company. The information regularly provided to the Board *inter-alia* includes:

1. Annual operating plans and budgets and any updates.
2. Capital budgets and any updates.
3. Proposals relating to raising of funds and sanctions of financial assistance.
4. Quarterly, Half Yearly and Annual Financial results and Board's Report etc.
5. All Related Party transactions.
6. Minutes of Meetings of Audit Committee and other committees of the board.
7. Minutes of Subsidiary Companies.
8. The information on recruitment and remuneration of senior officers just below the board level, including appointment or removal of Chief Financial Officer, Company Secretary and Internal Auditors.
9. Show cause, demand, prosecution notices and penalty notices, if any, which are materially important.
10. Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems, if any.
11. Any material default in financial obligations to and by the Company or substantial non-payment for goods sold by the Company.
12. Any issue, which involves possible public or product liability claims of substantial nature, including any judgment or order which, may have passed strictures on the conduct of the Company or taken an adverse view regarding another enterprise that can have negative implications on the Company.
13. Details of any joint venture or collaboration agreement.

14. Transactions that involve substantial payment towards goodwill, brand equity, or intellectual property.
15. Significant labour problems and their proposed solutions. Any significant development in Human Resources/ Industrial Relations front like signing of wage agreement, implementation of Voluntary Retirement Scheme etc.
16. Sale of material nature of investments, subsidiaries, assets, which is not in normal course of business.
17. Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material.
18. Non-compliance of any regulatory, statutory or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer etc, if any.
19. Investments, formation of subsidiaries and Joint Ventures, Strategic Alliances, etc.
20. Quarterly Report on deployment of Short term surplus Funds.
21. Quarterly compliance on Reconciliation of Share Capital Audit, Corporate Governance Report and investor grievances.
22. Quarterly report on compliance of various laws.
23. Half yearly report on Investment of Long Term Funds.
24. Action Taken Report on all pending matters.
25. Any other information required to be presented to the Board for information or approval.

(iii) **Directors' attendance at Board Meetings and last Annual General Meeting (AGM), during the financial year 2015-16, number of other Directorships (in Indian Public Limited Companies)/ Committee Memberships (viz Audit Committee and Stakeholders Relationship Committee) (other than REC), held by Directors are tabled below:-**

Sl. No.	Name of Director	Board Meetings			Attendance at Last AGM (held on September 16, 2015)	As on March 31, 2016		
		Held during the tenure	Attended	Percentage of Attendance		No. of other Directorships	No. of other Committee Memberships ⁵	
							As Chairman	As Member
1.	Shri Rajeev Sharma	9	9	100	Present	3	Nil	Nil
2.	Shri Prakash Thakkar (upto October 12, 2015)	4	4	100	Present	N.A	N.A	N.A
3.	Shri Ajeet Kumar Agarwal	9	9	100	Present	2	Nil	1
4.	Shri S.K. Gupta (w.e.f October 16, 2015)	5	5	100	Not Applicable	2	Nil	Nil
5.	Shri B.N. Sharma (upto October 6, 2015)	4	3	75	Present	N.A	N.A	N.A
6.	Dr. Arun Kumar Verma (w.e.f October 6, 2015)	5	5	100	Not Applicable	1	Nil	Nil
7.	Shri Arun Singh (w.e.f November 13, 2015)	4	3	75	Not Applicable	Nil	Nil	Nil
8.	Shri A. Krishna Kumar (w.e.f November 13, 2015)	4	4	100	Not Applicable	1	1	Nil
9.	Prof. T.T Ram Mohan (w.e.f November 13, 2015)	4	4	100	Not Applicable	1	Nil	1

Notes:

1. In accordance with the provisions of the Companies Act, 2013 and Article 82 (4) of the Articles of Association of the Company, Shri Ajeet Kumar Agarwal, Director (Finance) shall retire by rotation at the 47th Annual General Meeting of the Company and, being eligible, offers himself for re-appointment.
2. ⁵ In line with Regulation 26 of SEBI(Listing Obligations and Disclosure Requirements) Regulations, 2015, for reckoning the number of Committee memberships, only the Chairmanship/Membership in Audit Committee and Stakeholders Relationship Committee in Indian Public Limited Companies have been taken into consideration.
3. None of the Directors is a member of more than 10 Board-level Committees of Indian Public Limited Companies nor are they Chairman of more than 5 Committees of such companies.
4. There is no *inter-se* relationship between the directors.

3. COMMITTEES OF THE BOARD OF DIRECTORS

The Board functions either as 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 Committee. The Committees meet at regular intervals and focus on specific areas and make informed decisions within the authority delegated to them.

As on March 31, 2016, the Board had the following committees:

1. Audit Committee;
2. Nomination and Remuneration Committee;
3. Stakeholders Relationship Committee;
4. Risk Management Committee;
5. Corporate Social Responsibility Committee;
6. Loan Committee;
7. Executive Committee;
8. Sub-Committee for review of lending rates for Term Loans/ Short Term Loans;
9. Bond Committee; and
10. Committee on Investment / Deployment of Surplus Funds.

Further, the "Sub-committee of Directors for Borrowings other than Debentures" has been dissolved on February 10, 2016 since the powers exercised by the sub-committee are now exercised by CMD and Director (Finance) under Market Borrowing Programme approved from time to time.

The Minutes of Meetings of the Committees are placed before the Board for information in terms of Article 93 of the Articles of Association of the Company and applicable statutory requirements.

3.1 Audit Committee

(i) During the financial year 2015-16, the composition and attendance of the Audit Committee was as under:

Sl. No.	Name of the Committee Members/ Attendees	Position in the Committee	Number of Meetings			Attendance at last AGM
			Held during tenure of Director	Attended	Percentage of attendance	
1.	Shri B.N. Sharma Government Nominee Director	Chairman (upto October 6, 2015)	3	3	100.00	Yes
2.	Dr. Arun Kumar Verma Government Nominee Director	Chairman (from October 20, 2015 to December 21, 2015)	1	1	100.00	NA
3.	Shri A. Krishna Kumar Independent Director	Chairman (w.e.f December 22, 2015)	2	2	100.00	NA
4.	Shri Rajeev Sharma CMD	Member (upto December 21, 2015)	4	4	100.00	Yes
5.	Shri Prakash Thakkar Director (Technical)	Member (upto October 12, 2015)	3	3	100.00	Yes
6.	Shri S.K. Gupta Director (Technical)	Member (w.e.f October 20, 2015)	3	3	100.00	NA
7.	Shri Arun Singh Independent Director	Member (w.e.f December 22, 2015)	2	2	100.00	NA
8.	Prof. T.T Ram Mohan Independent Director	Member (w.e.f December 22, 2015)	2	2	100.00	NA

During the financial year 2015-16, the composition of Audit Committee was as under:

1. The Board reconstituted the committee on May 15, 2015 to comprise Shri B.N Sharma as Chairman of Committee and Shri Rajeev Sharma & Shri Prakash Thakkar as Members of the Committee.
2. After the cessation of tenure of Shri B.N. Sharma and Shri Prakash Thakkar, the committee was reconstituted by the Board on October 20, 2015 to comprise Dr. Arun Kumar Verma as Chairman and Shri Rajeev Sharma & Shri S.K. Gupta as members of the Committee.

3. After the appointment of Independent Directors, the committee was again reconstituted on December 22, 2015 by comprising of Shri A. Krishna Kumar as Chairman and Shri Arun Singh, Prof. T.T Ram Mohan & Shri S.K. Gupta as members of the Committee.

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 Committee.

(ii) The terms of reference of the Audit Committee are as under:

- to comply with the requirements in accordance with Section 177 of the Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014, as amended from time to time;
- to comply with the requirements relating to Audit Committee as envisaged in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time;
- 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
- to comply with any other applicable provisions, as amended from time to time, relating to the Audit Committee.

The maximum gap between any two Meetings was not more than one hundred and twenty days. During the financial year 2015-16, six (6) meetings of the Audit Committee were held on (i) May 28, 2015; (ii) August 7, 2015; (iii) September 16, 2015; (iv) November 9, 2015; (v) February 10, 2016; and (vi) March 18, 2016.

Shri B.N.Sharma, Chairman of the Audit Committee was present at the Annual General Meeting held on September 16, 2015 to answer shareholders' queries.

The Chairman of the Audit Committee possess accounting and financial management expertise and all other members of the Audit Committee are financially literate.

3.2 Nomination and Remuneration Committee

REC, being a Central Public Sector Undertaking, the appointment, tenure and remuneration of Chairman & Managing Director, Whole Time Functional Directors and other Directors, are decided by the President of India as per the Articles of Association of the Company and the same are communicated by the administrative ministry. The remuneration of Functional Directors and employees of the Company is fixed as per extant guidelines issued by Department of Public Enterprises (DPE), from time to time. Further, the Part time Non official Independent Directors are paid sitting fees, as decided by the Board of Directors from time to time, for attending Board and Committee meetings well within the limits prescribed under Companies Act, 2013. As per the norms of Government of India, the Government Nominee Director is not entitled to get any remuneration/ sitting fee from the Company.

After the appointment of Independent Directors on the Board of the Company, the committee has been reconstituted on December 22, 2015.

The terms of reference to the extent applicable to REC are as under:

- to comply with the requirements in accordance with Section 178 of the Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014, as amended from time to time;
- to comply with the requirements relating to Nomination and Remuneration Committee as envisaged in SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, as amended from time to time; and
- to comply with the Guidelines on Corporate Governance for Central Public Sector Enterprises, 2010 including to decide the quantum of annual bonus, variable pay and policy for ESOP scheme, pension scheme etc. 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, Ministry of Corporate Affairs (MCA) vide Notification dated June 5, 2015, has exempted Government Companies from the requirements related to formulation of criteria for determining qualifications, positive attributes, independence and annual evaluation of Directors & policy relating to remuneration of Directors.

As on March 31, 2016, the constitution of Nomination and Remuneration Committee is as under:

Sl. No.	Name of the Committee Members	Position in the Committee	Meeting		
			Held during tenure of Director	Attended	Percentage of attendance
1.	Prof. T.T Ram Mohan Independent Director	Chairman (w.e.f December 22, 2015)	1	1	100.00
2.	Shri Arun Singh Independent Director	Member (w.e.f December 22, 2015)	1	0	0.00
3.	Shri A. Krishna Kumar Independent Director	Member (w.e.f December 22, 2015)	1	1	100.00

Quorum of the Nomination and Remuneration Committee is two members including Chairman of the Committee. Director (Finance), Director (Technical) and ED (HR)/GM (HR) are standing invitees to the Meetings of the Nomination and Remuneration Committee. During the financial year 2015-16, one Meeting of the Nomination and Remuneration Committee was held on January 13, 2016.

The remuneration paid to Whole Time Directors including the Chairman & Managing Director was as per the terms and conditions of their appointment. The details of remuneration paid to Whole Time Directors and Company Secretary of the Company during the financial year 2015-16 are given below:

(Amount in ₹)

Sl. No.	Name & Designation	Salary & Allowances	Other Benefits included in Form 16@	Performance Linked Incentive*	CPF contribution	Pension Fund Contribution	Leave Encashment	Total
1.	Shri Rajeev Sharma CMD	27,85,037	10,48,630	15,21,461	2,68,906	2,01,680	-	58,25,714
2.	Shri Prakash Thakkar, Director (Technical) upto October 12, 2015#	14,23,067	11,61,156	11,15,078	1,36,879	1,02,659	19,29,792	58,68,631
3.	Shri Ajeet Kumar Agarwal Director (Finance)	27,84,531	2,60,905	10,41,334	2,40,643	1,80,482	-	45,07,895
4.	Shri S.K. Gupta Director (Technical) w.e.f October 16, 2015#	13,19,716	2,20,612	4,80,365	1,14,730	86,047	-	22,21,470
5.	Shri J.S.Amitabh Company Secretary	25,04,046	2,00,528	4,76,652	2,16,390	1,62,293	-	35,59,909

*Performance Linked Incentive is based on the incentive scheme of the Company as approved by the Board of Directors in line with Guidelines issued by DPE, Government of India.

@ includes allowances exempt u/s 10 but exclude Uniform, entertainment, electricity, water and attendant charges and includes Telephone Expenses and taxable gratuity in case of retirement.

Shri Prakash Thakkar, Director (Technical) was relieved from services on October 12, 2015, and Shri S.K Gupta was appointed as Director (Technical) on October 16, 2015, therefore, their remuneration is taken for part of the year.

The terms and conditions of appointment of Directors and payment of their remuneration are decided by President of India as per the Articles of Association of the Company.

The Company has not issued any Stock Options during the financial year 2015-16.

Remuneration of Independent and Government Nominee Directors

The Independent Directors are paid sitting fees at the rate of ₹ 20,000/- for attending each Meeting of the Board and Committee thereof as fixed by the Board in its 395th Meeting held on May 28, 2013 which is within the limits prescribed under the Companies Act, 2013 and rules thereunder. Details of payments towards sitting fees to Independent Directors during the financial year 2015-16 is as under:

(Amount in ₹)

Sl. No.	Name of Part-time Non-official Independent Director	Sitting Fees		Total
		Board Meeting	Committee Meeting	
1.	Shri Arun Singh	60,000	60,000	1,20,000
2.	Shri A. Krishna Kumar	80,000	1,40,000	2,20,000
3.	Prof. T.T Ram Mohan	80,000	1,20,000	2,00,000
	Total			5,40,000

The Government Nominee Director is not entitled to any remuneration/ sitting fee from the Company. Apart from the above, the Independent & Government Nominee Directors do not have any material pecuniary relationship or transactions with the Company.

3.3 Stakeholders Relationship Committee

(i) Constitution of Stakeholders Relationship Committee

The Company has constituted a Stakeholders Relationship Committee in terms of the provisions of the Companies Act, 2013, SEBI (LODR) Regulations, 2015 and other applicable laws. This Committee specifically looks into the redressal of Shareholders and Investors complaints like transfer of shares, non- receipt of Balance Sheet and declared dividend etc.

During the financial year 2015-16, the Stakeholders Relationship Committee comprised of the following members:

Sl. No.	Name of the Committee Members	Position in the Committee	Meeting	
			Held during tenure of Director	Attended
1.	Shri B.N. Sharma Government Nominee Director	Chairman (upto October 6, 2015)	2	2
2.	Dr. Arun Kumar Verma Government Nominee Director	Chairman (from October 20, 2015 to December 21, 2015)	1	1
3.	Shri A. Krishna Kumar Independent Director	Chairman (w.e.f December 22, 2015)	1	1
4.	Shri Prakash Thakkar Director (Technical)	Member (upto October 12, 2015)	2	2
5.	Shri Ajeet Kumar Agarwal Director (Finance)	Member	4	4
6.	Shri. S.K Gupta Director (Technical)	Member (w.e.f October 20, 2015)	2	2

Notes:

1. The committee was reconstituted on May 15, 2015 with Shri B.N Sharma as Chairman and Shri Prakash Thakkar & Shri Ajeet Kumar Agarwal as members of the Committee.
2. Further, after the cessation of tenure of Shri B.N. Sharma on October 6, 2015 and Shri Prakash Thakkar on October 12, 2015, the committee was reconstituted by the Board on October 20, 2015 to comprise Dr. Arun Kumar Verma as Chairman and Shri Ajeet Kumar Agarwal & Shri S.K. Gupta as members.
3. On the appointment of Independent Directors, the committee was reconstituted on December 22, 2015 to comprise Shri A. Krishna Kumar as Chairman and Shri Ajeet Kumar Agarwal & Shri S.K. Gupta as members.

The quorum of meeting of the Stakeholders Relationship Committee is two members including the Chairman of the Committee. Further, the representatives of Registrar & Share Transfer Agents (R&TAs) appointed by the Company are Standing invitees at the Meetings of Stakeholders Relationship Committee. During the financial year 2015-16, four (4) Meetings of Stakeholders Relationship Committee were held on (i) May 28, 2015 (ii) August 7, 2015; (iii) November 9, 2015; and (iv) February 10, 2016 to review the status of pending Shareholders/Investors grievances.

Shri J.S. Amitabh, Company Secretary is the Compliance Officer of the Company in terms of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015.

The Chairman of the Stakeholders Relationship Committee was present at the Annual General Meeting held on September 16, 2015.

(ii) Status of Shareholders/Investors Grievances

The Company has been attending to all investor grievances expeditiously and promptly. Status of Shareholders/ Investors Grievances pursuant to Regulation 13(3) of SEBI(Listing obligations and Disclosure Requirements) Regulations 2015 for the period from April 1, 2015 to March 31, 2016 relating to Equity Shares/Listed Debt Securities is as follows:-

Pending at the beginning of the financial year	1
Received during the financial year	2151
Disposed during the financial year	2152
Remaining unresolved as on March 31, 2016	-

- The Company has established three layers to handle Investor Grievances including Support Service from respective Registrars, In-house Investor Cell and direct supervision by Stakeholders Relationship Committee which has resulted in timely resolution of all the grievances. All the complaints have been resolved to the satisfaction of shareholders.
- A dedicated Investor Relations Cell has been set up in the Company for interaction with the analysts and providing timely information and to hold analyst meetings in order to keep the investors updated about the matters related to the Company and to develop an appropriate feedback system that directs the information flow and communication between the management and investors.

- Securities and Exchange Board of India has a web based complaints redressal system namely SCORES (SEBI Complaints Redressal System) through which a shareholder can lodge a complaint against a company for his/ her grievances. The status of every complaint can be viewed online and the shareholder can send reminder for the complaints. Also, through this system, the investors are able to check the status of the complaints i.e. with whom the complaint is pending, upon whom the responsibility has been fixed and for how much time the complaint has been pending. An investor, who is not familiar with SCORES or does not have access to SCORES, can lodge the complaint in physical form. The Company has been attending to all investor grievances filed through SCORES also expeditiously and promptly.

3.4 Risk Management Committee

The Risk Management Committee has been constituted to manage the integrated risk. The main function of Risk Management Committee is to monitor various risks likely to arise and to review the various risk management policies and practices adopted by the Company and to initiate action for mitigation of risks arising in the operation and other related matters of the Company.

During the financial year 2015-16, the Risk Management Committee comprised of the following members:

Sl. No.	Name of the Committee Members	Position in Committee	Meeting	
			Held during tenure of Director	Attended
1.	Shri Arun Singh Independent Director	Chairman (w.e.f December 22, 2015)	1	1
2.	Shri Prakash Thakkar Director (Technical)	Member (upto October 12,2015)	1	1
3.	Shri Ajeet Kumar Agarwal Director (Finance)	Member	2	2
4.	Shri S.K. Gupta Director (Technical)	Member (w.e.f December 22, 2015)	1	1

Note:

The Committee was reconstituted on December 22, 2015 on the appointment of Independent Directors on the Board of the Company to comprise of Shri Arun Singh as Chairman and Shri Ajeet Kumar Agarwal & Shri S.K. Gupta as members of the Committee.

The operational heads of Finance Division (Resource Mobilization) and Asset Liability Management Division are the standing invitees at Risk Management Committee Meetings. During the financial year 2015-16, two (2) Meetings of the Risk Management Committee were held on October 12, 2015 and March 18, 2016.

3.5 Corporate Social Responsibility Committee

As per the provisions of Section 135 of the Companies Act, 2013 and rules made there under and Guidelines on Corporate Social Responsibility and Sustainability for CPSEs issued by DPE, the Board of Directors of the Company has constituted 'Corporate Social Responsibility Committee' and the terms of reference of the Committee are as under:

- to formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013;
- to monitor the Corporate Social Responsibility Policy of the Company from time to time;
- to recommend the amount of expenditure to be incurred on the activities referred to in clause (a);
- to recommend/review CSR projects / programs / proposals, falling within the purview of Schedule VII of the Companies Act, 2013;
- to institute a transparent monitoring mechanism for implementation of the CSR projects / programmes / activities undertaken by the Company;
- to assist the Board of Directors to formulate strategies on CSR initiatives of the Company;
- to approve the content of annual report on CSR activities as per proforma given in the Rules, *inter-alia* covering responsibility statement that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company;
- to periodically submit the reports to the Board of Directors for their information, consideration and necessary directions; and
- to comply with the other requirements on Corporate Social Responsibility Policy as amended from time to time.

During the financial year 2015-16, the "Corporate Social Responsibility Committee" comprised of the following Members:

Sl. No.	Name of the Committee Members	Position in Committee	Meeting	
			Held during tenure of Director	Attended
1.	Shri Rajeev Sharma CMD	Chairman (upto December 21, 2015)	3	3
2.	Prof. T.T. Ram Mohan Independent Director	Chairman (w.e.f December 22, 2015)	2	2

Sl. No.	Name of the Committee Members	Position in Committee	Meeting	
			Held during tenure of Director	Attended
3.	Shri Prakash Thakkar Director(Technical)	Member (upto October 12, 2015)	2	2
4.	Shri Ajeet Kumar Agarwal Director (Finance)	Member	5	5
5.	Shri S.K. Gupta Director (Technical)	Member (w.e.f October 20, 2015)	3	3
6.	Shri A. Krishna Kumar Independent Director	Member(w.e.f December 22, 2015)	2	2

Notes:

1. The committee was reconstituted by the Board on October 20, 2015 after the cessation of tenure of Shri Prakash Thakkar to comprise Shri Rajeev Sharma as Chairman of the Committee and Shri Ajeet Kumar Agarwal & Shri S.K. Gupta as members of the Committee.
2. The committee was again reconstituted on December 22, 2015 after the appointment of Independent Directors to comprise Prof. T.T Ram Mohan as Chairman and Shri A. Krishna Kumar, Shri Ajeet Kumar Agarwal & Shri S.K. Gupta as members.

The quorum of the meeting of the Corporate Social Responsibility Committee is two Members including Chairman of the Committee. During the financial year 2015-16, five (5) meetings of Corporate Social Responsibility Committee were held on (i) May 28, 2015; (ii) August 7, 2015; (iii) November 9, 2015; (iv) February 10, 2016; and (v) March 18, 2016.

3.6 Loan Committee

The Loan Committee of the Directors has been constituted for sanction of financial assistance in the form of Rupee Term Loan subject to following limits:

Type of Entity	Limit for individual scheme/project	Overall ceiling in a financial year (₹ in crore)
Central/State Government Power utilities or Central/State PSUs	Upto ₹ 500 crore for individual scheme/project	25,000
Private Sector Power utilities	Upto ₹ 500 crore for individual scheme/project	6,000

After the cessation/appointment of Director (Technical) and Government Nominee Director, the Committee has been reconstituted. As on March 31, 2016, the Loan Committee comprised of the following members:

Sl. No.	Name of the Committee Members	Designation	Position in the Committee
1.	Shri Rajeev Sharma	CMD	Chairman
2.	Shri Ajeet Kumar Agarwal	Director(Finance)	Member
3.	Shri S.K. Gupta	Director (Technical)	Member
4.	Dr. Arun Kumar Verma	Government Nominee Director	Member

The quorum of meeting of the Loan Committee is three Members including CMD and Government Nominee Director. During the financial year 2015-16, four (4) meetings of Loan Committee were held on (i) May 28, 2015; (ii) August 7, 2015; (iii) September 16, 2015; and (iv) February 11, 2016. Further, all members of the Committee were present in all the meetings.

3.7 Executive Committee

The Executive Committee of the Directors has been constituted for sanction of financial assistance in the form of Rupee Term Loan subject to following limits:

Type of Entity	Limit for individual scheme/project	Overall ceiling in a financial year (₹ in crore)
Central / State Government Power utilities or Central / State PSUs	Up to ₹ 150 crore for individual scheme/project	20,000
Private Sector Power utilities	Up to ₹ 100 crore for individual scheme/project	5,000

After the cessation/ appointment of Director (Technical), the committee was reconstituted. As on March 31, 2016, the Executive Committee comprised of the following members:

Sl. No.	Name of the Committee Members	Designation	Position in Committee
1.	Shri Rajeev Sharma	CMD	Chairman
2.	Shri Ajeet Kumar Agarwal	Director (Finance)	Member
3.	Shri S.K. Gupta	Director (Technical)	Member

The quorum of the Executive Committee of the Board of Directors is two Members including CMD. During the financial year 2015-16, eleven (11) meetings of the Executive Committee were held on (i) May 6, 2015; (ii) June 5, 2015; (iii) July 9, 2015; (iv) August 6, 2015; (v) October 16, 2015; (vi) November 26, 2015; (vii) December 30, 2015; (viii) January 15, 2016; (ix) January 28, 2016; (x) March 3, 2016; and (xi) March 29, 2016. Further, all members of the Committee were present in the meetings except for one meeting which Shri Ajeet Kumar Agarwal, Director (Finance) could not attend.

3.8 Sub-Committee for review of lending rates for Term Loans/ Short Term Loans.

The Sub-Committee of Directors for review of lending rates for Term Loans/ Short Term Loans was constituted for reviewing the lending rates of Short Term Loans and Term Loans.

After the cessation/ appointment of Director (Technical), the committee was reconstituted. As on March 31, 2016, the Sub-Committee for review of lending rates for Term Loans/ Short Term Loans comprised of the following members:

Sl. No.	Name of the Committee Members	Designation	Position in the Committee
1.	Shri Rajeev Sharma	CMD	Chairman
2.	Shri Ajeet Kumar Agarwal	Director (Finance)	Member
3.	Shri S.K. Gupta	Director (Technical)	Member

The quorum for the meeting of Sub-Committee for review of lending rates for Term Loans / Short Term Loans is two Members including CMD. During the financial year 2015-16, seventeen (17) meetings of Sub-Committee for review of lending rates for Short Term Loans/ Term Loans were held on (i) April 27, 2015; (ii) April 29, 2015; (iii) May 21, 2015; (iv) May 28, 2015; (v) June 30, 2015; (vi) July 30, 2015; (vii) August 7, 2015; (viii) August 28, 2015; (ix) September 7, 2015; (x) September 16, 2015; (xi) October 30, 2015; (xii) November 23, 2015; (xiii) December 18, 2015; (xiv) December 30, 2015; (xv) January 27, 2016; (xvi) February 24, 2016; and (xvii) March 10, 2016. Further, all members of the Committee were present in the meetings except for one meeting which Shri Prakash Thakkar, the then Director (Technical) could not attend and another meeting which Shri Ajeet Kumar Agarwal, Director (Finance) could not attend.

3.9 Bond Committee

The Bond Committee of Directors was constituted to finalize and approve the detailed terms and conditions of bonds including issue size (in single/ multiple tranches), timing, period, coupon rate, annual interest payment date of issue etc.as may be required by the prevailing market conditions/ consortium members for marketing of the issue, revise coupon rate, period of issue, selling and brokerage commission, basis of allotment, allotment of bonds and other terms and conditions of the issue of Tax Free Bonds for the financial year 2015-16.

As on March 31, 2016, the Bond Committee comprised of following members:

Sl. No.	Name of the Committee Members	Designation	Position in the Committee
1.	Shri Rajeev Sharma	CMD	Chairman
2.	Shri Ajeet Kumar Agarwal	Director (Finance)	Member
3.	Shri S.K. Gupta	Director (Technical)	Member

Quorum of the Bond Committee of Board of Directors is two members. During the financial year 2015-16, three (3) meetings of Bond Committee were held on (i) October 13, 2015; (ii) October 21, 2015; and (iii) November 5, 2015. Further, all members of the committee were present in all the meetings.

3.10 Committee on Investment / Deployment of Surplus Funds

The Committee for Investment/Deployment of Surplus Funds has been constituted for the purpose of investments of surplus funds. As on March 31, 2016, the "Committee on Investment / Deployment of Surplus Funds" comprised of following members:

Sl. No.	Name of the Committee Members	Designation	Position in Committee
1.	Shri Rajeev Sharma	CMD	Chairman
2.	Shri Ajeet Kumar Agarwal	Director (Finance)	Member
3.	Shri S.K. Gupta	Director (Technical)	Member

The quorum of the meeting of the committee is two members including CMD. As on date, the Committee is *inter-alia* authorised to approve the investment of short term surplus funds at any time, above ₹ 1,000 crore in Commercial Papers and above ₹ 1,500 crore in Mutual Funds and Fixed Deposits.

During the financial year 2015-16, two (2) meetings of the committee were held on January 13, 2016 and March 22, 2016. Further, all the members of the committee attended the meeting.

4. SHARE TRANSFER COMMITTEE

In addition to the Committees of the Directors constituted by the Board from time to time, as detailed at 3.1 to 3.10 above, there is a Share Transfer Committee comprising of Senior Officers constituted to consider and approve requests received from shareholders for splitting/ consolidation of certificates and transfer of physical shares exceeding 500 equity shares per individual in each case and for issue of duplicate share certificates.

As on March 31, 2016, the Share Transfer Committee comprised of the following Members:

Sl.No.	Name of the Officer	Designation
1.	Shri J. S. Amitabh	GM & Company Secretary
2.	Shri Daljeet Singh Khatri	Additional General Manager (F&A)- Resources

To facilitate splitting/consolidation/transfer process of Securities within the prescribed time limit, the Registrar and Share Transfer Agent (R&TA) has been authorized to consider and approve requests received from shareholders for splitting/ consolidation and transfer of physical shares upto 500 equity shares per individual in each case.

5. SUBSIDIARY COMPANIES

The Company does not have any "material subsidiary" as defined in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Minutes of Board Meetings of all Subsidiary Companies are placed before the Board of Directors of the Company for information. Further, all significant transactions and arrangements entered into by the unlisted Subsidiary Companies were brought to the attention of the Board of Directors of REC. The Financial Results of unlisted Subsidiary Companies, in particular the investments made by unlisted Subsidiary Companies were reviewed by the Audit Committee of Directors of REC. The Company has devised a "Policy on Materiality of Subsidiaries" as required under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the same is available on its website at http://www.recindia.nic.in/download/Policy_Determining_Material_Subsiadiaries.pdf.

The Company had following unlisted Wholly Owned Subsidiary Companies as on March 31, 2016:

- (i) REC Power Distribution Company Limited (CIN: U40101DL2007GOI165779); and
- (ii) REC Transmission Projects Company Limited (CIN: U40101DL2007GOI157558)

Further, in order to initiate development of each independent Interstate transmission project allocated by Ministry of Power, Government of India, RECTPCL has incorporated a Project specific Special Purpose Vehicle (SPV) as Wholly Owned Subsidiary Company and after selection of successful bidder through Tariff Based Competitive Bidding Process notified for transmission projects, the respective Project Specific SPV along with its all assets and liabilities is to be transferred to the selected bidder. As on March 31, 2016, the following project specific Special Purpose Vehicles (SPVs) were in existence as Wholly Owned Subsidiary Companies of RECTPCL:

- i. Nellore Transmission Limited (NTL)(CIN: U40104DL2012GOI245654)*
- ii. Baira Siul Sarna Transmission Limited (BSSTL)(CIN: U40106DL2013GOI247564)*
- iii. NRSS XXXVI Transmission Limited (CIN: U40300DL2015GOI284168)
- iv. North Karanpura Transco Limited (NKTL)(CIN: U40103DL2015GOI287880)#
- v. Khargone Transmission Limited (KTL)(CIN: U40300DL2015GOI287933)
- vi. Dinchang Transmission Limited (DTL)(CIN: U40300DL2015GOI288066)
- vii. NER II Transmission Limited (NTL)(CIN: U40106DL2015GOI279300)

*Consequent to the denotification by Ministry of Power/ CEA, the companies have been dissolved under the provisions of Section 560 of Companies Act, 1956.

#The subsidiary company viz., "North Karanpura Transco Limited" was transferred alongwith all its assets & liabilities to the successful bidder i.e., M/s Adani Transmission Limited on July 8, 2016. As such, the said company has ceased to be a subsidiary of RECTPCL / REC from that date.

The Audited Financial Statements and related information of all Subsidiary Companies of REC is available on the website of the Company www.recindia.com under the head "Subsidiary Companies". A statement containing the financial data of the subsidiaries and Joint Ventures has been furnished along with the Consolidated Financial Statements, which forms part of this Annual Report. Further, pursuant to the provisions of Companies Act, 2013 and Accounting Standards prescribed under Section 133 of the Companies Act, 2013 read with MCA General Circular No. 15/2013 dated September 13, 2013, Consolidated Financial Statements presented by the Company include financial information in respect of its subsidiary companies and

Joint Venture Company i.e. Energy Efficiency Services Limited. However, those subsidiary companies of RECTPCL which are incorporated for the purpose of subsequent disposal have not been consolidated in the accounts of the Company as per Para 11 of Accounting Standard- 21.

6. GENERAL BODY MEETINGS

The details of last three Annual General Meetings of the Company are given below:

Meeting No.	Financial Year	Date	Time	Venue	Whether any Special Resolution passed
44 th	2012-13	September 13, 2013	11.00 A.M.	Manekshaw Centre, Parade Road, Delhi Cantonment, New Delhi-110010	No
45 th	2013-14	September 18, 2014	11.00 A.M.		Yes
46 th	2014-15	September 16, 2015	11.00 A.M.	Weightlifting Auditorium, Jawaharlal Nehru Stadium, Bhisam Pitamah Marg, Pragati Vihar, Lodhi Colony, New Delhi -110003	Yes

No special resolution was passed through Postal Ballot in the previous year. None of the business proposed to be transacted in the 47th Annual General Meeting require passing a Special Resolution through Postal Ballot.

Further, the Company will continue to provide e-voting facility in the ensuing AGM to enable shareholders to exercise their right to vote through electronic means and the e-voting portal will be kept open for such period as mentioned in the Notice of 47th AGM.

7. SERVICE OF DOCUMENTS THROUGH ELECTRONIC MEANS

The Companies Act, 2013 permits companies to send documents like Notice of Annual General Meeting, Annual Report and other documents through electronic means to its members at their registered email addresses, besides sending the same in physical form.

As a responsible Corporate Citizen, your Company has actively supported the paperless initiative and Digitalization move and effected electronic delivery of Notice and Annual Report and other documents since 2010-11 to those shareholders whose email ids were registered with the respective Depository Participants (DPs). The intimation of Interim/Final Dividend paid, are also being sent electronically to those shareholders whose email ids were registered.

Members, who have not registered their e-mail addresses so far, are requested to register their e-mail address with their Depository Participant (DP) or with the Registrar and Share Transfer Agent (R&TA) of the Company, for receiving communications in electronic form.

8. SECRETARIAL AUDIT

The Secretarial Audit for the financial year 2015-16 has been conducted by M/s Chandrasekaran Associates, Practicing Company Secretaries, Delhi and they have submitted a Secretarial Audit Report to the Company. A copy of Secretarial Audit Report is set out elsewhere in this Annual Report for information of the shareholders.

9. RELATED PARTY TRANSACTIONS

The Company has formulated a Policy on Materiality of Related Party Transactions and Dealing with Related Party Transactions as per provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the same is available on the website of the Company http://recindia.nic.in/download/Policy_Related_Party_Transactions_&_Dealing_with_RPT.pdf. As per the said Policy, all the Related Party Transactions are duly approved by the Audit Committee and the Board of Directors. The transactions with related parties are included in the Notes to the Accounts as per Accounting Standard (AS) -18 and other applicable provisions of Companies Act, 2013. Further, a list of Related Party transactions is put up for information of Audit Committee and Board of Directors on quarterly basis. The particulars of Related Party Transactions are given in form AOC-2 annexed to the Board's Report.

10. DISCLOSURES

- (i) The Company has complied with all the requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as well as Regulations and Guidelines prescribed by SEBI, the Companies Act, 2013, Secretarial Standards and DPE Guidelines on Corporate Governance for Central Public Sector Enterprises issued by Ministry of Heavy Industries and Public Enterprises, Government of India, except relating to composition of the Board.
- (ii) The Company has complied with the requirements of Regulation 17 to 27 relating to Board, Committees and Corporate Governance requirements except as detailed in point (i) above and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of SEBI (LODR) Regulations, 2015 in respect of disclosure on website. In compliance of Regulation 46 of SEBI (LODR) Regulations, 2015, the Company has *inter-alia* disclosed the information relating to details of business of the Company, Terms and conditions of appointment of Independent Directors, Composition of various committees of Board of Directors, Code of conduct and Ethics for Board Members and Senior Management Personnel, Details of establishment of Vigil Mechanism/ Whistle Blower policy, Criteria of making payments to Non-Executive Directors, Policy on dealing with Related Party transactions, Policy for determining material subsidiaries, Details of familiarization programme imparted to Independent Directors and Policy for determining materiality of events for disclosure to the stock exchanges etc. on its website.

- (iii) The Company has a Board approved Risk Management Policy which covers Hedging Policy that provides a framework for the management of foreign currency exchange risk, involving exchange rate movements among currencies that may adversely impact the value of foreign currency-denominated assets, liabilities and off-balance sheet arrangements. Appropriate disclosures regarding the foreign currency risks are made in the Notes to Accounts, forming part of the Audited Financial Statements and the same are being managed through various derivative instruments such as swaps, options, forwards etc. The nature of the business of the Company is not such as may give rise to any commodity price risk.
- (iv) The Company has not entered into any material, financial or commercial transactions with the Directors or the Management or their relatives or the companies and firms, etc., in which they are either directly or through their relatives interested as Directors and/or Partners.
- (v) All members of Senior Management have made disclosures to the Board relating to all material, financial and commercial transactions, where they have personal interest that may have a potential conflict with the interest of the Company at large (e.g. dealing in Company shares, commercial dealings with bodies which have shareholding of management and their relatives etc.).
- (vi) There were also no instances of non-compliance on any matter related to the Capital Markets during the last three years. All returns/ reports were filed within stipulated time with stock exchanges/ other authorities. However, we have received letters from NSE & BSE in respect of non-compliance regarding non-appointment of woman director on the Board of Company. The power to appoint directors on the Board of Company lies with the President of India acting through administrative Ministry. We have already requested Ministry of Power (administrative ministry) for the appointment of an Independent Woman Director.
- (vii) There are no materially significant transactions with related parties i.e. Promoters, Directors or the management, conflicting with the Company's interest. The Independent Directors do not hold any equity shares of the Company.
- (viii) The Company has laid down the procedure to inform the Board about the risk assessment and minimization. The Board of Directors of the Company reviews the procedures to ensure that the integrated risks are managed through a properly defined framework.
- (ix) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement for the financial year 2015-16 have been prepared as per the Accounting Standards as applicable under Section 133 of the Companies Act, 2013 read with General Circular No. 15/2013 dated September 13, 2013.
- (x) The Company affirms that a Whistle Blower Policy/ Vigil Mechanism is in place and no personnel has been denied access to the Audit Committee.
- (xi) The Company has adopted all mandatory items and some of the non-mandatory items on Corporate Governance. Information on adoption/ non-adoption of non-mandatory requirements is given in **Annexure A** to this Report.
- (xii) During the financial year 2015-16, no Presidential Directives were issued by the Central Government to the Company.
- (xiii) The Company has not incurred any expenditure which is not for the purpose of the business. Further, no expense was incurred which was personal in nature and was incurred for the Board of Directors and Top Management.
- (xiv) The administrative and office expenses for the financial year 2015-16 have decreased to ₹ 67.01 crore as compared to ₹ 69.49 crore during relevant period of the previous year due to decrease under various heads as included under the broad head. Administrative and office expenses as a percentage of total expenses for the financial year 2015-16 is 0.43% (previous year 0.54%) and as a percentage of financial expenses for the financial year 2015-16 is 0.47% (previous year 0.59%).
- (xv) In pursuance to DPE Guidelines on Corporate Governance for Central Public Sector Enterprises (CPSEs), 2010, Compliance Report is being submitted to Ministry of Power within 15 days from the end of quarter. The details of submission of the report is as under:

Report for Quarter ended	Date of submission of report
June 30, 2015	July 8, 2015
September 30, 2015	October 7, 2015
December 31, 2015	January 6, 2016
March 31, 2016	April 7, 2016

Also the Report containing Annual Score (consolidated score of four quarters) was submitted to Ministry of Power on April 13, 2016 against the due date of May 31, 2016.

The Company has also submitted quarterly compliance report on Corporate Governance with the Stock Exchanges in accordance with the requirements of Regulation 27(2)(a) of the SEBI (LODR) Regulations, 2015.

- (xvi) There are no audit qualifications pertaining to financial year 2015-16. However, there is an observation relating to Internal Financial Control, Management Reply of which has been given in the Annual Report. Further, the Company has informed the stock exchanges that the Statutory Auditors have furnished Audit Report on Standalone & Consolidated Financial Results with unmodified opinion as per the clauses of SEBI (LODR) Regulations, 2015.

(xvii) The Board members based on their requirement, attended various seminars, conferences, training programmes from time to time. Further, as per the requirement of Corporate Governance Guidelines issued by Department of Public Enterprises (DPE), the Company has framed a Policy of Training to Board Members. During the financial year, two training programmes have been conducted for the Directors of the Company.

On appointment, the Board Members are provided with necessary documents, reports and internal policies to enable them to familiarize with the Company's procedures and practices. Further, presentations on the business and performance of the Company, are made at the Board Meetings. Training programmes are conducted in order to familiarize the Independent Directors with the working of the Company. The details of the same are available at http://www.recindia.nic.in/download/Familiarization_Programme_for_Independent_Directors.pdf.

(xviii) A separate meeting of Independent Directors in compliance of Companies Act, 2013, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and DPE Guidelines on Corporate Governance for CPSEs, 2010 was held on March 26, 2016.

11. COMPLIANCE WITH APPLICABLE LAWS

The Company has a robust system in place for monitoring of various statutory and procedural compliances. The Board of Directors of the Company periodically reviewed the status of statutory, policy and related procedural compliances to ensure proper compliances of all laws applicable to the Company.

12. CODE OF BUSINESS CONDUCT AND ETHICS FOR BOARD MEMBERS AND SENIOR MANAGEMENT

The Board of Directors of the Company in its 413th Meeting held on May 28, 2015 had revised the Code incorporating the duties of Directors including Independent Directors, in line with Companies Act, 2013 and Listing Agreement and adopted "Code of Business Conduct and Ethics for Board Members and Senior Management" in supersession of the existing Code of Conduct.

The Code of Business Conduct and Ethics for the Board Members and Senior Management is a comprehensive code applicable to all Directors, Key Managerial Personnel and Members of Senior management of the Company. It has been laid down in alignment with Company's mission and objectives and aims at enhancing ethical and transparent process in managing the affairs of the Company. A copy of the Code of Business Conduct and Ethics is available on the website of the Company i.e. www.recindia.com. Based on the affirmation received from the Board Members and Senior Management Personnel, declaration regarding Compliance of Code of Business Conduct and Ethics from Chairman and Managing Director of the Company is as under:

Declaration under SEBI (LODR) Regulations, 2015 and DPE Guidelines on Corporate Governance

All Board Members and Senior Management have affirmed compliance with the 'Code of Business Conduct and Ethics for Board Members and Senior Management' of the Company for the financial year ended March 31, 2016.

Date : July 6, 2016
Place : New Delhi

Sd/-
(Rajeev Sharma)
Chairman & Managing Director
DIN : 00973413

13. CODE FOR PREVENTION OF INSIDER TRADING IN REC EQUITY SHARES/SECURITIES

In terms of Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992, the Company had formulated a comprehensive Code for Prevention of Insider Trading in REC Equity Shares/Securities ("Code") to preserve the confidentiality and to prevent misuse of unpublished price sensitive information.

Further, SEBI, vide Notification dated January 15, 2015, has notified and revised SEBI (Prohibition of Insider Trading) Regulations, 2015, which have come into force with effect from May 15, 2015. Accordingly, the said Code was amended by the Board of Directors of the Company in line with the aforesaid notification.

Under the said Code, every Director, Key Managerial Personnel, officer and designated employee of the Company has a duty to safeguard the confidentiality of all such information obtained in course of his or her work at the Company and not to misuse his or her position or information regarding the Company to gain personal benefit or to provide benefit to any third party. The Code lays down guidelines and procedures to be followed and disclosures to be made while dealing with the shares/securities of the Company and the consequences of non-compliance. The Company Secretary has been appointed as the Compliance Officer and is responsible for adherence to 'Code for Prevention of Insider Trading in REC Equity Shares/Securities'. A Copy of the revised Code has been posted on the Company's website i.e. www.recindia.com.

In line with the requirement of the said Code, the trading window is being closed from time to time, whenever some unpublished price sensitive information is submitted to the Board. Notice of the closure of trading window is issued to all employees well in advance and proper announcements are also made, restraining the designated employees under the Code dealing in securities of the Company when the window is closed.

"Designated Employee" under the revised Code for Prevention of Insider Trading in REC Equity Shares/Securities means:-

- a. All members of the Board of Directors of the Company, Key Managerial Personnel and Chief Vigilance Officer.

- b. All employees working in the offices of Chairman and Managing Director and Whole-time Directors of the Company.
- c. All employees working in Corporate Office.
- d. All ZMs / CPMs / employees in the level of Manager and above, posted in Zonal / Project / CIRE / Sub-Offices of the Company, from time to time.
- e. The Directors and Employees of the subsidiary companies.
- f. Immediate relatives of (a) to (e) above.
- g. Any other employee, whether permanent or contractual, as may be notified by the Compliance Officer, with the approval of CMD.
- h. Insiders having possession of unpublished price sensitive information.

In case any of the designated employee leaves the services of the company, he/ she shall continue to be considered as Designated Employee for a further period of six months subsequent to the date of his/ her leaving the Company.

14. POLICY FOR PREVENTION OF FRAUD

Policy for Prevention of Fraud in REC has been framed to provide a system for detection and prevention of fraud, reporting of any fraud that is detected or suspected and fair dealing of matters pertaining to fraud. The policy covers the following provisions:-

- i. to ensure that management is aware of its responsibilities for detection and prevention of fraud and for establishing procedures for preventing fraud and/or detecting fraud when it occurs;
- ii. to provide a clear guidance to employees and others dealing with REC forbidding them from involvement in any fraudulent activity and the action to be taken by them where they suspect any fraudulent activity;
- iii. to conduct investigations into fraudulent activities; and
- iv. to provide assurances that any and all suspected fraudulent activity will be fully investigated.

15. WHISTLE BLOWER POLICY

REC had adopted Whistle Blower Policy (PIDPI Resolution) as issued by Central Vigilance Commission vide Office Order No.33/5/2004 dated May 17, 2004 and the same has also been incorporated in "Vigilance Hand Book" issued by Vigilance Division in October, 2010.

Further, the Company has a Whistle Blower Policy in place, in terms of Listing Agreement, Clause 8 of Guidelines on Corporate Governance for CPSEs issued by DPE and Companies Act, 2013 read with rules thereunder. The Whistle Blower Policy enables directors / employees of REC and/or its subsidiaries to raise concerns regarding any alleged malpractice or wrongdoing, which could affect the business or reputation of the Company. The complaint can be made to the Competent Authority in the manner prescribed under the Policy.

A declaration by the Chairman and Managing Director that he has not denied any Director / Employee of REC and/or its subsidiaries, access to the Competent Authority and that he has provided adequate safeguards and protection to the Complainants / Whistle Blowers from adverse personnel action during the financial year ended March 31, 2016 is as under:

Annual Affirmation by the Chairman & Managing Director in terms of Whistle Blower Policy of the Company

During the financial year 2015-16, no person has been denied access to the Competent Authority and necessary system has been put in place, to provide protection to the complainant, wherever required.

Date: July 4, 2016
Place: New Delhi

Sd/-
(Rajeev Sharma)
Chairman & Managing Director
DIN : 00973413

16. FEE PAID/PAYABLE TO STATUTORY AUDITORS

The details of fee paid/payable to Statutory Auditors during the financial year 2015-16, are as under:

		(₹ in crore)
Sl. No.	Particulars	Amount
1.	Audit Fees	0.45
2.	Tax Audit Fees	0.08
3.	Limited Review Fees	0.21
4.	Payment for other services	0.15
5.	Reimbursement of expenses	0.09
6.	Service Tax component	0.05
	Total	1.03

17. MEANS OF COMMUNICATION

- i. The Company recognizes the rights of shareholders & communications as key elements of the overall Corporate Governance framework and therefore emphasizes on continuous, efficient and relevant communication with shareholders and other stakeholders.
- ii. The Company communicates with its shareholders through its Annual Reports, General Meetings and disclosures on its website and through Stock Exchanges. All important information pertaining to the Company is also mentioned in the Annual Report for each financial year containing *inter-alia* Audited Financial Statements (Standalone & Consolidated), Board's Report, Auditors' Report, Report on Corporate Governance and Non-Banking Financial Companies' Auditors' Report which is circulated to the members and others entitled thereto.
- iii. The extracts of Quarterly/Half yearly/Annual Financial Results of the Company are communicated to the Stock Exchanges and published in financial and national newspapers like The Economic Times (English & Hindi), The Times of India (English), Navbharat Times (Hindi), Hindustan Times (English), Hindustan (Hindi), Jansatta (Hindi), Financial Express (English), Mint, Business Standard (English & Hindi), etc. These results and all other announcements are also made available on Company's website at www.recindia.com.
- iv. The Company also communicates with its institutional shareholders through investor conferences and one to one Meetings.
- v. The Company also makes press releases and corporate presentations on important corporate developments, from time to time and the same are also displayed on its website www.recindia.com.

18. CEO/CFO CERTIFICATION

In terms of Regulation 17(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a Certificate on financial reporting and internal controls to the Board, duly signed by Shri Rajeev Sharma, Chairman & Managing Director and Shri Ajeet Kumar Agarwal, Director (Finance) was placed before the Board of Directors in its 422nd Meeting held on May 27, 2016 while considering of the Annual Audited Financial Statements of the Company for the financial year ended on March 31, 2016.

19. GENERAL SHAREHOLDERS' INFORMATION

i. Annual General Meeting for the financial year 2015-16

Day and Date	Time	Venue
Wednesday, September 21, 2016	11.00 A.M.	Weightlifting Auditorium, Jawaharlal Nehru Stadium, Bhisham Pitamah Marg, Pragati Vihar, Lodhi Colony, New Delhi -110003

ii. Financial Calendar for financial year 2016-17 vis-à-vis financial year 2015-16

Particulars	Financial Year 2015-16		Financial Year 2016-17	
Accounting Period	April 1, 2015 to March 31, 2016		April 1, 2016 to March 31, 2017	
Announcement of Financial Results	1st Quarter	August 7, 2015	First three Quarters	Announcement within 45 days from the end of the each quarter.
	2nd Quarter	November 9, 2015		
	3rd Quarter	February 10, 2016		
	4th Quarter & Annual Financial Results	May 27, 2016	4th Quarter & Annual Financial Results	Announcement within 60 days from the end of financial year.
Annual General Meeting	Wednesday, September 21, 2016		September 2017	

iii. Payment of Dividend

A. Dividend Distribution Policy

The Company has adopted Dividend Distribution Policy in compliance of Regulations 43A of SEBI (LODR) Regulations, 2015 which *inter-alia* specifies the external and internal factors including financial parameters that shall be considered while declaring dividend and the circumstances under which the shareholders of the Company may or may not expect dividend. The Details of the same are available on the website of the company at www.recindia.com.

B. Dividend for the financial year 2015-16

(1) Interim Dividend Details:

In pursuance of Article 104 of the Articles of Association of the Company read with Section 123 of the Companies Act, 2013 and Companies (Declaration and Payment of Dividend) Rules, 2014 the Company has paid an Interim Dividend of ₹ 12 per Equity Share (on the face value of ₹ 10/- each) on February 25, 2016 for the financial year 2015-16.

(2) Final Dividend Details:

The Board of Directors of the Company in its 422nd Meeting held on May 27, 2016 has recommended a Final Dividend of ₹ 5.10 per Equity Share (on the face value of ₹ 10/-each) for the financial year 2015-16 for approval of the shareholders in the 47th Annual General Meeting to be held on September 21, 2016. The total dividend (including Interim Dividend) for the financial year 2015-16 will be ₹ 17.10 per Equity Share (on the face value of ₹ 10/- each) i.e. 171% of the paid up share capital of the Company.

C. Dividend History for the last five financial years

(₹ in crore)

Financial Year	Total Paid-up Capital	Total Amount of Dividend Paid	Rate of Dividend (%)	Date of Payment	
				Interim Dividend	Final Dividend
2010-11	987.46	740.59	75.00	February 24, 2011	September 28, 2011
2011-12	987.46	740.59	75.00	February 7, 2012	October 4, 2012
2012-13	987.46	814.65	82.50	February 18, 2013	September 27, 2013
2013-14	987.46	938.09	95.00	February 28, 2014	October 1, 2014
2014-15	987.46	1056.58	107.00	February 27, 2015	October 7, 2015

D. Unpaid/Unclaimed Dividend and Share Application Money due for transfer to Investor Education Protection Fund (IEPF)

Pursuant to Section 205A read with Section 205C of the Companies Act, 1956 (corresponding section is yet to be notified under Companies Act, 2013), the dividend amount and share application money which remains unpaid/ unclaimed for a period of seven years, is required to be transferred to the Investor Education & Protection Fund (IEPF) of the Central Government.

Accordingly, the Company has deposited the following amount in Investor Education and Protection Fund after the same remained unpaid / unclaimed for a period of 7 years:

Financial Year	Interim/ Final Dividend	Amount (in ₹)	Date of transfer
2007-08	Final Dividend	22,52,611.00	November 6, 2015
2008-09	Interim Dividend	16,09,158.00	April 28, 2016

The Company has been issuing notices in the newspapers from time to time in order to invite attention of shareholders to submit their claims towards the unpaid and unclaimed dividend. Therefore, it is hereby again advised to all shareholders to encash warrants relating to unpaid/ unclaimed share application money and /or dividend immediately or write to R&TA of the Company for revalidation or issue of DDs in place of old warrants.

The Company has uploaded the details of unclaimed / unpaid amounts pertaining to shareholders/Bondholders of the Company containing information like name, address, amount due to be transferred to IEPF and due date of transfer of amount to IEPF on its website.

iv. Date of Book Closure

The Register of Members and Share Transfer Books of the Company will remain closed from Wednesday, August 24, 2016 to Friday, August 26, 2016 (both days inclusive).

v. Pay-out Date for Payment of Final Dividend

The Final Dividend on equity shares, as recommended by the Board of Directors, subject to the provisions of Section 123 of the Companies Act, 2013, if approved by the Members of the Company at the 47th Annual General Meeting, will be paid on Tuesday, October 4, 2016 to the members or their mandates whose names appear in the Register of Members of the Company after giving effect to all valid share transfer requests lodged with the Company/ R&TA, on or before Tuesday, August 23, 2016, in respect of physical shares. In respect of Dematerialized shares, the final dividend shall be payable to the "beneficial owners" of the shares whose names appear in the Statement of Beneficial Ownership furnished by National Securities Depository Limited and Central Depository Services (India) Limited at the close of business hours on Tuesday, August 23, 2016.

vi. Listing of Equity Shares

REC shares are listed on the following Stock Exchanges:

Name & Address	Telephone / Fax / E-mail ID / Website	Scrip Code
National Stock Exchange of India Limited (NSE) Exchange Plaza, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051.	Telephone: (022) 26598100 - 8114 Fax: (022) 26598120 E-mail ID: cm1ist@nse.co.in Website: www.nseindia.com	RECLTD
BSE Limited (BSE) Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001.	Telephone: (022) 22721233/4 Fax: (022) 22721919 E-mail ID: corp.relations@bseindia.com Website: www.bseindia.com	532955

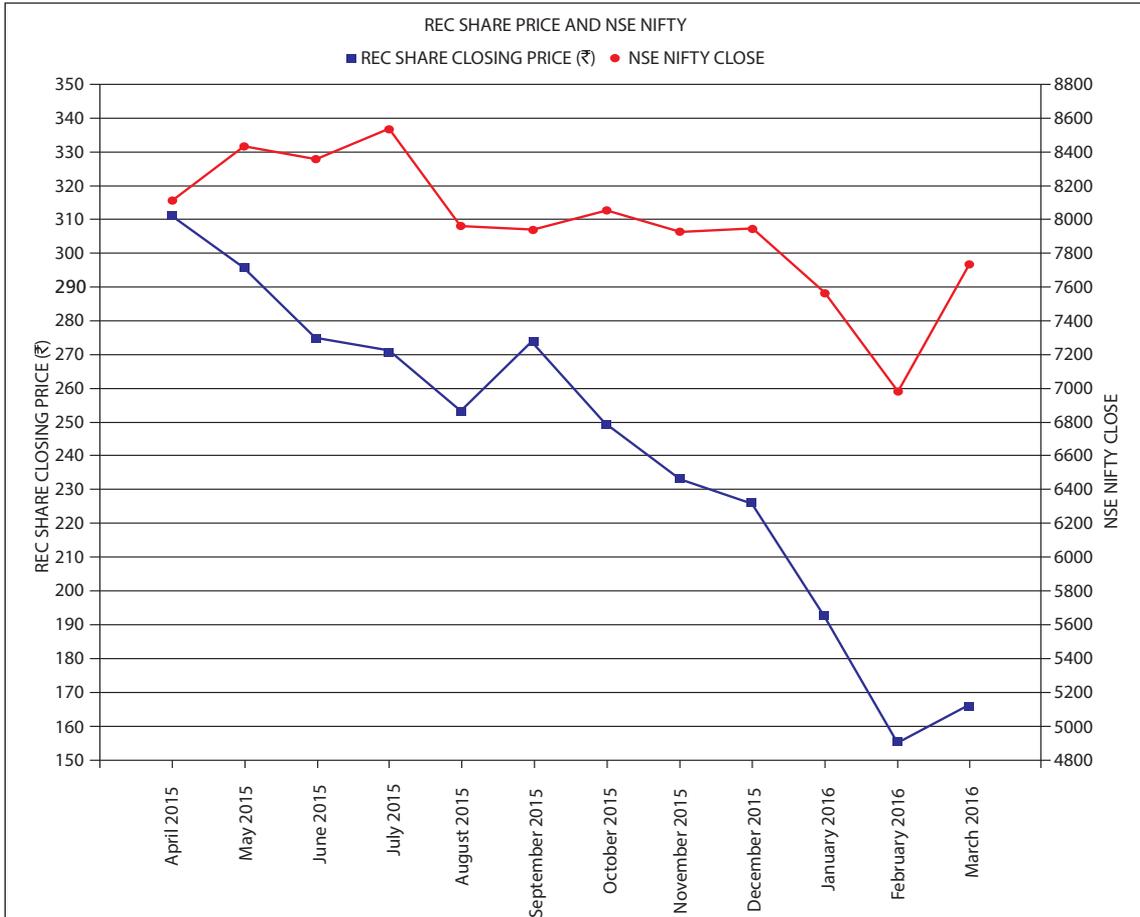
vii. International Securities Identification Number (ISIN)

ISIN is a unique identification number of traded scrip. This number has to be quoted in each transaction relating to the dematerialized securities of the Company. ISIN of Equity Shares of Rural Electrification Corporation Limited is INE020B01018.

viii. Market Price Data for the financial year 2015-16

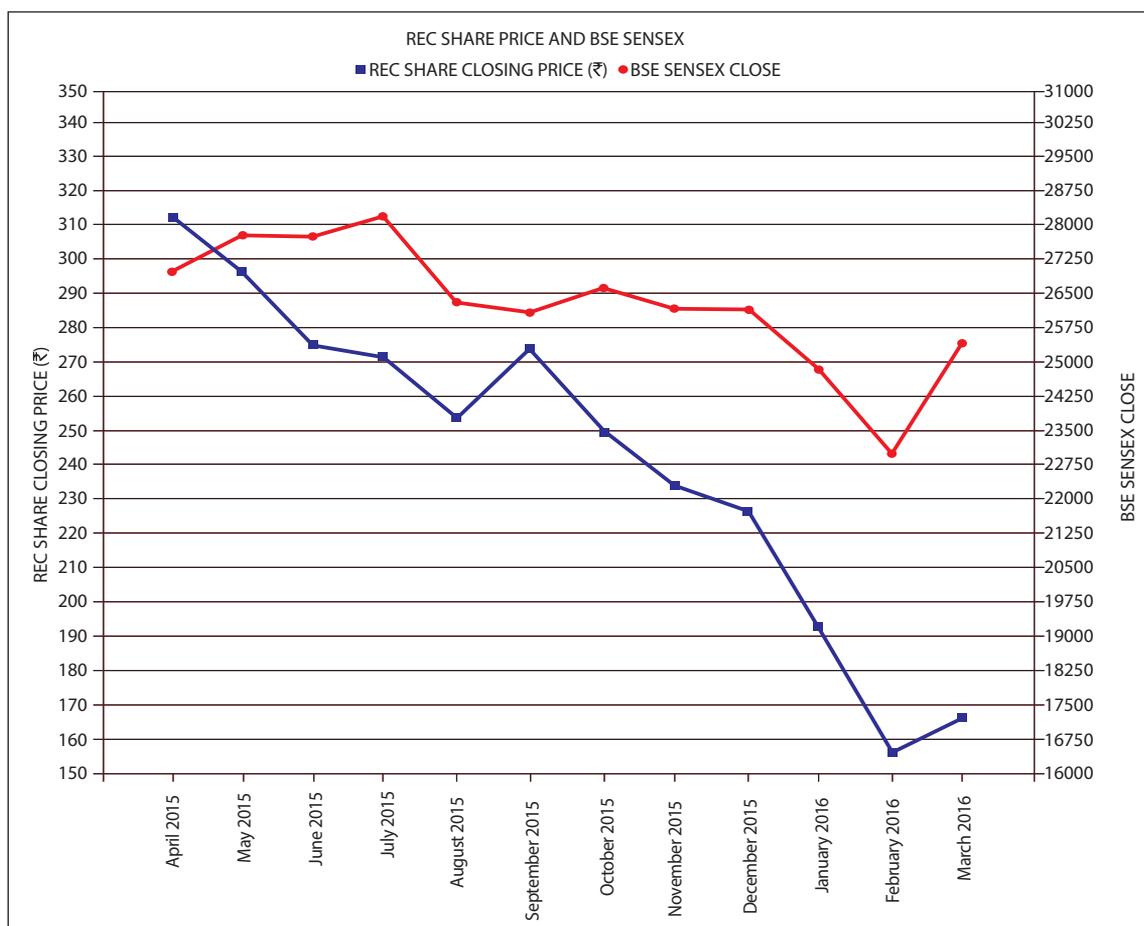
Performance of REC Share vis-à-vis NSE NIFTY:

Performance of REC Share at NSE				Movement of NSE NIFTY		
Month	High (₹)	Low (₹)	Month Close (₹)	High	Low	Month Close
April, 2015	347.90	309.00	311.55	8844.80	8144.75	8181.50
May, 2015	321.40	283.90	296.25	8489.55	7997.15	8433.65
June, 2015	298.65	267.50	275.15	8467.15	7940.30	8368.50
July, 2015	301.20	267.05	271.00	8654.75	8315.40	8532.85
August, 2015	282.00	211.20	253.25	8621.55	7667.25	7971.30
September, 2015	277.30	231.80	274.05	8055.00	7539.50	7948.90
October, 2015	297.55	245.50	249.60	8336.30	7930.65	8065.80
November, 2015	270.80	225.15	233.70	8116.10	7714.15	7935.25
December, 2015	236.45	206.65	226.55	7979.30	7551.05	7946.35
January, 2016	231.30	173.65	192.80	7972.55	7241.50	7563.55
February, 2016	199.20	152.25	155.90	7600.45	6825.80	6987.05
March, 2016	174.40	156.00	166.20	7777.60	7035.10	7738.40



Performance of REC Share vis-à-vis BSE SENSEX:

Performance of REC Share at BSE				Movement of BSE SENSEX		
Month	High (₹)	Low (₹)	Month Close (₹)	High	Low	Month Close
April, 2015	347.80	309.25	311.55	29094.61	26897.54	27011.31
May, 2015	321.50	284.25	296.15	28071.16	26423.99	27828.44
June, 2015	299.00	267.70	275.15	27968.75	26307.07	27780.83
July, 2015	301.20	267.35	271.35	28578.33	27416.39	28114.56
August, 2015	281.85	211.40	253.40	28417.59	25298.42	26283.09
September, 2015	278.00	232.00	273.65	26471.82	24833.54	26154.83
October, 2015	297.25	245.30	249.35	27618.14	26168.71	26656.83
November, 2015	270.60	225.00	233.80	26824.30	25451.42	26145.67
December, 2015	236.70	206.80	226.55	26256.42	24867.73	26117.54
January, 2016	231.30	174.00	192.60	26197.27	23839.76	24870.69
February, 2016	199.00	152.50	156.15	25002.32	22494.61	23002.00
March, 2016	174.30	156.00	166.10	25479.62	23133.18	25341.86



ix. Registrar and Share Transfer Agent

Karvy Computershare Private Limited

Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500 032, India.

Tel: 91-40-67161500, Fax: 91-40-23420814

E-mail: einward.ris@karvy.com; raju.sv@karvy.com; balaji.reddy@karvy.com;

Website: www.karvycomputershare.com

x. Share Transfer System

The shares under physical segment are transferred through Karvy Computershare Private Limited. Karvy receives the shares to be transferred along with the transfer deed from transferee, verifies it, prepares the Memorandum of transfer etc. Request for splitting/ consolidation and transfer of physical shares upto 500 equity shares per individual in each case are approved directly by Karvy Computershare Private Limited.

Further, a Share Transfer Committee has also been constituted to consider and approve requests received from shareholders for splitting/consolidation/ /transfer of physical shares, exceeding 500 equity shares per individual in each case and for issue of Duplicate Share Certificates.

Further pursuant to Regulation 40(9) & (10) of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, Certificate from Practicing Company Secretary on half yearly basis confirming due compliance of share transfer formalities by the Company has been submitted to Stock Exchanges within stipulated time. Further, it is also confirmed that all transfer of shares were completed within the prescribed time period.

xi. Distribution of Shareholding

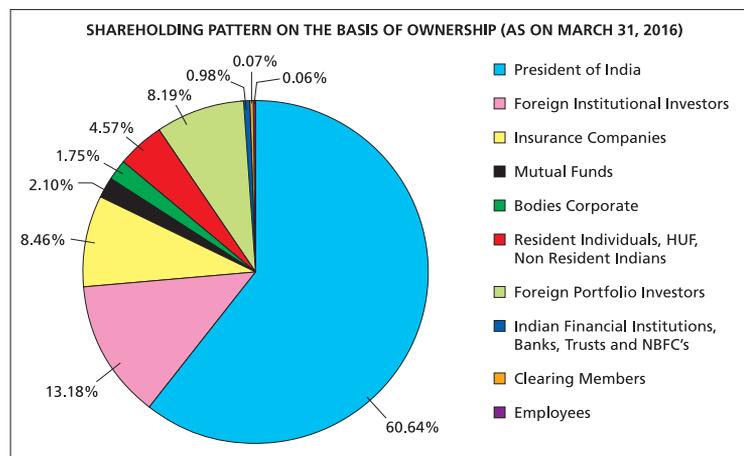
DISTRIBUTION OF SHAREHOLDING AS ON MARCH 31, 2016

Number of shares	Number of shareholders	Percentage of shareholders	Total Shares	Amount (in ₹)	Percentage of shares
1 - 5000	2,48,115	99.46	3,74,57,694	37,45,76,940	3.79
5001 - 10000	496	0.20	35,64,490	3,56,44,900	0.36
10001 - 20000	256	0.10	37,04,698	3,70,46,980	0.38
20001 - 30000	94	0.04	23,67,770	2,36,77,700	0.24
30001 - 40000	57	0.02	20,16,803	2,01,68,030	0.20
40001 - 50000	41	0.02	18,58,625	1,85,86,250	0.19
50001 - 100000	113	0.05	80,74,986	8,07,49,860	0.82
100001 and above	301	0.12	92,84,13,934	9,28,41,39,340	94.02
Total	2,49,473	100.00	98,74,59,000	9,87,45,90,000	100.00

SHAREHOLDING PATTERN ON THE BASIS OF OWNERSHIP

Category	As on March 31, 2016		As on March 31, 2015	
	Number of Shares	Percentage of total	Number of Shares	Percentage of total
President of India*	59,87,67,680	60.64	64,81,68,218	65.64
Foreign Institutional Investors	13,01,54,551	13.18	17,95,83,870	18.19
Insurance Companies	8,35,86,726	8.46	3,84,14,283	3.89
Mutual Funds	2,07,39,064	2.10	3,15,15,282	3.19
Bodies Corporate	1,72,69,411	1.75	2,90,72,645	2.94
Resident Individuals	4,12,61,231	4.18	2,77,68,025	2.81
Foreign Portfolio Investors	8,08,69,261	8.19	2,64,37,401	2.68
Indian Financial Institutions	68,08,984	0.69	21,53,767	0.22
H U F	21,91,503	0.22	11,99,657	0.12
Non Resident Indians	17,16,781	0.17	8,73,596	0.09
Clearing Members	7,01,124	0.07	5,26,860	0.05
Employees	5,92,011	0.06	6,61,054	0.07
Banks	13,62,395	0.14	5,92,295	0.06
NBFC	1,83,914	0.02	0	0
Trusts	12,54,264	0.13	4,92,047	0.05
Foreign Nationals	100	Negligible	0	0
Total	98,74,59,000	100.00	98,74,59,000	100.00

*During the financial year 2015-16, the President of India through Ministry of Power divested/sold 4,93,72,950 equity shares i.e. 5% of the total paid up capital of REC through offer for sale on April 8, 2015 and also divested 27,588 Equity shares i.e. 0.003 % of total paid up capital of REC through off market transaction under Central Public Sector Enterprises Exchange Traded Fund (CPSE ETF) on April 10, 2015. As on March 31, 2016 the President of India held 60.64% of the paid up share capital of the Company.



xii. Dematerialization of shares

The shares of the Company are in compulsory dematerialized segment and available for trading under systems of both National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). The names and addresses of the Depositories are as under:

National Securities Depository Limited Trade World, 4 th Floor, Kamala Mills Compound Senapathi Bapat Marg, Lower Parel, Mumbai-400 013	Central Depository Services (India) Limited Phiroze Jeejeebhoy Towers 28 th Floor, Dalal Street, Mumbai-400 023
--	--

The details of number of shares held in dematerialized and physical form as on March 31, 2016 was as under:

Category	Number of Shareholders	Number of Shares	Percentage of total Shares issued
Physical	9,377	15,407	Negligible
NSDL (Demat)	1,64,531	97,31,19,686	99.00
CDSL (Demat)	75,565	1,43,23,907	1.00
Total	2,49,473	98,74,59,000	100.00

xiii. Reconciliation of Share Capital Audit Report

For every quarter of the financial year 2015-16, M/s Savita Jyoti Associates, Practicing Company Secretaries, Secunderabad carried out audits to reconcile the total admitted, issued and listed share capital with NSDL and CDSL and issued the Reconciliation of Share Capital Audit Report for every quarter of the financial year 2015-16. The report confirms that the total issued / paid up share capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL and the same was submitted to the Stock Exchanges within the stipulated time.

xiv. Details of Demat Suspense Account

The Company went for an Initial Public Offer of 15,61,20,000 equity shares in February, 2008, which comprised of fresh issue of 7,80,60,000 equity shares by the Company and an Offer for Sale of another equal number of shares by the President of India. Further, the Company went for a Follow on Public Offer of 17,17,32,000 Equity Shares in February, 2010 which comprised fresh issue of 12,87,99,000 equity shares by the Company and Offer for Sale of 4,29,33,000 Equity Shares by the President of India. The details of unclaimed shares as on March 31, 2016 in the Demat Suspense Account is given as under:-

Sl. No.	Particulars	April 1, 2015 to March 31, 2016			
		Initial Public Offer		Further Public Offer	
		Number of cases	Number of shares involved	Number of cases	Number of shares involved
1.	Aggregate number of shareholders and outstanding unclaimed shares in the Suspense Account as on April 1, 2015.	265	21,612	4	390
2.	Number of shareholders who approached the Company for transfer of unclaimed shares from the Suspense account during the financial year.	2	181	NIL	NIL
3.	Number of shareholders to whom unclaimed shares were transferred from the Suspense Account during the financial year.	2	181	NIL	NIL
4.	Aggregate number of shareholders and the outstanding unclaimed shares in the Suspense Account as on March 31, 2016.	263	21,431	4	390

The voting rights in respect of the said shares will be frozen till the time rightful owner claims such shares.

xv. Outstanding GDRs/ADRs/Warrants or any convertible instruments, conversion dates and likely impact on equity.

No GDRs/ADRs/Warrants or any Convertible instruments have been issued by the Company.

xvi. Annual Listing Fee to Stock Exchanges

The Company has paid Annual Listing Fee for the financial year 2016-17 to NSE and BSE.

xvii. Annual Custodial Fee to Depositories

The Company has timely paid the annual custodian fee for financial year 2016-17 to NSDL and CDSL.

xviii. Plant Locations

As the Company is a Public Financial Institution, it does not have any plant. However, apart from Registered Office, the Company has 18 Project Offices including 5 Zonal Offices, 3 Sub-Offices and 1 Training Centre.

xix. Address for correspondence

Rural Electrification Corporation Limited
Core-4, SCOPE Complex, 7, Lodhi Road,
New Delhi-110003, India

xx. Corporate Identification Number (CIN)

L40101DL1969GOI005095

xxi. Compliance Officer and Public Spokesperson

Shri J. S. Amitabh
General Manager & Company Secretary
Tel: 91-11-24367305, Fax: 91-11-24362039
E-mail: complianceofficer@recl.nic.in, jsamitabh@recl.nic.in

For and on behalf of the Board of Directors



(Rajeev Sharma)

Chairman & Managing Director
(DIN 00973413)

Place : New Delhi

Date : August 11, 2016

Annexure A to Corporate Governance Report

NON-MANDATORY REQUIREMENTS

The status of non-mandatory requirements pertaining to Corporate Governance Section of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is as follows:

1. **The Board:** The Company is headed by an Executive Chairman.
2. **Shareholder Rights:** The Company is making available to the shareholders / investors all information timely, to enable them to be sufficiently informed of the major decisions of the Company.
3. **Audit Qualifications:** There are no audit qualifications pertaining to financial year 2015-16 and it is always Company's endeavor to move towards unqualified financial statements.
4. **Separate posts of Chairman and CEO -** There is no separate post of Chairman and CEO. REC being a Government Company, the role of CEO is being performed by Chairman and Managing Director of the Company.
5. **Reporting of Internal Auditor-** The internal auditors of the Company are invited to the Meetings of the Audit Committee and directly report all their observations to the Audit Committee.

ANNEXURE-III TO BOARD'S REPORT

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To,
The Members,
Rural Electrification Corporation Limited,
New Delhi.

We have examined the compliance of conditions of Corporate Governance by Rural Electrification Corporation Limited ("The Company") for the financial year ended March 31, 2016 as stipulated in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 executed with the Stock Exchanges and Clause 8.2.1 of Guidelines on Corporate Governance for Central Public Sector Enterprises (CPSEs), 2010 issued by the Department of Public Enterprises (DPE), Ministry of Heavy Industries and Public Enterprises, Government of India.

The Compliance of the conditions of Corporate Governance is the responsibility of the Management. Our examination has been limited to review of the procedures and implementation thereof, adopted by the Company, for ensuring the compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion of financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 executed by the Company with the Stock Exchanges and Guidelines on Corporate Governance for CPSEs, 2010 issued by DPE. During the financial year 2015-16, consequent upon appointment of Independent Directors on the Board of the Company, the composition of the Audit Committee, Nomination and Remuneration Committee and Corporate Social Responsibility Committee of the Company are in compliance with the provisions of the Companies Act, 2013, SEBI (LODR) Regulations, 2015 and DPE Guidelines on Corporate Governance for CPSEs, 2010 with effect from December 22, 2015. However, in the absence of one Woman Independent Director on the Board of the Company, the composition of the Board of Directors thereof as on March 31, 2016 is not as per the requirement of the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Companies Act, 2013 and Guidelines on Corporate Governance for CPSEs, 2010 issued by DPE.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For Raj Har Gopal & Co.
 Chartered Accountants
 Firm Regn No. 002074N

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

(Gopal Krishan)
 Partner
 M. No. 081085

(Anil Gaur)
 Partner
 M. No. 017546

Place : New Delhi
 Date : August 11, 2016

BUSINESS RESPONSIBILITY REPORT

Section A : General Information about the Company

1. **Corporate Identification Number (CIN) of the Company** : L40101DL1969GOI005095
2. **Name of the Company** : Rural Electrification Corporation Limited (REC)
3. **Registered address** : Core-4, SCOPE Complex, 7, Lodhi Road, New Delhi-110003, India
4. **Website** : www.recindia.com
5. **E-mail id** : complianceofficer@recl.nic.in
6. **Financial year reported** : 2015-16
7. **Sector(s) that the Company is engaged in (industrial activity code-wise)**

Group: 649 Class: 6492 Sub class: 64920: Other Financial service activities – Other Credit Granting

Description : This class includes financial service activities primarily concerned with making loans by institutions not involved in monetary intermediation (such as venture capital companies, industrial banks, investment clubs), where the granting of credit can take a variety of forms, such as loans, mortgages, credit cards etc.

The Company is a Non-Banking Financial Company (NBFC) categorized as Infrastructure Finance Company (IFC) with the Reserve Bank of India, and the Company is engaged in the business of providing finance for power sector.

8. **List three key products/services that the Company manufactures/provides (as in balance sheet)**

REC is engaged in financing projects / schemes of power generation, transmission, distribution, rural electrification, system improvement, renovation and modernization of power plants in both public and private sectors. Its key products include Term Loans, Medium Term Loans, Short Terms Loans etc. REC is also designated as Nodal Agency for implementation of "Deendayal Upadhyaya Gram Jyoti Yojana (DDUGJY) - Scheme of Rural Electricity Infrastructure and Households Electrification" for providing electricity access to all rural households. Further, REC is also a Nodal Agency for National Electricity Fund (NEF), an Interest Subsidy Scheme to provide interest subsidy on loans disbursed to the State Power Utilities, Distribution Companies (DISCOMs) - both in public and private sector, to improve the infrastructure in distribution sector.

9. **Total number of locations where business activity is undertaken by the Company**

- i. Number of International Locations (Provide details of major five): None
- ii. Number of National Locations: REC has offices at 22 National Locations viz. New Delhi, Kolkata, Chennai, Jaipur, Panchkula, Shimla, Jammu, Lucknow, Bhopal, Mumbai, Vadodara, Bengaluru, Thiruvananthapuram, Bhubaneshwar, Hyderabad (Project Office as well as Central Institute for Rural Electrification {CIRE}), Shillong, Guwahati, Ranchi, Dehradun, Patna, Raipur and Varanasi.

10. **Markets served by the Company - Local/State/National/International:**

REC serves the Indian markets only and its business extends throughout India.

Section B : Financial Details of the Company

1. **Paid up Capital (₹):** 987.46 crore
2. **Total Turnover (₹):** 23,756.28 crore
3. **Total Profit after Tax (₹):** 5,627.66 crore
4. **Total spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%):**

During the financial year 2015-16, REC has incurred expenditure for an amount of ₹ 128.20 crore (including ₹ 24.91 crore provided for in the books of accounts towards outstanding liability towards CSR projects under implementation during the financial year 2015-16) on Corporate Social Responsibility (CSR), which is more than 2% of average net profit of previous three financial years.

5. **List of activities in which expenditure in 4 above has been incurred:**

The major areas on which the above expenditure has been incurred includes:

- a. Health care, sanitation, safe drinking water;
- b. Education, Vocation skills and Livelihood enhancement projects;
- c. Women empowerment, setting up old age homes and hostels for women etc.;
- d. Environmental sustainability etc.;
- e. Protection of national heritage, art and culture; and
- f. Rural Development Projects.

Section C : Other Details**1. Does the Company have any Subsidiary Company/ Companies?**

Yes. The Company has following Wholly Owned Subsidiary Companies as on March 31, 2016:

- (i) REC Power Distribution Company Limited (RECPDCL) (CIN: U40101DL2007GOI165779); and
- (ii) REC Transmission Projects Company Limited (RECTPCL) (CIN: U40101DL2007GOI157558)

Further, as on March 31 2016, following project specific Special Purpose Vehicles (SPVs) were in existence as Wholly Owned Subsidiary Companies of RECTPCL:

- i. Nellore Transmission Limited (NTL)(CIN: U40104DL2012GOI245654)*
- ii. Baira Siul Sarna Transmission Limited (BSSTL)(CIN: U40106DL2013GOI247564)*
- iii. NRSS XXXVI Transmission Limited (CIN: U40300DL2015GOI284168)
- iv. North Karanpura Transco Limited (NKTL) (CIN: U40103DL2015GOI287880)#
- v. Khargone Transmission Limited (KTL)(CIN: U40300DL2015GOI287933)
- vi. Dinchang Transmission Limited (DTL)(CIN: U40300DL2015GOI288066)
- vii. NER II Transmission Limited (NTL) (CIN: U40106DL2015GOI279300)

* Consequent to the denotification by Ministry of Power/ CEA, the companies have been dissolved under the provisions of Section 560 of Companies Act, 1956.

#The subsidiary company viz., "North Karanpura Transco Limited" was transferred alongwith all its assets & liabilities to the successful bidder i.e., M/s Adani Transmission Limited on July 8, 2016. As such, the said company has ceased to be a subsidiary of RECTPCL / REC from that date.

2. Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s).

Yes, REC encourages all its subsidiary companies to participate in its Business Responsibility (BR) initiatives on a wide range of topics. Further, REC had engaged its wholly owned subsidiary, RECPDCL, as Project Implementing and Monitoring Agency for building of toilets in schools under its CSR initiatives under 'Swachh Vidyalaya Abhiyan'. In addition, RECPDCL also constructed toilets in schools under its own CSR initiatives. Further, RECPDCL was also engaged in monitoring the work of electrification of remaining 18,452 un-electrified villages of the country within a targeted deadline of 1,000 days. In this regard, a Mobile App "GARV" (Grameen Vidyutikaran) was launched on October 14, 2015, which provides real-time updates on electrification work of each village. The mobile app is accessible for viewing to all stakeholders including general public at large. It serves both as a monitoring tool, as well as promotes transparency in progress of electrification works.

3. Do any other entity /entities (e.g. suppliers, distributors etc.) that the Company does business with participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]

REC strives to follow responsible business practices with increased focus on economic, environmental and social concerns in order to achieve the twin-objectives of growth and sustainability for all its stakeholders. In furtherance of the same, REC encourages its business partners to participate in its BR initiatives. REC provides finance at concessional rates for Clean & Renewable Energy projects. Further, the Company also engages its Joint Venture Company i.e. Energy Efficiency Services Limited (EESL) in taking up sustainability projects under its CSR initiatives.

Section D : BR Information**1. Details of Director/Directors responsible for BR**

(a) Details of the Director/Directors responsible for implementation of the BR policy/policies.

DIN: 03464342

Name: Sanjeev Kumar Gupta

Designation: Director (Technical)

(b) Details of the BR Head

Sl. No.	Particulars	Details
1.	DIN (if applicable)	03464342
2.	Name	Sanjeev Kumar Gupta
3.	Designation	Director (Technical)
4.	Telephone number	011-43091522
5.	e-mail id	skgupta@recl.nic.in

2. Principle-wise (as per NVGs) BR Policy/policies (Reply in Y/N)

In line with Regulation 34(2)(f) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Circular dated November 4, 2015, SEBI has stipulated that Top 100 listed companies are required to formulate a structured business responsibility report, based on the following nine principles describing the initiatives taken by them from an environmental, social and governance perspective:-

- P1 - Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.
- P2 - Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.
- P3 - Businesses should promote the well-being of all employees.
- P4 - Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.
- P5 - Businesses should respect and promote human rights.
- P6 - Businesses should respect, protect and make efforts to restore the environment.
- P7 - Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.
- P8 - Businesses should support inclusive growth and equitable development.
- P9 - Businesses should engage with and provide value to their customers and consumers in a responsible manner.

(a) Details of compliance (Reply in Y/N)

Sl. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	Do you have policy/policies for...	Y	Y	Y	Y	Y	Y	Y	Y	Y
2.	Has the policy being formulated in consultation with the relevant stakeholders	Y	Y	Y	Y	Y	Y	Y	Y	Y
3.	Does the policy conform to any national / international standards? If yes, specify?	Y	Y	Y	Y	Y	Y	Y	Y	Y
4.	Has the policy being approved by the Board? If yes, has it been signed by MD / owner / CEO / appropriate Board Director?	Y	Y	Y	Y	Y	Y	Y	Y	Y
5.	Does the company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
6.	Indicate the link for the policy to be viewed online?	Y	Y	Y	Y	Y	Y	Y	Y	Y
7.	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
8.	Does the Company have in-house structure to implement the policy/ policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
9.	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/ policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
10.	Has the Company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	Y	Y	Y	Y	Y	Y	Y	Y	Y

The relevant explanation/ information/links are mentioned in the Annexure to this report.

2a. If answer to Sl. No. 1 against any principle, is 'No', please explain why: (Tick up to 2 options)

Not Applicable.

3 Governance related to BR

- Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year.

On annual basis.

- Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

Yes. REC publishes the Business Responsibility Report annually as part of its Annual Report. The hyperlink for viewing the Annual Report for the financial year 2015-16 is <http://www.recindia.nic.in/download/ar2015-16.pdf>.

Section E: Principle-wise performance

Principle 1- ETHICS, TRANSPARENCY & ACCOUNTABILITY

1. **Does the policy relating to ethics, bribery and corruption cover only the Company? Yes/No. Does it extend to the Group/ Joint Ventures/Suppliers/Contractors/ NGOs/ Others?**

REC is committed to act professionally, fairly and with integrity in all its dealings and has put in place a "Policy for Prevention of Fraud" which set forth obligation on part of every employee of the Company for prevention, detection and reporting of any act of fraud, bribery or corruption. The Company has also established a 'Vigil Mechanism' for Directors and employees to report their genuine concerns or grievances about unethical behavior, actual or suspected fraud or violation of Company's Code of Conduct or Ethics Policy. As an integral part of such Vigil Mechanism, the Whistle Blower Policy of REC has been formulated with a view to empower the Directors and employees of REC and / or its subsidiary companies, to detect and report any improper activity within the Company. Further, the Company has formulated a 'Policy on Materiality of Related Party Transactions and Dealing with Related Party Transactions' which prescribe adequate procedures and disclosures to be made before entering into transactions with such parties. The Company also has formulated a policy for determining materiality of events or information for disclosure to stock exchanges. Further, the Company has in place a Dividend Distribution Policy inter-alia specifying the external and internal factors including financial parameters that shall be considered while declaring dividend and the circumstances under which the shareholders of the Company may or may not expect dividend.

REC has also framed Conduct, Discipline and Appeal (CDA) Rules which define code of conduct for employees and the acts of bribery, corruption etc. are included therein as misconducts on the part of employees. Central Vigilance Commission's (CVC) guidelines/ instructions etc. are also followed in this regard. The above policies, rules, guidelines/instructions etc. are also applicable to the subsidiary companies of REC. Further, other stakeholders are also required to conform to principles of fairness, ethics and transparency in their dealings with REC.

Further, REC has adopted "Code of Business Conduct & Ethics for Board Members and Senior Management" which captures the behavioral and ethical standards. Further, in compliance of guidelines on Fair Practices Code of Reserve Bank of India (RBI), REC has also developed the Fair Practices Code (FPC) for its lending operations which intends to provide assurance to all the borrowers regarding the Company's commitment to fair dealing and transparency in its business transactions.

2. **How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.**

During the financial year 2015-16, the Company did not receive any complaint under the Whistle Blower Policy and Fair Practices Code. Further, 6 general complaints (other than anonymous/pseudonymous complaints) were received and resolved during the financial year 2015-16. However, no complaint was directly related to ethics, bribery and corruption issues.

Further, the Company received 547 and 2,656 complaints from Equity Shareholders and Bondholders (Listed/ Un-listed Debt Securities) respectively. All complaints of Equity Shareholders and Bondholders received during the financial year 2015-16 were satisfactorily resolved.

Principle 2- SUSTAINABILITY IN LIFE-CYCLE OF PRODUCT

1. **List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.**

REC is conscious of the need for sustainable development in the country and our Project Finance business incorporates social and environmental concerns in its lending operations. The Company provides concessional interest rate loans and other financial support for providing access to electricity to all rural households under DDUGJY initiative of Government of India. Further, there is a policy for providing finance at concessional rates for development of North-Eastern states and Clean & Renewable Energy projects.

REC has taken up the initiative of monitoring electrification of remaining 18,452 un-electrified villages of the country within a targeted deadline of 1,000 days and a Mobile App "GARV" (Grameen Vidyutikaran) has been launched on October 14, 2015, to provide real-time updates on electrification status of each village. Further, the Company has constructed toilets in schools under 'Swachh Vidyalaya Abhiyan' under its CSR initiatives. Further, the Company has replaced all conventional light fittings / CFL with energy efficient LED lights at its offices.

2. **For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):**

Considering the nature of business of the Company and the products/initiatives referred to above, the questions below are not applicable to REC:

- I **Reduction during sourcing/production/distribution achieved since the previous year throughout the value chain?**

As our products are financial services, the major resource consumed is paper. During the year, REC focused on reducing consumption of paper through printing and managing its paper procurement practices. REC has also outsourced the mechanism to collect waste papers from premises of the Company for recycling of the same.

- II **Reduction during usage by consumers (energy, water) has been achieved since the previous year?**

As the REC's products are financial services, resource consumption like energy and water by consumers was minimal and efforts were made to further reduce it. Further, the offices of REC have been made more energy-efficient by replacement of all conventional light fittings / CFL with energy efficient LED lights.

3. **Does the Company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably? also provide details thereof, in about 50 words or so.**

REC, being a Financial Institution, is relatively less resource intensive in terms of material inputs. Our major material requirements are office, communications and IT related equipments. Despite the limited scope of our procurement needs, we continue to take initiatives to ensure responsible sourcing in our supply chain. We have detailed procurement guidelines prescribing the procedure for our major procurements.

4. **Has the Company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?**

REC, being a Financial Institution, is relatively less resource intensive in terms of material inputs. However, we prefer locally available goods and services, other considerations being comparable. We are also following the Government of India's directives in respect of reservation for Micro, Small & Medium Enterprises in procurements.

5. **Does the Company have a mechanism to recycle products and waste? If yes, what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.**

The Company, being a Financial Institution, has limited applicability of mechanism to recycle products and waste. However, the Company has outsourced the mechanism to collect waste papers from the premises of the Company for recycling of the same.

Further, we are following e-Waste (Management and Handling) Rules, 2011 as notified by the Ministry of Environment & Forests (MoEF), Government of India with the specific aim of minimizing e-waste and responsible disposal of the entire quantum of e-waste only through Government/ Pollution Control Board registered e-waste recyclers.

Principle 3 - EMPLOYEE WELL-BEING

1. **Please indicate the Total number of employees.**

As on March 31, 2016, the Company had 600 employees.

2. **Please indicate the Total number of employees hired on temporary/ contractual/ casual basis.**

During the financial year 2015-16, the Company had not hired any employees on temporary/ contractual/ casual basis. However, Company utilizes the services of temporary staff through placement agencies based on requirement from time to time.

3. **Please indicate the Number of permanent women employees.**

As on March 31, 2016, the Company had 97 permanent women employees.

4. **Please indicate the Number of permanent employees with disabilities.**

As on March 31, 2016, the Company had 14 permanent 'Divyang' employees with disabilities.

5. **Do you have an employee association that is recognized by management?**

Yes, REC has recognized the Union of its non-supervisory permanent employees and the Association of the Executives.

6. **What percentage of your permanent employees is members of this recognized employee association?**

All regular employees of the Company are members of either Employees' Union or Executives' Association.

7. **Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.**

The Company has not received any complaints relating to child labour/ forced labour/ involuntary labour or sexual harassment in the last financial year and no complaint was pending as on March 31, 2016. Further, the Company neither engages in any form of child labour/ forced labour/ involuntary labour nor adopts any discriminatory employment practices. The Company has a proper framework for dealing with instances relating to sexual harassment. In line with provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act 2013, an 'Internal Complaints Committee' has been constituted in the Company for redressal of complaint(s) against sexual harassment of women employees. The Committee is headed by a senior woman official of the Company and includes representative from an NGO as one of its members. Anti-sexual harassment stance of the Company is also outlined in REC (Conduct, Discipline and Appeal) Rules.

8. **What percentage of your under-mentioned employees were given safety & skill up-gradation training in the last year?**

(a) Permanent Employees

(b) Permanent Women Employees

(c) Casual/Temporary/Contractual Employees

(d) Employees with Disabilities

Considering the nature of business of the Company, the question has limited relevance in respect of safety.

Employee training and development is an essential element of the Company's strategy. REC has a proper training procedure and it does not differentiate on any parameters in terms of identifying and imparting training to its employees. REC's 40%

permanent employees, 31.9% permanent women employees and 42.8% permanent employees with disabilities, received technical skill up-gradation, spiritual, health and attitudinal training during the financial year 2015-16 which works out to 1,096 training man days.

The Company also has a training institute "Central Institute for Rural Electrification" (CIRE) in Hyderabad, where various training programmes designed to meet the changing skill requirements of its employees are conducted. These training programmes include orientation sessions for new employees, programmes conducted by various functional academies, leadership mentoring programmes and other management development programmes for mid-level and senior executives.

Principle 4- STAKEHOLDER ENGAGEMENT

1. Has the company mapped its internal and external stakeholders?

Yes.

2. Out of the above, has the Company identified the disadvantaged, vulnerable & marginalized stakeholders?

Yes, the Company has identified the disadvantaged, vulnerable & marginalized stakeholders. REC extends certain facilities to Micro, Small & Medium Enterprises (MSME) registered with National Small Industries Corporation such as issue of tender sets free of cost, exemption from payment of earnest money, waiver of security deposit upto monetary limit for which unit is registered and opportunities for MSMEs owned by SC/ST.

Further, REC has adopted employee oriented policies relating to staff and their dependents, in line with the general laws and regulations and sound ethical practices followed nationally, covering areas such as employee benefits, commitment to equal opportunity in recruitment and prevention of sexual harassment at the workplace which endeavors to provide an environment of care, nurturing and opportunity to accomplish professional aspiration. The Company is also following the guidelines/ directions issued by Government of India, from time to time, in respect of reservation for women and persons belonging to SC/ST/OBC/PH categories in recruitment.

Under Corporate Social Responsibility (CSR) initiatives, the Company laid emphasis on providing job-oriented skill development training to youth and livelihood enhancement projects, women empowerment, setting up old age homes and hostels for women, health care, sanitation and providing safe drinking water, rural development projects etc.

3. Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so.

Yes, the Company regularly undertakes initiatives to engage with its internal and external disadvantaged, vulnerable and marginalized stakeholders. REC also broadly follows the principles of "The UN Global Compact" in the areas of human rights, labour, environment and anti-corruption, which enjoy universal consensus. Further, in order to encourage participation by MSMEs including Micro and Small enterprises owned by SC/ST, all the directives mentioned in the Public Procurement Policy Order, 2012 have been included in REC procurement guidelines.

Each year, the Company sets aside a percentage of its net profit for CSR and Sustainability initiatives to fund and support socially beneficial projects with sustainability as a guiding principle to reach a wide spectrum of beneficiaries with a view to empower economically and socially backward communities, elderly persons, differently abled persons, children, youth etc. Some of such initiatives undertaken during the financial year 2015-16, are as under:

1. Setting up libraries in Government schools, development of infrastructure in schools, job-oriented skill development training for youth from economically weaker sections of society including women;
2. Projects for setting up Solar Micro Grids in households in select un-electrified / poorly electrified villages in select districts;
3. Programmes for farmer-centric integrated watershed development for improving rural livelihoods;
4. Projects for reviving crafts heritage and providing sustainable livelihood to the select women artisans in select districts; and
5. Projects for safe drinking water facilities in select rural areas in select states, mobile health care vans, setting up/ up-gradation of infrastructure / facilities in select health care institutions, distribution of assistive aids, appliances and artificial limbs to select persons with disabilities from weaker sections of societies etc.

Principle 5- PROMOTION OF HUMAN RIGHTS

1. Does the policy of the Company on human rights cover only the Company or extend to the Group/Joint Ventures/ Suppliers/ Contractors/ NGOs/ Others?

REC is an active member of "The UN Global Compact" and follows its principles in the areas of human rights, labour, the environment and anti-corruption, which enjoy universal consensus and are derived from the Universal Declaration of Human Rights, International Labour Organization's Declaration on Fundamental Principles and Rights at Work, Rio Declaration on Environment and Development and United Nations Convention Against Corruption.

Considering the nature of business of the Company, human rights cover only the Company and its subsidiary companies and to protect the human rights of employees, REC has adopted employee oriented policies, in line with the general laws and regulations and sound ethical practices followed nationally, covering areas such as employee benefits and prevention of sexual harassment at the workplace which endeavors to provide an environment of care, nurturing and opportunity to accomplish professional aspiration.

Further, the Company believes that a sustainable organization rests on a foundation of ethics and respect for human rights and the Company ensures diversity of workplace through efforts to recruit, develop and retain the most talented people from a diverse candidate pool. It upholds the principle that advancement is based on talent and performance and there is a commitment to equal opportunity. The Company also emphasizes on safe social environment, human well-being including a safe natural environment. It discourages conduct that implies granting or withholding favors or opportunities as a basis for decisions affecting an individual, in return for that individual's compliance.

2. **How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?**

The Company did not receive any complaint in the area of human rights violations from stakeholders.

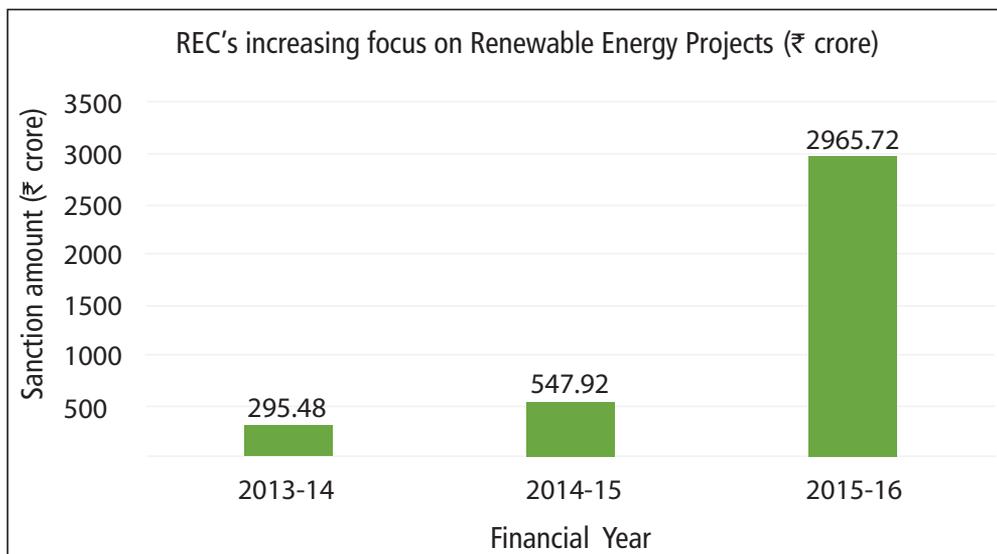
Principle 6- ENVIRONMENTAL PROTECTION

1. **Does the policy related to Principle 6 cover only the Company or extends to the Group/Joint Ventures/Suppliers/ Contractors/ NGOs/others.**

The Company encourages its Group/Joint Ventures/Suppliers/Contractors/NGOs/others to participate in initiatives focused on environment protection and sustainability and as such, the policy of the Company pertaining to environmental protection is applicable to all our group companies. During the financial year 2015-16, REC has contributed ₹ 15 crore to Clean Ganga Fund for Rejuvenation and Development of River Ganga. Further, RECPDCL and RECTPCL, wholly owned subsidiaries of REC, also made contribution of ₹ 145 lakh and ₹ 12.21 lakh respectively to Clean Ganga Fund, under their CSR initiatives. Furthermore, clients (borrowers) are also required to be compliant to environment & social conditions in their operations.

2. **Does the Company have strategies/initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.**

REC has diversified its business activities by introducing special schemes of financing to promote Renewable Energy projects across the Country with a view to address global environmental issues such as climate change, global warming etc. The Company extends financial assistance to Renewable projects at lower interest rates, as compared to conventional generation projects. Further, during the financial year 2015-16, REC sanctioned loan assistance of ₹ 2965.72 crore to 11 new, grid-connected Renewable Energy projects including Solar, Wind and Biomass projects and disbursed ₹ 304.07 crore during the financial year.



3. **Does the Company identify and assess potential environmental risks? Y/N**

The above question is not applicable to the Company as it is not a manufacturing company. However, REC identifies and assesses potential environmental and social risks in all the infrastructure projects which are financed by REC. REC has been in the forefront of integrating environmental risk assessment and mitigation into its overall investment risk assessment process. As part of the project appraisal, environment related issues are identified and detailed due diligence is carried out that includes site visits, secondary information collection and analysis, review of applicable compliances and consents.

4. **Does the Company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if yes, whether any environmental compliance report is filed?**

The above question is not applicable directly to the Company as it is not a manufacturing Company. However, REC has diversified its business activities by introducing lower interest rates for promoting solar, wind, biomass and other renewable energy projects across the country with a view to address global environmental issues such as climate change, global warming, reduction of greenhouse gas emissions etc.

5. **Has the Company undertaken any other initiatives on-clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.**

Yes. REC grants loans at concessional interest rates for development of Renewable Energy Projects. Further, the offices of REC have been made more energy-efficient by replacement of all conventional light fittings / CFL with energy efficient LED lights. Under Decentralized Distributed Generation (DDG) scheme, the Company is acting as an agency for channelizing the subsidy of Government of India for DDG projects from conventional or renewable non-conventional sources such as Biomass, Biogas, Micro Hydro, Wind, Solar etc. Further, the Company has also contributed funds for distribution of solar lanterns under its CSR initiatives. For details of the Company's related initiatives, please refer to 'Report on Corporate Social Responsibility Activities', which forms part of this Annual Report.

6. **Are the Emissions/Waste generated by the Company within the permissible limits given by CPCB/SPCB for the financial year being reported?**

The above question has limited relevance to the Company as it is not a manufacturing Company. However, the Company complies with applicable environmental regulations in respect of the premises and operations.

7. **Number of show cause/legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of financial year.**

REC has not received any show cause/legal notices from CPCB/SPCB.

Principle 7- RESPONSIBLE PUBLIC POLICY ADVOCACY

1. **Is your Company a member of any trade and chamber or association? If yes, name only those major ones that your business deals with.**

Yes. REC is a member of World Energy Council, Confederation of Indian Industry (CII), The Federation of Indian Chambers of Commerce and Industry (FICCI), Central Board of Irrigation & Power (CBIP), Standing Conference of Public Enterprises (SCOPE), The Associated Chambers of Commerce and Industry of India (ASSOCHAM), Power HR Forum, India CFO Forum, All India Management Association (AIMA), Institute of Public Enterprises (IPE) and Global Compact.

The CMD and Whole-time Directors of the Company participate in various committees/ working groups constituted by the Ministry of Power, Government of India.

2. **Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes / No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)**

The Company has raised issues relating to clean technology, energy efficiency, and renewable energy at different platform of above associations from time to time.

Further, the Company is also working on several initiatives for creation of infrastructure in schools, construction of toilets in schools, job oriented Skill Development, providing safe drinking water in rural areas, Education, Health Care including initiatives for care of elderly and persons with disabilities and Promotion of Non-conventional Energy sources etc. Further, the Company also provides funding for research & development work.

Principle 8- INCLUSIVE GROWTH AND EQUITABLE DEVELOPMENT

1. **Does the Company have specified programme/ initiatives/ projects in pursuit of the policy related to Principle 8? If yes details thereof.**

The Company takes up programme/ initiatives/ projects in pursuit of the principle of inclusive growth and equitable development in pursuance of its CSR and Sustainability Policy. Detailed information about the specified programme and initiatives undertaken during the financial year 2015-16 in pursuit of the Policy, has been given in 'Report on Corporate Social Responsibility Activities', which forms part of this Annual Report.

2. **Are the programme/ projects undertaken through in-house team/own foundation/ external NGO/government structures/ any other organization?**

The Company undertakes its CSR activities/ projects through specialized agencies in line with their focus areas of operations, which are either Government Organization/Semi-Government/PSU/Autonomous Organization/ subsidiary company/ section 8 Companies or registered trusts/ societies empaneled with Tata Institute of Social Sciences (TISS)/ Government Departments and/ or those having past work experience with Government/ Semi-Government/PSU/ Autonomous Organizations for similar works.

3. **Have you done any impact assessment of your initiative?**

Yes, under the CSR and Sustainability Policy, there is a system of reviewing the Company's CSR initiatives wherein progress of major initiatives is monitored and evaluated along with its impact.

4. **What is your Company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken?**

During the financial year 2015-16, the Company incurred an expenditure of ₹ 128.20 crore on its CSR activities, including amount provided on various CSR initiatives in the fields of skill development programmes, education, promotion of health care including for old age and persons with disabilities, safe drinking water and sanitation facilities including participation

in Swachh Vidyalaya Abhiyan, setting up Solar Micro Grids in households in select un-electrified / poorly electrified villages in select districts etc.

5. **Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words or so.**

The Company, under its CSR initiatives, encourages the active engagement of stakeholders such as the community, Government Agency/ Department, NGOs and other local institutions in the project planning and implementation to facilitate developing and building community ownership while ensuring the sustainability of the programme. Feedback of the community is suitably incorporated in further developing such programme in same or other locations.

Principle 9 - CUSTOMER VALUE

1. **What percentage of customer complaints/consumer cases are pending as on the end of financial year?**

All the complaints received from various stakeholders in the reporting period have been resolved. Further, there are three cases relating to investors in bonds, pending in various consumer courts.

2. **Does the Company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A./Remarks (additional information)**

The above is not applicable, as the Company is not a manufacturing Company. However, the Company ensures that adequate disclosures are made relating to its products and services with respect to financing of projects. In this regard, the Company has extended the benefit of ERP directly to Borrower by developing an online "Borrower Portal" to facilitate them in knowing status of loans and schemes on real time basis.

3. **Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behavior during the last five years and pending as on end of financial year? If so, provide details thereof, in about 50 words or so.**

REC, together with its subsidiary companies, is committed to highest possible standards of ethical practices and moral & legal business conduct. However, during the previous financial year, upon an information filed by an informant (name not disclosed) against RECPDCL, a wholly owned subsidiary of REC, the Competition Commission of India (CCI) had ordered an investigation against the Company. Now, the CCI has disposed off the case in favour of the Company, while observing that no contravention of the provisions of Section 4 of the Competition Commission Act, 2002 has been made out against RECPDCL and others and the matter is ordered to be closed.

4. **Did your Company carry out any consumer survey/ consumer satisfaction trends?**

REC believes in providing best services to its customers. Time to time meeting(s) with customers are organized to understand their expectations and essentially to gauge our competitiveness in the business. REC leverages its presence across the Country to remain consistently in touch with the Customers through its Business units i.e. Zonal and Project offices and mitigate their issues promptly. Feedbacks received from customers are implemented to further enhance quality of service. The Senior Management meets on regular basis to review the progress where all such matters are taken up and measures necessary to address the grievance are decided.

The Company in the year 2014-15 through M/s Administrative Staff College of India, Hyderabad conducted Customer Satisfaction Survey of its esteemed Customers across the Country comprising Central and State Government Power entities and Private Power Entities. The overall Customer Satisfaction Index (CSI) score of the Survey was 85.7, which by average American Customer Satisfaction Index (ACSI) is among the best in Banking Services.

ANNEXURE TO BUSINESS RESPONSIBILITY REPORT

P1 Sl. No. 3 - The Company has a Policy for Prevention of Fraud in REC, Code of Business Conduct and Ethics and Whistle Blower Policy. The Policy for Prevention of Fraud is broadly to provide a system for detection and prevention of fraud, reporting of any fraud that is detected or suspected and fair dealing of matters pertaining to fraud. Further, as per the requirement of Corporate Governance under SEBI (LODR) regulations, 2015 the Company framed Code of Business Conduct and Ethics based on professional and ethical standards, which the Company believes all its employees should adopt. Further, as an integral part of Vigil Mechanism, the Whistle Blower Policy of REC has been formulated with a view to empower the Directors and employees of REC and / or its subsidiary companies, to detect and report their genuine concerns or grievances about unethical behavior, actual or suspected fraud or violation of Company's Code of Conduct or Ethics Policy. Further, the Company has also formulated a 'Policy on Materiality of Related Party Transactions and Dealing with Related Party Transactions' ("RPT Policy") which prescribe adequate procedures and disclosures to be made before entering into transactions with such parties.

Sl. No. 6 - The links of relevant Policies approved by the Board of Directors of the Company are given below:-

Name of the Policy	Weblink
Policy for Prevention of Fraud	http://recindia.nic.in/download/prevention_fraud_policy.pdf
Whistle Blower Policy	http://recindia.nic.in/images/pdf-files/Whistle_Blower_Policy.pdf

	Code of Business Conduct and Ethics	http://recindia.nic.in/download/Code_Business_Conduct_Ethics.pdf .
	Fair Practice Code	http://recindia.nic.in/download/fair_practice_code.pdf .
	Policy on Materiality of Related Party Transactions and Dealing with Related Party Transactions	http://www.recindia.nic.in/download/RPT.pdf
	Policy on Materiality of Subsidiaries	http://www.recindia.nic.in/download/Policy_Determining_Material_Subsiaries.pdf .
	Policy on Criteria for determining Materiality of Events or Information for disclosure to Stock Exchanges	http://www.recindia.nic.in/download/Policy_on_Materiality_of_Events.pdf
	Dividend Distribution Policy	http://www.recindia.nic.in/download/Dividend_Distribution_Policy.pdf
	The other policies are internal documents and accessible only to employees of the organization.	
P2	<p>Considering the nature of the Company's business, this Principle has limited applicability to the Company. However, the Company strives to follow sustainable business practices with focus on economic, environmental and social concerns in order to achieve the twin-objectives of growth and sustainability. The Company complies with regulations governing its products and services and has taken initiatives to promote inclusive growth and environmental sustainability.</p> <p>Sl. No. 6 - The Corporate Social Responsibility and Sustainability Policy is available on the website of the Company at the link: http://recindia.nic.in/images/pdf-files/CSR_Sust_Policy.pdf.</p>	
P3	<p>Sl. No. 3 - In line with the general laws and regulations and sound ethical practices followed nationally, the Company has adopted employee-oriented policies covering areas such as employee benefits and prevention of sexual harassment at the workplace which endeavors to provide an environment of care, nurturing and opportunity to accomplish professional aspirations.</p> <p>Sl. No. 6 - These policies can be viewed physically or online only by the employees of the organization.</p>	
P4	<p>The principle enunciates the aspect of being responsive towards all stakeholders especially those who are disadvantaged, vulnerable and marginalized and the Company does not have a specific policy in place for this. However, the Company has set processes in place to achieve the objectives. In addition, the Company works towards inclusive growth in pursuance of its Corporate Social Responsibility & Sustainability Policy, through interventions in areas like Skill Development leading to creation of employment opportunities, Education, Health Care including initiatives for care of elderly and persons with disabilities, women empowerment programmes, Promotion of Non-Conventional Energy sources etc.</p> <p>Sl. No. 6 - The Corporate Social Responsibility and Sustainability Policy is available on the website of the Company at the link : http://recindia.nic.in/images/pdf-files/CSR_Sust_Policy.pdf.</p>	
P5	<p>Sl. No. 3 - The Code of Business Conduct & Ethics (Code) for Board Members and Senior Management which has been adopted by the Company addresses the requirements of this principle. The Code emphasizes fair employment practices & diversity, fair competition, prohibition of harassment & intimidation and safety at the workplace.</p> <p>Sl. No. 6 - The Code of Business Conduct and Ethics is available on the website of the Company at the below link: http://recindia.nic.in/download/Code_Business_Conduct_Ethics.pdf.</p>	
P6	<p>The aspects outlined under this Principle are not relevant to the nature of business of the Company. The Company complies with applicable environmental regulations in respect of its premises and operations. Further, the Company participates in initiatives towards addressing environmental issues. The Company also requires the borrowers of project loans to comply with the various national environmental standards/ requirements.</p>	
P7	<p>While there is no specific policy outlined for this principle, the Company is working with the State Governments and other organizations to promote initiatives in the field of Skill Development leading to creation of employment opportunities, Education, Health Care, Rural Development Projects and Promotion of Non-Conventional Energy sources. Further, the Company provides funding for research & development.</p> <p>The CMD and Whole-time Directors of the Company participate in various committees/ working groups constituted by the Ministry of Power, Government of India.</p>	
P8	<p>REC strives to ensure inclusive growth and equitable development in pursuance of its Corporate Social Responsibility and Sustainability Policy. During the financial year 2015-16, REC has taken various initiatives in this regard including livelihood enhancing women-empowerment programmes, setting up/up-gradation of infrastructure / facilities in select health care institutions, safe drinking water facilities in select rural areas, programme for farmer-centric integrated watershed development for improving rural livelihoods and setting up Solar Micro Grids in households in select un-electrified / poorly electrified villages in select districts;</p> <p>Sl. No. 6 - The Corporate Social Responsibility and Sustainability Policy is available on the website of the Company at the link: http://recindia.nic.in/images/pdf-files/CSR_Sust_Policy.pdf.</p>	
P9	<p>Sl. No. 3- The Company has Fair Practices Code and Grievance Redressal Form for Loans which conforms to the guidelines issued by Reserve Bank of India in this regard.</p> <p>Sl. No. 6- The above Code /Form can be viewed online on http://recindia.nic.in/download/fair_practice_code.pdf and http://recindia.nic.in/download/griev_redressal_form_loans.pdf; respectively.</p>	
	All policies and processes are subject to audits and reviews done internally in the Company from time to time.	

ANNEXURE-V TO BOARD'S REPORT

**SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED MARCH 31, 2016**

The Members,
Rural Electrification Corporation Limited
Core-4, SCOPE Complex,
7, Lodhi Road, New Delhi-110003

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Rural Electrification Corporation Limited (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2016 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2016 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder to the extent of Regulation 55A;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014: Not Applicable
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client to the extent of securities issued;
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009: Not Applicable and
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998: Not Applicable
- (vi) As confirmed and certified by the management, following law is specifically applicable to the Company based on the Sectors / Businesses:
 - (a) Reserve Bank of India Act, 1934 and Directions & Regulations issued by RBI from time to time.

We have also examined compliance with the applicable clauses/regulations of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India and effective from 01.07.2015.
- (ii) The Listing Agreements entered into by the Company with National Stock Exchange of India Limited, BSE Limited / SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 effective from 01.12.2015.

During the period under review the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the following observation:

- (1) The Company has not complied with provision of Section 149 of the Companies Act, 2013 read with clause 49 of the Listing Agreement and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as applicable, in respect to the Composition of the Board of Directors i.e. appointment of Independent Directors and Woman Director.
- (2) The Company has not complied with provision of Section 177 and 178 of the Companies Act, 2013 with respect to Composition of the Audit Committee and Nomination & Remuneration Committee till 22.12.2015.
- (3) The Company has not complied with provision of Section 135 of the Companies Act, 2013 with respect to Composition of Corporate Social Responsibility Committee till 22.12.2015.

We further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors subject to above mentioned observations. The changes, if any, in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' view, if any, are captured and recorded as part of the minutes.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period, the Company has raised long term funds by issue of different debt instruments for financing various projects, which may be having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc., as per details mentioned below:

- (a) The Company has raised ₹ 700.00 crore by way of Public offering of Tax Free Secured Redeemable Non- Convertible Bonds of face value of ₹ 1,000/- each in the nature of debentures; and
- (b) The Company has also raised funds by way of Private Placement as per details mentioned below:

Sl. No.	Type of Bonds	Amount (₹ in crore)
1.	Capital Gain Bonds (54 EC Capital Gain Bonds)	6,476.70
2.	Institutional Bonds	
A	Unsecured, Redeemable, Non- Convertible, Non Cumulative Bonds in nature of Debenture Series -133	2,396.00
B	Unsecured, Redeemable, Non- Convertible, Non Cumulative Bonds in nature of Debenture Series -134	2,675.00
C	Unsecured, Redeemable, Non- Convertible, Non Cumulative Bonds in nature of Debenture Series -135	2,750.00
D	Unsecured, Redeemable, Non- Convertible, Non Cumulative Bonds in nature of Debenture Series -136	2,585.00
E	Unsecured, Redeemable, Non- Convertible, Non Cumulative Bonds in nature of Debenture Series -137	2,225.00
F	Unsecured, Redeemable, Non- Convertible, Non Cumulative Bonds in nature of Debenture Series -138	2,895.00
3.	Secured, Redeemable, Non- Convertible, Non Cumulative, Tax Free Bonds in nature of Debenture Series 5A	300.00

Rupesh Agarwal
(Partner)

For Chandrasekaran Associates
Company Secretaries
Membership No. A16302
Certificate of Practice No. 5673

Date: July 29, 2016

Place: Delhi

Note: This report is to be read with our letter of even date which is annexed as Annexure-A and form an integral part of this report.

ANNEXURE-A TO THE SECRETARIAL AUDIT REPORT

The Members,

Rural Electrification Corporation Limited

Core-4, SCOPE Complex,

7, Lodhi Road, New Delhi-110003

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on the random test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on random test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Rupesh Agarwal
(Partner)

For Chandrasekaran Associates
Company Secretaries
Membership No. A16302
Certificate of Practice No. 5673

Date: July 29, 2016

Place: Delhi

ANNEXURE-VI TO BOARD'S REPORT

ANNUAL REPORT ON CSR ACTIVITIES

1.a. BRIEF OUTLINE OF THE COMPANY'S CSR POLICY:

The 'Corporate Social Responsibility and Sustainability Policy' (CSR Policy) of the Company was formulated in line with the provisions of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014 made thereunder and 'DPE Guidelines for CSR and Sustainability' w.e.f. April 1, 2014 and approved by the Board of Directors during the financial year 2014-15. The same was approved by the Board of Directors to be followed during the financial year 2015-16.

The salient features of the 'CSR and Sustainability Policy' of the Company are as under:

Approach: REC shall strive to fully exploit its core competence and mobilize its resource capabilities in the implementation of CSR activities/ projects, as also to align CSR and Sustainability policy with its business policies and strategies to the extent possible and shall select such CSR activities/ projects which can be better monitored through in-house expertise.

Broad activities under Corporate Social Responsibility:

The Company would endeavor to adopt an integrated approach to address the community, societal & environmental concerns by taking up a range of the following activities, which shall be taken up strategically, in project mode, in a focused manner to the extent possible.

Although the Company may select CSR projects from a vast range of available options, priority would be accorded to activities pertaining to inclusive growth of society, with special attention to the development of weaker sections of society and the backward districts of the country in the given chosen/focus area(s) and environment sustainability.

In line with the above, the Company shall ensure carrying out CSR projects/ programs in line with activities prescribed under Schedule VII of the Companies Act, 2013.

Financial component: In line with Section 135 of the Companies Act, 2013, at least 2% of the average net profits of the Company during the three immediately preceding financial years shall be spent on Corporate Social Responsibility.

Institutional set-up under CSR: The institutional set up shall be as follows:

A Corporate Social Responsibility Committee of the Board ('the CSR Committee') shall be constituted consisting of three or more Directors, out of which at least one Director shall be an Independent Director. The Role & Responsibilities of the Corporate Social Responsibility Committee shall *inter-alia* include, formulating and recommending to the Board the activities to be undertaken by the Company as specified in Schedule VII, monitor and recommend the amount of expenditure, periodically submit the reports to the Board of Directors.

The Role & Responsibilities of the Board of Directors shall include, to ensure formation of the Corporate Social Responsibility Committee of the Board, to approve CSR Policy for the Company, after taking into account recommendations made by CSR Committee of the Board and disclose the contents of such policy in its report, to ensure that activities in its CSR policy are related to activities included in Schedule VII of the said Act, etc.

While Corporate Social Responsibility Committee of the Board shall keep an oversight on the whole activities, a two-tier organizational structure to steer the CSR projects of the Corporation shall be deployed for screening and recommendation of CSR project proposals:

- a) 1st Level Committee of officials of DGM/AGM level for screening and recommending various CSR project proposals, as the case may be, received from time to time; and
- b) 2nd Level Committee, headed by an official of the rank not less than one level below the Board level, for recommending sanction of financial assistance under CSR, for approval of Corporate Social Responsibility Committee of the Board.

Mechanism of carrying out CSR activities:

The CSR activities shall be undertaken by the Company, as per its stated CSR Policy, as projects or programs or activities (either new or ongoing), excluding activities undertaken in pursuance of its normal course of business.

The company may decide to undertake its CSR activities through a registered trust or a registered society or a company established by the Company or its holding or subsidiary or associate company established under Section 8 of the Act or otherwise, as permitted under Companies Act, 2013. In line with the above, the Company may give preference to such registered trusts or registered societies, which are empaneled with Indian Institute of Corporate Affairs (IICA)/The Tata Institute of Social Sciences (TISS)/ government departments and those registered trusts or registered societies which have past work experience with Government/Semi-Government /PSUs/autonomous bodies, in line with their focus area of operations. The Company may also carry out CSR activities approved by the Corporate Social Responsibility Committee of the Board through other PSUs/ Government bodies.

Monitoring:

The Company shall carry out implementation / monitoring of the CSR Projects in line with Implementation Progress/ Monitoring Guidelines for CSR Projects.

The Company may conduct, through its own manpower, located at its Zonal Offices/Project Offices/Corporate Office or by an external agency, periodic monitoring of CSR projects concurrently with implementation or otherwise, to assess if the progress is on expected lines in terms of timelines, budgetary expenditure and achievement of physical targets, etc.

For detailed Corporate Social Responsibility and Sustainability Policy, visit the website of the Company at the link: http://recindia.nic.in/images/pdf-files/CSR_Sust_Policy.pdf.

b. Overview of projects or programme undertaken:

As per the Companies Act, 2013 and the Rules thereunder, "Corporate Social Responsibility (CSR)" means and includes but is not limited to:-

- (i) Projects or programs relating to activities specified in Schedule VII to the Act; or
- (ii) Projects or programs relating to activities undertaken by the Board of Directors of the Company ('the Board') in pursuance of recommendations of CSR Committee of the Board as per declared CSR Policy of the Company.

REC through its CSR initiatives attempts to fund and support socially beneficial projects with sustainability as a guiding principle giving priority to issues of foremost concern as in the national development agenda and to reach a wide spectrum of beneficiaries with a view to empower economically and socially backward communities, old age persons, differently abled, children, youth, etc. The overview of the thematic area-wise projects/ programs undertaken/ on-going during the financial year is as under:

i. Eradicating hunger, poverty and malnutrition, promoting prevention health care and sanitation, including contribution to the Swachh Bharat Kosh set-up by the Central Government for the promotion of sanitation and making available safe drinking water :

By supporting Government of India programme for setting up of sanitation, water & hygiene facilities in select schools and villages, projects for safe drinking water facilities in select rural areas in select states, Mobile health care vans, setting up/ up-gradation of infrastructure/ facilities in select health care institution, distribution of assistive aids, appliances and artificial limbs to select persons with disabilities from weaker sections of societies, etc.

ii. Promoting Education including special education and employment enhancing vocation skills, especially among children, women, elderly and differently-abled and livelihood enhancement projects :

By supporting projects for improving access, retention and learning outcomes for select primary school children in districts having low literacy indices and in locations having migrant population, setting up libraries in select government schools, development of infrastructure in schools, including school for differently-abled children, supporting job-oriented skill development training programme in various trades for select youth from economically weaker sections of society including women.



CMD, REC, exchanging MoA for Skill Development Training programme for unemployed youth with National Skill Development Fund/ National Skill Development Corporation in presence of Hon'ble Minister of State (IC), Power, Coal, New and Renewable Energy, Government of India, Hon'ble Minister of State (IC), Skill Development and Entrepreneurship and Hon'ble Minister of State, Drinking Water and Sanitation.



Distributing laptops with customized software to visually impaired students at Jawahar Lal Nehru University under REC CSR initiatives.

iii. Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, and such other facilities for senior citizens:

By supporting projects for setting up of girls hostel in technical institute, livelihood enhancing women-empowerment programme, enhancing health care facilities in select old age homes, etc.



CMD, REC, inaugurating Girls Hostel in THDC Institute of Hydropower Engineering and Technology at Tehri, along with CMD, THDC, constructed under REC CSR initiatives.

- iv. Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agro forestry, conservation of natural resources and maintaining quality of soil, air & water, including contribution to the Clean Ganga Fund set-up by the Central Government for rejuvenation of river Ganga :

By supporting projects for setting up solar micro grid in households in select un-electrified/ poorly electrified villages in select districts etc.

- v. Protection of national heritage, art and culture, including restoration of buildings and sites of historical importance and works of art; setting up public libraries; promotion and development of traditional art and handicrafts:

By supporting project for reviving crafts heritage and providing sustainable livelihood to the select women artisans in select districts.

- vi. Rural development projects :

By supporting programme for farmer-centric integrated watershed development for improving rural livelihoods, building of culvert.

- c. **Web links of Corporate Social Responsibility and Sustainability Policy and programs:**

In line with the Companies Act, 2013, The Corporate Social Responsibility and Sustainability Policy of the Company and details of the CSR projects approved by the Board of Directors during the financial year have been uploaded on the Company's website, i.e. www.recindia.com.

The updated status of the ongoing CSR projects is also being uploaded periodically on the website of the Company.



Director (Finance), REC exchanging MoA for the project 'Setting up of solar Micro Grids in rural households' with The Energy and Resource Institute (TERI) in presence of CMD, Director (Technical), REC and senior officials of REC and TERI.



GM (Finance) - CSR, REC receiving 'Skoch Order-of-Merit Award' and 'Skoch Award 2015' to the project 'Reviving Crafts Heritage & Providing Sustainable Livelihood to the Artisans' under REC CSR initiatives.

2. COMPOSITION OF THE CSR COMMITTEE:

In line with the Companies Act, 2013, the Company shall constitute a Corporate Social Responsibility Committee of the Board consisting of three or more directors, out of which at least one Director shall be an Independent Director.

The composition of the Corporate Social Responsibility Committee of Directors w.e.f. December 22, 2015 is as under:

- i. Prof. T.T. Ram Mohan, Independent Director – Chairperson of the Committee
- ii. Shri A. Krishna Kumar, Independent Director - Member
- iii. Shri Ajeet Kumar Agarwal, Director (Finance) – Member
- iv. Shri Sanjeev Kumar Gupta, Director (Technical) – Member

3. AVERAGE NET PROFIT OF THE COMPANY FOR LAST THREE FINANCIAL YEARS

The net profit of the Company for the last three financial years, as per Companies Act, 2013, was as under:

	(₹ in crore)
Financial Year 2012-13	- 5,163.55
Financial Year 2013-14	- 6,530.59
Financial Year 2014-15	- 7,423.80
Total	19,117.94
Average net profit	- ₹ 6,372.65 crore

4. **PRESCRIBED CSR EXPENDITURE (TWO PER CENT OF THE AMOUNT AS IN ITEM 3 ABOVE) - ₹ 127.45 crore.** However, the Board of Directors approved CSR budget of ₹ 128.00 crore for financial year 2015-16.

5. DETAILS OF CSR AMOUNT SPENT DURING THE FINANCIAL YEAR:

- (a) Total amount to be spent for the financial year: ₹ **128 crore.**
- (b) Total amount disbursed during the financial year: ₹ **103.29 crore.**
- (c) Amount provided towards CSR expenditure during the financial year, likely to be released during financial year 2016-17: ₹ **24.91 crore.**
- (d) Total CSR expenditure during the financial year (b + c): ₹ **128.20 crore.**
- (e) Amount unspent, if any : please refer to 5(c) above
- (f) Manner in which the amount spent during the financial year is at **Annexure - A.**

6. IN CASE THE COMPANY HAS FAILED TO SPEND THE TWO PER CENT OF THE AVERAGE NET PROFIT OF THE LAST THREE FINANCIAL YEARS OR ANY PART THEREOF, THE COMPANY SHALL PROVIDE THE REASONS FOR NOT SPENDING THE AMOUNT IN ITS BOARD REPORT:

Please refer to information provided at item-5 above.

7. RESPONSIBILITY STATEMENT OF THE CSR COMMITTEE:

The implementation and monitoring of CSR policy by the Company is in compliance with CSR objectives and Policy of the Company.

Sd/-
Director (Finance/CSR)

Sd/-
Chairman of CSR Committee

CSR AMOUNT SPENT DURING THE FINANCIAL YEAR 2015-16

(1) Sl. No.	(2) CSR Project or Activity identified	(3) Sector in which the project is covered	(4) Projects or programs (1) Local area or other Specify the State and District where projects or programs was undertaken #	(5) Amount outlay (budget) project or programs wise	(6) Amount spent on the projects or programs		(7) Cumulative expenditure up to the reporting period (6A + 6B)**	(8) Amount spent : Direct or through implementing agency
					Direct expenditure on projects or programs(A)	Overheads (B)		
1 A. Sanitation								
1	Construction of 234 Nos. of toilets, 1 Mid day meal shed and 5 handpumps units with sensitization and awareness creation	Eradicating hunger, poverty and malnutrition, promoting prevention health care and sanitation, including contribution to the Swachh Bharat Kosh set-up by the Central Government for the promotion of sanitation and making available safe drinking water.	Barabanki district, Uttar Pradesh	71,93,165	7,99,000	22,253	8,21,253	Through implementing agency
2	Setting up of sanitation facilities in Government Schools under Swachh Vidyalaya Abhiyan		Various districts in Uttar Pradesh, Punjab, Rajasthan, Bihar, Madhya Pradesh & Telangana	1,90,00,00,000	84,93,02,085	2,36,53,981	87,29,56,066	
3	Construction of toilets complex		Jagatsinghpur District, Odisha	8,55,000	7,69,500	21,431	7,90,931	
4	Providing running water arrangement facility in toilets constructed in schools		Adilabad, Khammam, Mahbubnagar, Nalgonda and Ranga Reddy districts of Telangana	6,28,41,000	6,01,43,000	16,75,048	6,18,18,048	
			Sub-total (A)	1,97,08,89,165	91,10,13,585	2,53,72,713	93,63,86,298	

(Amount in ₹)

(Amount in ₹)

(1) Sl. No.	(2) CSR Project or Activity identified	(3) Sector in which the project is covered	(4) Projects or programs (1) Local area or other District where projects or programs was undertaken #	(5) Amount outlay (budget) project or programs wise	(6) Amount spent on the projects or programs		(7) Cumulative expenditure up to the reporting period (6A + 6B)**	(8) Amount spent : Direct or through implementing agency
					Direct expenditure on projects or programs(A)	Overheads (B)		
1 B. Health care								
1	Mobile Medical unit with basic medical facilities	Eradicating hunger, poverty and malnutrition, promoting prevention health care and sanitation, including contribution to the Swachh Bharat Kosh set-up by the Central Government for the promotion of sanitation, and making available safe drinking water.	Rai Bareilly district, Uttar Pradesh	1,27,28,000	19,64,250	54,706	20,18,956	Through implementing agency
2	Mobile Medical unit with basic medical facilities		Ashok Nagar District, Madhya Pradesh	1,29,87,164	18,18,152	50,637	18,68,789	
3	Mobile Medical Unit to improve Primary Health Care Services		Sonbhadra district, Uttar Pradesh	39,75,000	9,00,000	25,066	9,25,066	
4	Improvement in Infrastructure for Hostel Block		Bangalore, Karnataka	15,45,000	4,15,350	11,568	4,26,918	
5	Distribution of Aids & Appliances		Warangal, Rangareddy & Adilabad districts of Telangana, Jhejjar & Mewat districts of Haryana, Chitradurga, Bidar & Raichur districts of Karnataka, Kasargod & Waynad districts of Kerala, Ri Bhoi & Shillong districts of Meghalaya, Banskatha, Sabarkantha & Dwarika districts of Gujarat, Champawat & Rudraprayag districts of Uttarkhand, Gangtok district of Sikkim and Chandel & Imphal districts of Manipur	4,53,66,682	3,51,77,235	9,79,724	3,61,56,959	
Sub-total (B)				7,66,01,846	4,02,74,987	11,21,702	4,13,96,689	
1 C. Safe Drinking Water								
1	Safe Drinking Water facility	Eradicating hunger, poverty and malnutrition, promoting prevention health care and sanitation, including contribution to the Swachh Bharat Kosh set-up by the Central Government for the promotion of sanitation, and making available safe drinking water.	Nalgonda district, Andhra Pradesh	84,94,000	(9,62,447)	-	(9,62,447)	Through implementing agency
Sub-total (C)				84,94,000	(9,62,447)	-	(9,62,447)	
Sub-total for Category 1				2,05,59,85,011	95,03,26,125	2,64,94,415	97,68,20,540	

(Amount in ₹)

(1) Sl. No.	(2) CSR Project or Activity identified	(3) Sector in which the project is covered	(4) Projects or programs (1) Local area or other District where projects or programs was undertaken #	(5) Amount outlay (budget) project or programs wise	(6) Amount spent on the projects or programs		(7) Cumulative expenditure up to the reporting period (6A + 6B)**	(8) Amount spent : Direct or through implementing agency
					Direct expenditure on projects or programs(A)	Overheads (B)		
2 A. Education								
1	Setting up of 22 Libraries in Government Schools	Promoting education including special and	Delhi & Uttarakhand	50,00,000	4,10,868	11,443	4,22,311	Through implementing agency
2	Setting up of 20 Libraries in Government Schools	employment enhancing vocation skills, especially among children, women, elderly and differently-abled and livelihood enhancement projects	Bastar district, Chhattisgarh	44,97,380	3,00,871	8,380	3,09,251	
3	Development/Construction Works at Govt. Seth Anandi Lal Poddar Deaf and Dumb Sr. Secondary School		Jaipur, Rajasthan	1,15,81,000	28,55,100	79,518	29,34,618	
4	Construction of Girls Hostel in THDC Institute of Hydro Power Engineering & Technology		Tehri, Uttarakhand	4,00,00,000	1,20,00,000	3,34,213	1,23,34,213	
5	Infrastructure support in Government schools		Nayagarh, Odisha	71,90,000	7,19,000	20,025	7,39,025	
6	Setting up of libraries in government schools		Guntur and Nalgonda districts, Andhra Pradesh	84,62,485	16,92,497	47,138	17,39,635	
7	Supporting one year residential academic programme		Dehradun, Uttarakhand	21,00,000	1,90,960	5,318	1,96,278	
8	Parents Participation in children's education		Kondhwa and Mohamadwadi, Pune, Maharashtra	43,96,000	4,25,027	11,837	4,36,864	
9	Improvement in children's learning levels		Basti and Ambedkarnagar districts, Uttar Pradesh	45,09,000	13,52,700	37,674	13,90,374	
10	Supporting 11-month free residential coaching programme leading to selection in engineering colleges		Noida, NCR	55,82,000	5,58,000	15,541	5,73,541	
11	Supporting 11-month free residential coaching programme leading to selection in engineering colleges		Srinagar, Jammu & Kashmir	44,66,000	3,85,300	10,731	3,96,031	
			Sub-total (A)	9,77,83,865	2,08,90,323	5,81,818	2,14,72,141	

(Amount in ₹)

(1)	(2)	(3)	(4)	(5)	(6)		(7)	(8)
Sl. No.	CSR Project or Activity identified	Sector in which the project is covered	Projects or programs (1) Local area or other District where projects or programs was undertaken #	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs	Overheads (B)	Cumulative expenditure up to the reporting period (6A + 6B)**	Amount spent : Direct or through implementing agency
					Direct expenditure on projects or programs(A)			

2 B. Skill Development Training Projects

1	Job Oriented Skill Development/ Upgradation Training Programme	Promoting education including special and	Odisha	1,56,50,000	63,61,725	1,77,181	65,38,906	Through implementing agency
2	Job Oriented Skill Development Training Programme	employment enhancing vocation skills, especially among children, women, elderly and differently-abled and livelihood enhancement projects	Uttar Pradesh & Bihar	2,60,85,000	86,85,509	2,41,901	89,27,410	
3	Job Oriented Skill Development Training Programme		Katni, Dhar, Balaghat & Mandla in Madhya Pradesh and Korba in Chhattisgarh	1,48,00,000	61,09,901	1,70,167	62,80,068	
4	Job Oriented Skill Development Training Programme		Bhopal, Madhya Pradesh	26,25,000	2,99,250	8,334	3,07,584	
5	Job Oriented Skill Development Training Programme		Ferozpur and Amritsar, Punjab	72,25,000	39,55,906	1,10,176	40,66,082	
6	Job Oriented Skill Development Training Programme		Cuddalore & Thiruvannmalai districts of Tamil Nadu	1,14,30,000	61,00,950	1,69,918	62,70,868	
7	Distribution of 50 Laptop computers with customized software for visually impaired students		New Delhi	45,15,000	38,62,440	1,07,573	39,70,013	
8	Job Oriented Skill Development Training Programme		Noida, Uttar Pradesh	65,00,000	26,00,000	72,413	26,72,413	
9	Job Oriented Skill Development Training Programme		Eastern & Central India including Bihar, Odisha, Jharkhand etc.	10,00,00,000	1,94,00,000	5,40,311	1,99,40,311	
			Sub-total (B)	18,88,30,000	5,73,75,681	15,97,975	5,89,73,656	
			Sub-total of Category 2	28,66,13,865	7,82,66,004	21,79,793	8,04,45,797	

(1) Sl. No.	(2) CSR Project or Activity identified	(3) Sector in which the project is covered	(4) Projects or programs (1) Local area or other District where projects or programs was undertaken #	(5) Amount outlay (budget) project or programs wise	(6) Amount spent on the projects or programs		(7) Cumulative expenditure up to the reporting period (6A + 6B)**	(8) Amount spent : Direct or through implementing agency
					Direct expenditure on projects or programs(A)	Overheads (B)		

(Amount in ₹)

3 A. Women Empowerment

1	Supporting a young chess player	Promoting equality, gender empowerment women, setting up homes and hostels for women	Haryana	10,00,000	2,00,000	5,570	2,05,570	Direct
2	Skill Development & Livelihood programme for women		Sitapur and Barabanki district, Uttar Pradesh	21,26,000	1,25,000	3,481	1,28,481	Through implementing agency
3	"Establishment of Production and Marketing Resource Centre for livelihood support"	and orphans; setting up old age homes, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups	Sitapur and Barabanki districts, Uttar Pradesh	28,67,000	2,39,690	6,676	2,46,366	
			Sub-total (A)	59,93,000	5,64,690	15,727	5,80,417	

3 B. Setting up Homes & Hostel/ Facilities to Senior Citizens

1	Providing Health Care Package to elderly persons staying at Old Age Homes	Promoting equality, gender empowerment women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups	Andhra Pradesh, Chhattisgarh, Assam, Goa, J&K, Karnataka, Kerala, Maharashtra, Maghalaya, Pudducherry, Punjab, Rajasthan, Tamil Nadu, West Bengal, Telangana	1,45,49,000	50,42,000	1,40,425	51,82,425	
			Sub-total (B)	1,45,49,000	50,42,000	1,40,425	51,82,425	
			Sub-total of Category 3	2,05,42,000	56,06,690	1,56,152	57,62,842	

(Amount in ₹)

(1)	(2)	(3)	(4)	(5)	(6)		(7)	(8)
Sl. No.	CSR Project or Activity identified	Sector in which the project is covered	Projects or programs (1) Local area or other (2) Specify the State and District where projects or programs was undertaken #	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Direct expenditure on projects or programs(A) Overheads (B)		Cumulative expenditure up to the reporting period (6A + 6B)**	Amount spent : Direct or through implementing agency

4 A. Environmental Sustainability, Clean Ganga Fund etc.

1	Setting up of 861 Nos. LED based Solar street lighting	Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agro forestry, conservation of natural resources and maintaining quality of soil, air & water, including contribution to the Clean Ganga Fund set-up by the Central Government for rejuvenation of river Ganga	Uppersiang, Dibang valley, Lower dibang valley, Kurung Kumei and Lohit districts, Arunachal Pradesh	3,55,00,000	28,15,886	78,425	28,94,311	Through implementing agency
2	Setting up of 1600 Nos. LED based Solar street lighting	Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agro forestry, conservation of natural resources and maintaining quality of soil, air & water, including contribution to the Clean Ganga Fund set-up by the Central Government for rejuvenation of river Ganga	Ashoknagar, Guna and Shivpuri districts, Madhya Pradesh	5,05,00,000	1,85,89,242	5,17,730	1,91,06,972	
3	Setting up of Solar Micro Grids to provide Clean Energy Services	Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agro forestry, conservation of natural resources and maintaining quality of soil, air & water, including contribution to the Clean Ganga Fund set-up by the Central Government for rejuvenation of river Ganga	Jharkhand and Odisha	2,06,97,000	1,77,28,207	4,93,750	1,82,21,957	
4	Contribution to Clean Ganga Fund for Rejuvenation and Development of River Ganga	Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agro forestry, conservation of natural resources and maintaining quality of soil, air & water, including contribution to the Clean Ganga Fund set-up by the Central Government for rejuvenation of river Ganga	New Delhi	15,00,00,000	15,00,00,000	41,77,662	15,41,77,662	
			Sub-total (A)	25,66,97,000	18,91,33,335	52,67,568	19,44,00,903	

4 B. Projects under Sustainable Development

1	Implementation of Solar PV Smart Mini Grids in 5 Off-grid locations in Dhenkanal, Odisha	Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agro forestry, conservation of natural resources and maintaining quality of soil, air & water, including contribution to the Clean Ganga Fund set-up by the Central Government for rejuvenation of river Ganga	Dhenkanal, Odisha	21,65,000	2,16,500	6,030	2,22,530	Through implementing agency
			Sub-total (B)	21,65,000	2,16,500	6,030	2,22,530	
			Sub-total of Category 4	25,88,62,000	18,93,49,835	52,73,598	19,46,23,433	

(Amount in ₹)

(1) Sl. No.	(2) CSR Project or Activity identified	(3) Sector in which the project is covered	(4) Projects or programs (1) Local area or other District where projects or programs was undertaken #	(5) Amount outlay (budget) project or programs wise	(6) Amount spent on the projects or programs Direct expenditure on projects or programs(A) Overheads (B)		(7) Cumulative expenditure up to the reporting period (6A + 6B) **	(8) Amount spent : Direct or through implementing agency
----------------	---	---	--	--	---	--	---	---

5. Protection of national heritage

1	Reviving Crafts Heritage and Providing Sustainable Livelihood to the Artisans	Protection of national heritage, art and culture, including restoration of buildings and sites of historical importance and works of art; setting up public libraries; promotion and development of traditional art and handicrafts	Ahmedabad, Gujarat	1,58,00,000	30,00,000	83,553	30,83,553	Through implementing agency
			Sub-total of Category 5	1,58,00,000	30,00,000	83,553	30,83,553	

6. Rural Development Projects

1	Farmer-Centric Watershed Management for Improving Rural Livelihood	Rural Development Projects	Mahboobnagar and Anantapur district of Andhra Pradesh and Telangana	22,33,00,000	2,07,05,136	5,76,660	2,12,81,796	Through implementing agency
			Sub-total of Category 6	22,33,00,000	2,07,05,136	5,76,660	2,12,81,796	
			Grand Total (1+2+3+4+5+6)	2,86,11,02,876	1,24,72,53,790	3,47,64,172	1,28,20,17,962	

ANNEXURE-VII TO BOARD'S REPORT

FORM NO. MGT-9
EXTRACT OF ANNUAL RETURN

(as on the financial year ended on March 31, 2016)

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS

(i)	CIN	L40101DL1969GOI005095
(ii)	Registration Date	July 25, 1969
(iii)	Name of the Company	Rural Electrification Corporation Limited
(iv)	Category/Sub-Category of the Company	Company Limited by Shares / Union Government Company
(v)	Address of the Registered Office and Contact Details-	
	Address:	Core-4, SCOPE Complex, 7 Lodhi Road, New Delhi-110003, India.
	Contact Details:	Ph. No.: 91-11-24365161 Fax No.: 91-11-24360644
	E-mail:	complianceofficer@recl.nic.in
(vi)	Whether Listed Company (Yes/No)	Yes
(vii)	Name, Address and Contact Details of Registrar and Transfer Agent, if any-	
	Name:	Karvy Computershare Private Limited
	Address:	Karvy Selenium Tower-B, Plot 31-32, Gachibowli Financial District, Nanakramguda, Hyderabad-500032, India.
	Contact Details:	Ph. No.:- 91-40-67161500 Fax No.: 91-40-23420814
	E-mail:	einward.ris@karvy.com, balaji.reddy@karvy.com; raju.sv@karvy.com
	Website:	www.karvycomputershare.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the Company shall be stated:-

Sl. No.	Name and Description of main products/services	NIC Code of the Product/Service	% to total turnover of the Company
1.	Other Financial Services and Activities - Other Credit Granting	64920	100%

Note: The Company is a Non Banking Financial Company (NBFC) registered with the Reserve Bank of India (RBI), categorized as Infrastructure Finance Company (IFC) and the Company is engaged in the business of providing finance for power sector.

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES AS ON MARCH 31, 2016

Sl. No.	Name of the Company	Address of the Registered Office	CIN/GLN	Holding/ Subsidiary/ Associate	% of Shares held	Applicable Section
1	REC Power Distribution Company Limited	Core-4, SCOPE Complex, 7 Lodhi Road, New Delhi - 110003	U40101DL2007GOI165779	Subsidiary	100%	2(87)
2	REC Transmission Projects Company Limited (RECTPCL)		U40101DL2007GOI157558	Subsidiary	100%	2(87)
3	Nellore Transmission Limited (See Note 2 below)		U40104DL2012GOI245654	Subsidiary of RECTPCL	100%	2(87)
4	Baira Siul Sarna Transmission Limited (See Note 2 below)		U40106DL2013GOI247564	Subsidiary of RECTPCL	100%	2(87)
5	NER-II Transmission Limited		U40106DL2015GOI279300	Subsidiary of RECTPCL	100%	2(87)
6	NRSS XXXVI Transmission Limited		U40300DL2015GOI284168	Subsidiary of RECTPCL	100%	2(87)
7	North Karanpura Transco Limited (See Note 3 below)		U40103DL2015GOI287880	Subsidiary of RECTPCL	100%	2(87)
8	Khargone Transmission Limited		U40300DL2015GOI287933	Subsidiary of RECTPCL	100%	2(87)
9	Dinchang Transmission Limited		U40300DL2015GOI288066	Subsidiary of RECTPCL	100%	2(87)
10	Energy Efficiency Services Limited	4 th Floor, Sewa Bhawan, R.K Puram, New Delhi - 110066	U40200DL2009PLC196789	Associate Company	28.8% (See Note 4 below)	2(6)

Notes:-

- 1) The subsidiary company viz., REC Transmission Projects Company Limited (RECTPCL) acts as "Bid Process Coordinator" for selection of Transmission Service Provider for independent transmission projects allocated by MoP from time to time, through Tariff Based Competitive Bidding Process notified for inter-state transmission projects. In order to initiate development of each independent inter-state transmission project allocated by the MoP, RECTPCL incorporates project specific Special Purpose Vehicles (SPVs) as its wholly owned subsidiary companies. The wholly-owned subsidiaries of RECTPCL are also wholly-owned subsidiaries of REC as per Section 2(87) of the Companies Act, 2013. After selection of the successful bidder through Tariff Based Competitive Bidding Process, the respective project specific SPV along with all its assets and liabilities, is transferred to the successful bidder. None of the subsidiary companies of RECTPCL are consolidated in the financial statements of REC, in terms of the provisions of Para 11 of AS 21 (Consolidated Financial Statements).
- 2) The Office of Registrar of Companies (RoC), NCT of Delhi and Haryana has approved the applications for striking off the name of "Nellore Transmission Limited" and "Baira Siul Sarna Transmission Limited" from the Register of Companies u/s 560 of the Companies Act, 1956 vide certificate(s) dated May 25, 2016 and July 16, 2016 respectively; and both the companies have been dissolved.
- 3) The subsidiary company viz., "North Karanpura Transco Limited" was transferred alongwith all its assets & liabilities to the successful bidder i.e., M/s Adani Transmission Limited on July 8, 2016. As such, the said company has ceased to be a subsidiary of RECTPCL / REC from that date.
- 4) As on March 31, 2016, the Company's shareholding in "Energy Efficiency Services Limited" (EESL) was 28.8%. In addition thereto, share application money amounting to ₹ 99 crore paid by REC to EESL was pending allotment as on March 31, 2016. Subsequently, EESL has allotted 9,90,00,000 equity shares of ₹ 10/- each to REC on April 25, 2016 and accordingly, REC's present shareholding in EESL is 31.7%.

IV. SHARE HOLDING PATTERN (EQUITY SHARE CAPITAL BREAK-UP AS PERCENTAGE OF TOTAL EQUITY)**(i) Category-wise Share Holding**

Category of Shareholders	No. of Shares held at the beginning of the year (April 1, 2015)				No. of Shares held at the end of the year (March 31, 2016)				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF	0	0	0	0	0	0	0	0	0.00
b) Central Government	64,81,68,218	0	64,81,68,218	65.64	59,87,67,680	0	59,87,67,680	60.64	-5.00
c) State Government (s)	0	0	0	0	0	0	0	0	0.00
d) Bodies Corporate	0	0	0	0	0	0	0	0	0.00
e) Banks/FI	0	0	0	0	0	0	0	0	0.00
f) Any other	0	0	0	0	0	0	0	0	0.00
Sub-Total (A) (1):-	64,81,68,218	0	64,81,68,218	65.64	59,87,67,680	0	59,87,67,680	60.64	-5.00
(2) Foreign									
a) NRIs - Individuals	0	0	0	0.00	0	0	0	0.00	0.00
b) Other - Individuals	0	0	0	0.00	0	0	0	0.00	0.00
c) Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
d) Banks/ FI	0	0	0	0.00	0	0	0	0.00	0.00
e) Qualified Foreign Investors	0	0	0	0.00	0	0	0	0.00	0.00
f) Any other	0	0	0	0.00	0	0	0	0.00	0.00
Sub-Total (A) (2):-	0	0	0	0.00	0	0	0	0.00	0.00
Total Shareholding of Promoters (A) = (A)(1)+(A)(2)	64,81,68,218	0	64,81,68,218	65.64	59,87,67,680	0	59,87,67,680	60.64	-5.00
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	3,15,15,282	0	3,15,15,282	3.19	2,07,39,064	0	2,07,39,064	2.10	-1.09
b) Banks/FI	27,46,062	0	27,46,062	0.28	81,71,379	0	81,71,379	0.83	0.55
c) Central Government	0	0	0	0.00	0	0	0	0.00	0.00
d) State Government(s)	0	0	0	0.00	0	0	0	0.00	0.00

Category of Shareholders	No. of Shares held at the beginning of the year (April 1, 2015)				No. of Shares held at the end of the year (March 31, 2016)				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
e) Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
f) Insurance Companies	3,84,14,283	0	3,84,14,283	3.89	8,35,86,726	0	8,35,86,726	8.46	4.57
g) FIs	20,60,21,271	0	20,60,21,271	20.86	21,10,23,812	0	21,10,23,812	21.37	0.51
h) Foreign Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
i) Qualified Foreign Investors	0	0	0	0.00	0	0	0	0.00	0.00
j) Others (specified below)	0	0	0	0.00	100	0	100	0.00	0.00
- Foreign Nationals	0	0	0	0.00	100	0	100	0.00	0.00
Sub-Total (B)(1):-	27,86,96,898	0	27,86,96,898	28.22	32,35,21,081	0	32,35,21,081	32.76	4.54
2. Non-Institutions									
a) Bodies Corporate									
i) Indian	2,90,72,645	0	2,90,72,645	2.94	1,72,69,411	0	1,72,69,411	1.75	-1.19
ii) Overseas	0	0	0	0.00	0	0	0	0.00	0.00
b) Individuals									
i) Individual Shareholders holding nominal share capital upto ₹ 1 lakh	2,46,21,508	13,046	2,46,34,554	2.50	3,77,40,092	15,407	3,77,55,499	3.82	1.33
ii) Individual Shareholders holding nominal share capital in excess of ₹ 1 lakh	49,94,182	0	49,94,182	0.51	62,89,246	0	62,89,246	0.64	0.13
c) Others (specified below)	18,92,503	0	18,92,503	0.19	38,56,083	0	38,56,083	0.39	0.20
- NBFCs registered with RBI	0	0	0	0.00	1,83,914	0	1,83,914	0.02	0.02
- Clearing Members	5,26,860	0	5,26,860	0.05	7,01,124	0	7,01,124	0.07	0.02
- Non Resident Indians	8,73,596	0	8,73,596	0.09	17,16,781	0	17,16,781	0.17	0.08
- Trusts	4,92,047	0	4,92,047	0.05	12,54,264	0	12,54,264	0.13	0.08
- Qualified Foreign Investors	0	0	0	0.00	0	0	0	0.00	0.00
Sub-Total (B)(2):-	6,05,80,838	13,046	6,05,93,884	6.14	6,51,54,832	15,407	6,51,70,239	6.60	0.47
Total Public shareholding (B) = (B)(1)+(B)(2)	33,92,77,736	13,046	33,92,90,782	34.36	38,86,75,913	15,407	38,86,91,320	39.36	5.00
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0.00	0	0	0	0.00	0.00
Grand Total (A+B+C)	98,74,45,954	13,046	98,74,59,000	100.00	98,74,43,593	15,407	98,74,59,000	100.00	0.00

(ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year (April 1, 2015)			Shareholding at the end of the year (March 31, 2016)			% change in shareholding during the year
		No. of Shares	% of total shares of the Company	% of shares pledged/encumbered to total shares	No. of Shares	% of total shares of the Company	% of shares pledged/encumbered to total shares	
1	President of India	64,81,68,218	65.64	-	59,87,67,680	60.64	-	-5.00
	Total	64,81,68,218	65.64	-	59,87,67,680	60.64	-	-5.00

(iii) Change in Promoters' Shareholding

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year (April 1, 2015)		Cumulative Shareholding during the year (April 1, 2015 to March 31, 2016)			
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company		
1	President of India						
	At the beginning of the year	64,81,68,218	65.64				
	Date wise Increase / Decrease in Promoters' Shareholding during the year specifying the reasons for increase / decrease						
	Date	Reason for increase / decrease					
	April 8, 2015	Sale (See Note below)		-4,93,72,950	-5.00	59,87,95,268	60.64
	April 10, 2015	Sale (See Note below)		-27,588	-0.00	59,87,67,680	60.64
	At the end of the year			59,87,67,680	60.64		

Note: During the financial year 2015-16, the President of India acting through Ministry of Power, Government of India disinvested/sold 4,93,72,950 equity shares i.e. 5% of total paid up capital of the Company through Offer For Sale (OFS) on April 8, 2015 and further divested/sold 27,588 equity shares i.e. 0.003% of total paid up capital of the Company through an off-market transaction under Central Public Sector Enterprises Exchange Traded Fund (CPSE ETF) on April 10, 2015. Accordingly, as on March 31, 2016, the President of India holds 60.64% of the paid up equity share capital of the Company.

(iv) Shareholding Pattern of Top Ten Shareholders (other than Directors, Promoters and holders of GDRs and ADRs)

Sl. No.	Name of the Shareholder	Shareholding at the beginning of the year (April 1, 2015)		Increase / Decrease in shareholding		Cumulative Shareholding at the end of the year (March 31, 2016)	
		No. of shares	% of total shares of the Company	Increase	Decrease	No. of shares	% of total shares of the Company
1	Life Insurance Corporation of India *	3,08,77,781	3.13	4,27,44,243		7,36,22,024	7.46
2	DB International (Asia) Limited *	2,03,38,285	2.06		-35,29,066	1,68,09,219	1.70
3	HDFC Standard Life Insurance Company Limited @	1,29,59,079	1.31		-1,03,08,092	26,50,987	0.27
4	HDFC Trustee Company Limited - HDFC Equity Fund @	98,46,450	1.00		-98,46,450	0	0.00
5	HSBC Global Investment Funds A/C HSBC GIF Mauritius Limited *	91,67,904	0.93		-35,51,640	56,16,264	0.57
6	East Bridge Capital Master Fund Limited #	0	0.00	88,35,880		88,35,880	0.89
7	Morgan Stanley Mauritius Company Limited #	1,29,713	0.01	64,27,537		65,57,250	0.66
8	Vanguard Emerging Markets Stock Index Fund, Aseries of Vanguard International Equity Index Fund *	65,14,433	0.66		-9,17,816	55,96,617	0.57
9	Wisdomtree Trust A/C Wisdomtree India Investment Portfolio, Inc. *	62,82,267	0.64		-15,93,714	46,88,553	0.47
10	CPSE ETF *	51,25,549	0.52		-4,69,028	46,56,521	0.47
11	Morgan Stanley Asia (Singapore) Pte. @	50,75,258	0.51		-31,23,920	19,51,338	0.20
12	Life Insurance Corporation of India P&GS Fund #	9,16,450	0.09	38,59,177		47,75,627	0.48
13	Abu Dhabi Investment Authority - Gulab @	45,76,375	0.46		-11,05,910	34,70,465	0.35
14	Target Value Fund #	0	0.00	45,53,864		45,53,864	0.46

Notes:

The shares of the Company are traded on a daily basis and hence, the date-wise increase / decrease in shareholding is not indicated.

* denotes Top 10 shareholder on both April 1, 2015 and March 31, 2016

@ denotes Top 10 shareholder only on April 1, 2015

denotes Top 10 shareholder only on March 31, 2016

(v) Shareholding Of Directors and Key Managerial Personnel (KMP)

Sl. No.	Name of the Director / KMP	Shareholding at the beginning of the year (April 1, 2015)		Cumulative shareholding at the end of the year (March 31, 2016)	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1	Shri Rajeev Sharma, Chairman & Managing Director				
	At the beginning of the year	60	Negligible		
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase / decrease	No change			
	At the end of the year			60	Negligible
2	Shri Prakash Thakkar, Director (Technical) - upto October 12, 2015				
	At the beginning of the year	4,030	Negligible		
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase / decrease	No change			
	At the end of the year			4,030	Negligible
3	Shri Ajeet Kumar Agarwal, Director (Finance)				
	At the beginning of the year	242	Negligible		
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase / decrease	No change			
	At the end of the year			242	Negligible
4	Shri Sanjeev Kumar Gupta, Director (Technical) - w.e.f October 16, 2015				
	At the beginning of the year	0	0.00		
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase / decrease	No change			
	At the end of the year			0	0.00
5	Shri Badri Narain Sharma, Government Nominee Director - upto October 6, 2015				
	At the beginning of the year	0	0.00		
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase / decrease	No change			
	At the end of the year			0	0.00
6	Dr. Arun Kumar Verma, Government Nominee Director - w.e.f October 6, 2015				
	At the beginning of the year	0	0.00		
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase / decrease	No change			
	At the end of the year			0	0.00
7	Shri Arun Singh, Independent Director - w.e.f November 13, 2015				
	At the beginning of the year	0	0.00		
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase / decrease	No change			
	At the end of the year			0	0.00

Sl. No.	Name of the Director / KMP	Shareholding at the beginning of the year (April 1, 2015)		Cumulative shareholding at the end of the year (March 31, 2016)	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
8	Shri A. Krishna Kumar, Independent Director - w.e.f November 13, 2015				
	At the beginning of the year	0	0.00		
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase / decrease	No change			
	At the end of the year			0	0.00
9	Prof. T.T. Ram Mohan, Independent Director - w.e.f November 13, 2015				
	At the beginning of the year	0	0.00		
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase / decrease	No change			
	At the end of the year			0	0.00
10	Shri J. S. Amitabh, General Manager & Company Secretary (KMP)				
	At the beginning of the year	121	Negligible		
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase / decrease				
	Date	Reason for increase/decrease			
	August 24, 2015	Purchase	1,000	Negligible	1121
	At the end of the year			1121	Negligible

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment.

(₹ in crore)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year (As on April 1, 2015)				
i) Principal Amount	67,128.85	83,895.27	-	151,024.12
ii) Interest due but not paid	1.10	-	-	1.10
iii) Interest accrued but not due	2,624.65	2,676.94	-	5,301.59
Total (i+ii+iii)	69,754.60	86,572.21	-	156,326.81
Change in Indebtedness during the financial year				
* Addition	9,487.02	33,509.88	-	42,996.90
* (Reduction)	10,272.99	14,284.90	-	24,557.89
* Foreign Exchange gain/loss	-	503.08	-	503.08
Net Change	-785.97	19,728.06	-	18,942.09
Indebtedness at the end of the financial year (As on March 31, 2016)				
i) Principal Amount	66,359.50	102,746.88	-	169,106.38
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	2,651.87	3,586.78	-	6,238.65
Total (i+ii+iii)	69,011.37	106,333.66	-	175,345.03

- Commercial Papers and Working Capital Demand Loan raised and redeemed during the year has not been considered in "Addition / Reduction" head.
- In respect of Institutional Bonds, interest accrued but not due does not include interest accrued on Zero Coupon Bonds as the same has been included in principal amount.

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole Time Directors and/or Manager

(Amount in ₹)

Sl. No.	Particulars of Remuneration	Shri Rajeev Sharma, CMD	Shri Prakash Thakkar, Director (Technical)- upto October 12, 2015	Shri Ajeet Kumar Agarwal, Director (Finance)	Shri Sanjeev Kumar Gupta, Director (Technical)- w.e.f October 16, 2015	Total Amount
1	Gross Salary					
	a) Salary as per provisions contained in Section 17 (1) of the Income Tax Act, 1961	45,09,119	46,86,808	39,71,548	18,36,784	1,50,04,259
	b) Value of Perquisites under Section 17 (2) of the Income Tax Act, 1961	8,46,009	9,42,285	1,15,222	1,83,909	20,87,425
	c) Profits in lieu of salary under section 17 (3) of the Income Tax Act, 1961	NIL	NIL	NIL	NIL	NIL
2	Stock Option	NIL	NIL	NIL	NIL	NIL
3	Sweat Equity	NIL	NIL	NIL	NIL	NIL
4	Commission					
	: as % of profit	NIL	NIL	NIL	NIL	NIL
	: others, specify	NIL	NIL	NIL	NIL	NIL
5	Others, as specified below					
	- Employer Contribution towards Provident Fund	2,68,906	1,36,879	2,40,643	1,14,730	7,61,158
	- Employer Contribution towards Superannuation Fund (Amount over and above ₹ 1 lakh has been included in perquisites also)	2,01,680	1,02,659	1,80,482	86,047	5,70,868
	Total (A)	58,25,714	58,68,631	45,07,895	22,21,470	1,84,23,710
	Ceiling as per the Act	Exempt for Government Companies as per MCA Notification dated June 5, 2015.				

Note: Shri Sanjeev Kumar Gupta, formerly Executive Director (T&D)-REC, assumed the office of Director (Technical) w.e.f. October 16, 2015. Accordingly his salaries, perquisites etc. for the above statement have been considered w.e.f. October 16, 2015.

B. Remuneration to other directors

(Amount in ₹)

Sl. No.	Particulars of Remuneration	Independent Directors			Government Nominee Directors		Total Amount
		Shri Arun Singh - w.e.f November 13, 2015	Shri A. Krishna Kumar - w.e.f November 13, 2015	Prof. T.T. Ram Mohan - w.e.f November 13, 2015	Shri Badri Narain Sharma - upto October 6, 2015	Dr. Arun Kumar Verma - w.e.f October 6, 2015	
1	Independent Directors						
	• Fee for attending Board/ Committee meetings	1,20,000	2,20,000	2,00,000			5,40,000
	• Commission	NIL	NIL	NIL			NIL
	• Others	NIL	NIL	NIL			NIL
	Total (1)	1,20,000	2,20,000	2,00,000			5,40,000
2	Other Non-Executive Directors						
	• Fee for attending Board/ Committee meetings				NIL	NIL	NIL
	• Commission				NIL	NIL	NIL
	• Others, please specify				NIL	NIL	NIL
	Total (2)				NIL	NIL	NIL
	Total (B) =(1+2)	1,20,000	2,20,000	2,00,000	NIL	NIL	5,40,000
	Total Managerial Remuneration (A+B)						1,89,63,710
	Overall Ceiling as per the Act	Exempt for Government Companies as per MCA Notification dated June 5, 2015.					

Note: Besides sitting fee for attending the meetings of Board / Committees thereof, the Directors are also paid TA/DA as per the TA/DA Policy of the Company.

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD

(Amount in ₹)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			Total Amount
		CEO	Shri J.S. Amitabh, Company Secretary	CFO	
1	Gross Salary	Not Applicable		Not Applicable	
	a) Salary as per provisions contained in Section 17 (1) of the Income Tax Act 1961		30,89,922		30,89,922
	b) Value of Perquisites under Section 17 (2) of the Income Tax Act, 1961		91,304		91,304
	c) Profits in lieu of salary under Section 17 (3) of the Income Tax Act, 1961		NIL		NIL
2	Stock Option		NIL		NIL
3	Sweat Equity		NIL		NIL
4	Commission				
	: as % of profit		NIL		NIL
	: others, specify		NIL		NIL
5	Others, as specified below				
	- Employer Contribution towards Provident Fund	2,16,390	2,16,390		
	- Employer Contribution towards Superannuation Fund (Amount over and above ₹ 1 lakh has been included in perquisites also)	1,62,293	1,62,293		
	Total (C)	35,59,909	35,59,909		

Note: REC being a Government Company, the role of CEO is being performed by "CMD, REC" and the role of CFO is being performed by "Director (Finance), REC".

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES

Sl. No.	Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment / Compounding fees imposed	Authority [RD / NCLT / Court]	Appeal made, if any (give details)
A.	COMPANY					
	Penalty					
	Punishment			None		
	Compounding					
B.	DIRECTORS					
	Penalty					
	Punishment			None		
	Compounding					
C.	OTHER OFFICERS IN DEFAULT					
	Penalty					
	Punishment			None		
	Compounding					

For and on behalf of the Board of Directors



(Rajeev Sharma)

Chairman & Managing Director
DIN - 00973413Place : New Delhi
Date : August 11, 2016

Form No. AOC-2

(Pursuant to clause (h) of sub-section (3) of Section 134 of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto

1. Details of contracts or arrangements or transactions not at arm's length basis:

Name(s) of the party and nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts / arrangements / transactions	Salient terms of the contracts or arrangements including the value, if any	Justification for entering into such contracts or arrangements or transactions	Date(s) of approval by the Board	Amount paid as advances, if any	Date on which the special resolution was passed in general meeting as required under first proviso to Section 188
REC Power Distribution Company Limited (RECPDCL) Wholly-Owned Subsidiary of REC	Monitoring of electrification of UE villages	Around 2 years	Award of work relating to day to day monitoring, website maintenance & updation, development of RE mobile application (GARV App), control room-setup, call center and quality surveillance checks during electrification of 18,452 Un-Electrified (UE) villages etc., to Wholly-Owned Subsidiary Company i.e. RECPDCL.	On account of time constraints, importance of the assignment, excellent performance of RECPDCL in monitoring the Swachh Vidyalaya Abhiyan, the contract was awarded to RECPDCL on nomination basis since the same approach is to be used in monitoring of electrification work of UE villages.	September 16, 2015	Nil	September 16, 2015
REC Power Distribution Company Limited (RECPDCL) Wholly-Owned Subsidiary of REC	Survey work of schools	-	Conducting survey work to determine requirement of toilets in schools in Ghazipur District, Uttar Pradesh at an estimated expenditure of ₹ 15 lakh under REC CSR initiatives.	In view of time bound completion schedule and experience of RECPDCL in the monitoring of Swachh Vidyalaya Abhiyan, the contract was awarded to RECPDCL on nomination basis.	February 10, 2016	Nil	September 16, 2015

2. Details of material contracts or arrangement or transactions at arm's length basis: No material contracts or arrangements or transactions were entered by the Company with any Related Party.

For and on behalf of the Board of Directors



(Rajeev Sharma)
Chairman & Managing Director
(DIN: 00973413)

Place : New Delhi
Date : August 11, 2016

ANNEXURE - IX TO BOARD'S REPORT

DETAILS OF DEBENTURE TRUSTEES APPOINTED BY THE COMPANY FOR DIFFERENT BOND SERIES AS ON MARCH 31, 2016

(IN TERMS OF REGULATION 53 OF SEBI (LISTING OBLIGATIONS & DISCLOSURE REQUIREMENTS) REGULATIONS, 2015)

Sl. No.	Name & Address of Debenture Trustee	ISIN	Series No.	Secured/Unsecured	Redemption Date	Coupon Rate
1	IDBI Trusteeship Services Limited, Asian Building, Ground Floor, 17 R, Kamani Marg, Ballard Estate, Mumbai-400001 Contact : Mr. Ajit Guruji Phone : 022-40807001 Fax No : 022-66311776 E-mail : ajit.guruji@idbitrustee.com ; response@idbitrustee.com Website : www.idbitrustee.com	INE020B07CQ7	81	Secured	20/01/17	8.85%
		INE020B07CU9	82	Secured	28/09/17	9.85%
		INE020B07DE1	83	Secured	28/02/18	9.07%
		INE020B07DG6	85	Secured	13/06/18	9.68%
		INE020B07DT9	86-A	Secured	30/07/18	10.70%
		INE020B07DW3	86-B III	Secured	14/08/18	10.85%
		INE020B07DY9	87 - II	Secured	01/10/18	10.85%
		INE020B07EB5	87A - III	Secured	24/10/18	11.15%
		INE020B07EG4	88	Secured	15/01/19	8.65%
		INE020B07EP5	90	Secured	03/08/19	8.80%
		INE020B07ER1	90B-II	Secured	04/09/19	8.72%
		INE020B07EV3	90C-II	Secured	07/10/19	8.80%
		INE020B07EY7	91-II	Secured	18/11/19	8.80%
		INE020B07FC0	92-II	Secured	22/01/20	8.65%
		INE020B08427	94	Unsecured	09/06/25	8.75%
		INE020B08435	95-I	Unsecured	12/07/19	8.70%
		INE020B08443	95-II	Unsecured	14/07/25	8.75%
		INE020B08450	96	Unsecured	26/10/20	8.80%
		INE020B08468	97	Unsecured	30/11/20	8.80%
		INE020B08476	0 CPN-I	Unsecured	15/12/20	0
		INE020B08484	0 CPN-II	Unsecured	03/02/21	0
		INE020B08492	98	Unsecured	15/03/21	9.18%
		INE020B08567	100	Unsecured	15/07/21	9.63%
		INE020B08583	101-II	Unsecured	10/08/16	9.45%
		INE020B08591	101-III	Unsecured	10/08/21	9.48%
		INE020B08609	102	Unsecured	06/09/16	9.38%
		INE020B08617	103-I	Unsecured	19/10/16	9.35%
		INE020B08641	105	Unsecured	11/11/21	9.75%
		INE020B08658	106	Unsecured	15/02/17	9.28%
		INE020B08740	107	Unsecured	15/06/22	9.35%
		INE020B08757	108-I	Unsecured	20/07/17	9.40%
		INE020B08765	108-II	Unsecured	20/07/19	9.39%
		INE020B08773	109	Unsecured	28/08/17	9.25%
		INE020B08799	111-I	Unsecured	19/11/19	9.02%
		INE020B08807	111-II	Unsecured	19/11/22	9.02%
		INE020B08815	112	Unsecured	01/02/18	8.70%
		INE020B08823	113	Unsecured	09/03/20	8.87%
		INE020B08831	114	Unsecured	12/04/23	8.82%
		INE020B08849	115	Unsecured	31/05/23	8.06%
		INE020B7HW4	116-I	Secured	17/10/16	9.05%
		INE020B07HX2	116-II	Secured	17/10/18	9.24%
		INE020B07HY0	117	Secured	06/11/18	9.38%
INE020B07HZ7	118	Secured	03/01/19	9.61%		
INE020B07IA8	119	Secured	05/02/19	9.63%		
INE020B07IB6	120	Secured	10/03/17	9.67%		
INE020B07II1	121	Secured	24/03/17	9.52%		
INE020B07IV4	122	Secured	18/06/19	9.02%		
INE020B07IW2	123-I	Secured	17/07/21	9.40%		
INE020B07IX0	123-II	Secured	08/08/16	9.27%		
INE020B07IY8	123-III-3 yrs	Secured	25/08/17	9.25%		
INE020B07IZ5	123-III-10 yrs	Secured	23/08/24	9.34%		

Sl. No.	Name & Address of Debenture Trustee	ISIN	Series No.	Secured/Unsecured	Redemption Date	Coupon Rate
		INE020B07JA6	123-IV	Secured	08/09/16	8.97%
		INE020B07JB4	124	Secured	22/09/17	9.06%
		INE020B08856	125	Unsecured	11/10/19	9.04%
		INE020B08864	126	Unsecured	13/11/19	8.56%
		INE020B08872	127	Unsecured	04/12/21	8.44%
		INE020B08880	128	Unsecured	21/12/24	8.57%
		INE020B08898	129	Unsecured	23/01/25	8.23%
		INE020B08906	130	Unsecured	06/02/25	8.27%
		INE020B08914	131	Unsecured	21/02/25	8.35%
		INE020B08922	132	Unsecured	09/03/22	8.27%
		INE020B07HA0	54EC Series IX (2013-14)	Secured	30/04/16	6.00%
		INE020B07HB8	54EC Series IX (2013-14)	Secured	31/05/16	6.00%
		INE020B07HC6	54EC Series IX (2013-14)	Secured	30/06/16	6.00%
		INE020B07HD4	54EC Series IX (2013-14)	Secured	31/07/16	6.00%
		INE020B07HE2	54EC Series IX (2013-14)	Secured	31/08/16	6.00%
		INE020B07HF9	54EC Series IX (2013-14)	Secured	30/09/16	6.00%
		INE020B07HG7	54EC Series IX (2013-14)	Secured	31/10/16	6.00%
		INE020B07HH5	54EC Series IX (2013-14)	Secured	30/11/16	6.00%
		INE020B07HI3	54EC Series IX (2013-14)	Secured	31/12/16	6.00%
		INE020B07HJ1	54EC Series IX (2013-14)	Secured	31/01/17	6.00%
		INE020B07HK9	54EC Series IX (2013-14)	Secured	28/02/17	6.00%
		INE020B07HL7	54EC Series IX (2013-14)	Secured	31/03/17	6.00%
		INE020B07IJ9	54EC Series IX (2014-15)	Secured	30/04/17	6.00%
		INE020B07IK7	54EC Series IX (2014-15)	Secured	31/05/17	6.00%
		INE020B07IL5	54EC Series IX (2014-15)	Secured	30/06/17	6.00%
		INE020B07IM3	54EC Series IX (2014-15)	Secured	31/07/17	6.00%
		INE020B07IN1	54EC Series IX (2014-15)	Secured	31/08/17	6.00%
		INE020B07IO9	54EC Series IX (2014-15)	Secured	30/09/17	6.00%
		INE020B07IP6	54EC Series IX (2014-15)	Secured	31/10/17	6.00%
		INE020B07IQ4	54EC Series IX (2014-15)	Secured	30/11/17	6.00%
		INE020B07IR2	54EC Series IX (2014-15)	Secured	31/12/17	6.00%
		INE020B07IS0	54EC Series IX (2014-15)	Secured	31/01/18	6.00%
		INE020B07IT8	54EC Series IX (2014-15)	Secured	28/02/18	6.00%
		INE020B07IU6	54EC Series IX (2014-15)	Secured	31/03/18	6.00%
		INE020B08500	Infra Bonds Series-I (2010-11)	Unsecured	31/03/21	8.00%
		INE020B08518	Infra Bonds Series-I (2010-11)	Unsecured	31/03/21	8.10%
		INE020B08526	Infra Bonds Series-I (2010-11)	Unsecured	31/03/21	8.20%
		INE020B08534	Infra Bonds Series-I (2010-11)	Unsecured	31/03/21	8.20%
2	SBICAP Trustee Company Ltd. 6 th Floor, Apeejay House, 3, Dinshaw Wachha Road, Churchgate, Mumbai-400020 Contact: Mr. Ajit Joshi Phone : 022-43025566 Fax No : 022-22040465 E-mail : corporate@sbicaptrustee.com ; investor.cell@sbicaptrustee.com	INE020B08930	133	Unsecured	10/04/25	8.30%
		INE020B08948	134	Unsecured	14/08/20	8.37%
		INE020B08955	135	Unsecured	22/09/20	8.36%
		INE020B08963	136	Unsecured	07/10/25	8.11%
		INE020B08971	137	Unsecured	07/12/18	8.05%
		INE020B08989	138	Unsecured	04/03/17	8.28%
		INE020B07JC2	54EC Series X (2015-16)	Secured	30/04/18	6.00%
		INE020B07JD0	54EC Series X (2015-16)	Secured	31/05/18	6.00%
		INE020B07JE8	54EC Series X (2015-16)	Secured	30/06/18	6.00%
		INE020B07JF5	54EC Series X (2015-16)	Secured	31/07/18	6.00%
		INE020B07JG3	54EC Series X (2015-16)	Secured	31/08/18	6.00%
		INE020B07JH1	54EC Series X (2015-16)	Secured	30/09/18	6.00%
		INE020B07JI9	54EC Series X (2015-16)	Secured	31/10/18	6.00%
		INE020B07JJ7	54EC Series X (2015-16)	Secured	30/11/18	6.00%
		INE020B07JK5	54EC Series X (2015-16)	Secured	31/12/18	6.00%
		INE020B07JL3	54EC Series X (2015-16)	Secured	31/01/19	6.00%
		INE020B07JM1	54EC Series X (2015-16)	Secured	28/02/19	6.00%
		INE020B07JN9	54EC Series X (2015-16)	Secured	31/03/19	6.00%

Sl. No.	Name & Address of Debenture Trustee	ISIN	Series No.	Secured/Unsecured	Redemption Date	Coupon Rate
		INE020B07GU0	2012-13 Private Placement	Secured	21/11/22	7.21%
		INE020B07GV8	2012-13 Private Placement	Secured	22/11/27	7.38%
		INE020B07GW6	2012-13 Public Issue Tranche-1	Secured	19/12/22	7.22%
					19/12/22	7.72%
		INE020B07GX4	2012-13 Public Issue Tranche-1	Secured	20/12/27	7.38%
					20/12/27	7.88%
		INE020B07GY2	2012-13 Public Issue Tranche-2	Secured	27/03/23	6.88%
					27/03/23	7.38%
		INE020B07GZ9	2012-13 Public Issue Tranche-2	Secured	27/03/28	7.04%
					27/03/28	7.54%
		INE020B07HM5	2013-14 Private Placement-1	Secured	29/08/23	8.01%
		INE020B07HN3	2013-14 Private Placement-1	Secured	29/08/28	8.46%
		INE020B07HO1	2013-14 Public Issue Tranche-1	Secured	25/09/23	8.01%
		INE020B07HR4	2013-14 Public Issue Tranche-1	Secured	25/09/23	8.26%
		INE020B07HP8	2013-14 Public Issue Tranche-1	Secured	25/09/28	8.46%
		INE020B07HS2	2013-14 Public Issue Tranche-1	Secured	25/09/28	8.71%
		INE020B07HQ6	2013-14 Public Issue Tranche-1	Secured	26/09/33	8.37%
		INE020B07HT0	2013-14 Public Issue Tranche-1	Secured	26/09/33	8.62%
		INE020B07HU8	2013-14 Private Placement-2	Secured	11/10/23	8.18%
		INE020B07HV6	2013-14 Private Placement-2	Secured	11/10/28	8.54%
		INE020B07IC4	2013-14 Public Issue Tranche-2	Secured	22/03/24	8.19%
		INE020B07IF7	2013-14 Public Issue Tranche-2	Secured	22/03/24	8.44%
		INE020B07ID2	2013-14 Public Issue Tranche-2	Secured	23/03/29	8.63%
		INE020B07IG5	2013-14 Public Issue Tranche-2	Secured	23/03/29	8.88%
		INE020B07IE0	2013-14 Public Issue Tranche-2	Secured	24/03/34	8.61%
		INE020B07IH3	2013-14 Public Issue Tranche-2	Secured	24/03/34	8.86%
		INE020B07J07	2015-16 Private Placement	Secured	23/07/25	7.17%
		INE020B07JP4	2015-16 Public Issue Tranche-1	Secured	05/11/25	6.89%
		INE020B07JQ2	2015-16 Public Issue Tranche-1	Secured	05/11/25	7.14%
		INE020B07JR0	2015-16 Public Issue Tranche-1	Secured	05/11/30	7.09%
INE020B07JS8	2015-16 Public Issue Tranche-1	Secured	05/11/30	7.34%		
INE020B07JT6	2015-16 Public Issue Tranche-1	Secured	05/11/35	7.18%		
INE020B07JU4	2015-16 Public Issue Tranche-1	Secured	05/11/35	7.43%		
3	IL&FS Trust Company Ltd. The IL&FS Financial Centre, G Block, Plot C-22, Bandra Kurla Complex, Bandra (E), Mumbai-400051 Contact : Mr. Sanjay Dodti Phone : 022-26593644 Fax : 022-26533297 E-mail : sanjay.dodti@ilfsindia.com ; shailesh.kokate@ilfsindia.com Website : www.itclindia.com	INE020B08666	Infra Bonds Series-II (2011-12)	Unsecured	16/02/17	8.95%
		INE020B08674	Infra Bonds Series-II (2011-12)	Unsecured	16/02/17	8.95%
		INE020B08682	Infra Bonds Series-II (2011-12)	Unsecured	16/02/19	9.15%
		INE020B08690	Infra Bonds Series-II (2011-12)	Unsecured	16/02/19	9.15%
		INE020B08708	Infra Bonds Series-II (2011-12)	Unsecured	15/02/22	8.95%
		INE020B08716	Infra Bonds Series-II (2011-12)	Unsecured	15/02/22	8.95%
		INE020B08724	Infra Bonds Series-II (2011-12)	Unsecured	15/02/27	9.15%
		INE020B08732	Infra Bonds Series-II (2011-12)	Unsecured	15/02/27	9.15%
		INE020B07GG9	2011-12 Public Issue Tranche-1	Secured	28/03/22	7.93%
					28/03/22	8.13%
INE020B07GH7	2011-12 Public Issue Tranche-1	Secured	29/03/27	8.12%		
					29/03/27	8.32%

BALANCE SHEET AS AT 31ST MARCH 2016

(₹ in Crores)

Sl.No.	Particulars	Note No.	As at 31.03.2016	As at 31.03.2015
I.	EQUITY AND LIABILITIES			
(1)	Shareholders' Funds			
	(a) Share Capital	1	987.46	987.46
	(b) Reserves and Surplus	2	27,630.30	23,869.57
	Sub-total (1)		28,617.76	24,857.03
(2)	Non-current Liabilities			
	(a) Long-term Borrowings	3	138,789.43	131,168.32
	(b) Deferred Tax Liabilities (Net)	4	49.75	107.32
	(c) Other Long-term Liabilities	5	9.50	36.16
	(d) Long-term Provisions	6	1,295.03	1,007.09
	Sub-total (2)		140,143.71	132,318.89
(3)	Current Liabilities			
	(a) Short-term Borrowings	7	6,349.93	734.00
	(b) Other Current Liabilities	8	30,389.52	24,811.40
	(c) Short-term Provisions	6	852.05	453.71
	Sub-total (3)		37,591.50	25,999.11
	Total (1+2+3)		206,352.97	183,175.03
II.	ASSETS			
(1)	Non-current Assets			
	(a) Fixed assets	9		
	(i) Tangible Assets		117.83	72.50
	(ii) Intangible Assets		0.91	1.43
	(iii) Capital work-in-progress		30.37	7.39
	(iv) Intangible Assets under Development		1.21	-
			150.32	81.32
	(b) Non-current Investments	10	2,317.46	1,174.81
	(c) Long-term Loans & Advances	11	157,794.10	164,213.78
	(d) Other Non-current Assets	12	101.06	77.13
	Sub-total (1)		160,362.94	165,547.04
(2)	Current Assets			
	(a) Current Investments	10	149.16	438.66
	(b) Cash & Bank Balances	13	1,728.55	522.90
	(c) Short-term Loans & Advances	14	795.26	1,100.24
	(d) Other Current Assets	15	43,317.06	15,566.19
	Sub-total (2)		45,990.03	17,627.99
	Total (1+2)		206,352.97	183,175.03

The Significant Accounting Policies and Notes to Accounts 1 to 51 are an integral part of these financial statements.

For and on behalf of the Board

J.S. Amitabh
GM & Company Secretary

Ajeet Kumar Agarwal
Director (Finance)
DIN - 02231613

Rajeev Sharma
Chairman and Managing Director
DIN - 00973413

In terms of our Report of even date

For Raj Har Gopal & Co.
Chartered Accountants
Firm Reg. No.: 002074N

For A.R. & Co.
Chartered Accountants
Firm Reg. No.: 002744C

Place: New Delhi
Date: 27th May, 2016

Gopal Krishan
Partner
M.No. : 081085

Pawan K. Goel
Partner
M.No. : 072209

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2016

(₹ in Crores)

Sl.No.	Particulars	Note No.	Year ended 31.03.2016	Year ended 31.03.2015
I.	Revenue from Operations	16	23,638.35	20,229.53
II.	Other Income	17	117.93	158.52
III.	Total Revenue (I+II)		23,756.28	20,388.05
IV.	Expenses			
(i)	Finance Costs	18	14,283.12	11,844.61
(ii)	Employee Benefits Expense	19	137.44	133.94
(iii)	Depreciation & Amortization	9	5.45	6.76
(iv)	Corporate Social Responsibility Expenses	20	128.20	103.25
(v)	Other Expenses	21	67.01	69.49
(vi)	Provisions and Contingencies	22	1,089.85	802.96
	Total Expenses (IV)		15,711.07	12,961.01
V.	Profit before Tax (III-IV)		8,045.21	7,427.04
VI.	Tax Expense			
(i)	Current Year		2,477.89	2,231.86
(ii)	Earlier Years/ (Refunds)		(2.77)	1.30
(iii)	Deferred Tax		(57.57)	(65.99)
	Total Tax Expense (i+ii+iii)		2,417.55	2,167.17
VII.	Profit for the year from Continuing Operations (V-VI)		5,627.66	5,259.87
VIII.	Profit from Discontinuing Operations (after tax)		-	-
IX.	Profit for the year (VII+VIII)		5,627.66	5,259.87
X.	Earnings per Equity Share (in ₹ for an equity share of ₹ 10 each)			
(1)	Basic	23	56.99	53.27
(2)	Diluted	23	56.99	53.27

The Significant Accounting Policies and Notes to Accounts 1 to 51 are an integral part of these financial statements.

For and on behalf of the Board

J.S. Amitabh
GM & Company Secretary

Ajeet Kumar Agarwal
Director (Finance)
DIN - 02231613

Rajeev Sharma
Chairman and Managing Director
DIN - 00973413

In terms of our Report of even date

For Raj Har Gopal & Co.
Chartered Accountants
Firm Reg. No.: 002074N

For A.R. & Co.
Chartered Accountants
Firm Reg. No.: 002744C

Place: New Delhi
Date: 27th May, 2016

Gopal Krishan
Partner
M.No. : 081085

Pawan K. Goel
Partner
M.No. : 072209

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 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 11, 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 5, 2015 has permitted that the existing loans of the company i.e. loans

SIGNIFICANT ACCOUNTING POLICIES

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:	In respect of the stock of outstanding loans as on 31 st March, 2015, provisioning requirement shall be as below: <ul style="list-style-type: none"> · 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)

SIGNIFICANT ACCOUNTING POLICIES

Particulars	Provisioning Requirement
a. 4 years in case the reason for extension of DCCO is arbitration proceedings or a court case.	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.
b. 3 years in case the reason for extension of DCCO is beyond the control of promoters (other than court cases).	In respect of new projects loans restructured with effect from 1 st 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 st March, 2015, provisioning requirement is as below: <ul style="list-style-type: none"> · 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 31 st 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 ₹ 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.

SIGNIFICANT ACCOUNTING POLICIES

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 ₹ 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.

NOTES TO ACCOUNTS

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	1,200,000,000	1,200.00	1,200,000,000	1,200.00
Issued, Subscribed and Paid up :				
Fully paid up Equity shares of ₹ 10 each	987,459,000	987.46	987,459,000	987.46
Total	987,459,000	987.46	987,459,000	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	598,767,680	60.64%	648,168,218	65.64%
Life Insurance Corporation of India	86,490,414	8.76%	30,877,781	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)(viiia) 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

NOTES TO ACCOUNTS

(₹ in Crores)

Particulars	As at 31.03.2016		As at 31.03.2015	
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)(vii) 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).

NOTES TO ACCOUNTS

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	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. 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)	138,789.43	23,967.02	131,168.32	19,121.80
Total Long-Term Debt (Non-Current + Current)	162,756.45		150,290.12	

NOTES TO ACCOUNTS

3.1 Details of Long-term Debt :

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 Institutional Bonds				
123-III B Series	1,955.00	-	1,955.00	-
9.34% Redeemable at par on 23.08.2024				
123-I Series	1,515.00	-	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 18.11.2019				
90-C-II Series	1,040.00	-	1,040.00	-
8.80% Redeemable at par on 07.10.2019				
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	-	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 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				

NOTES TO ACCOUNTS

(₹ in Crores)

Particulars	As at 31.03.2016		As at 31.03.2015	
	Non-Current	Current	Non-Current	Current
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
3.1.1.3 Tax Free Bonds				
Series 2015-16 Tranche 1	700.00	-	-	-
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				
Series 2015-16 Series 5A	300.00	-	-	-
7.17% Redeemable at par on 23.07.2025				

NOTES TO ACCOUNTS

(₹ in Crores)

Particulars	As at 31.03.2016		As at 31.03.2015	
	Non-Current	Current	Non-Current	Current
Series 2013-14 Tranche 2	1,059.40	-	1,059.40	-
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				
Series 2013-14 Series 4A & 4B	150.00	-	150.00	-
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	3,440.60	-	3,440.60	-
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				
Series 2013-14 Series 3A & 3B	1,350.00	-	1,350.00	-
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	-	131.06	-
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	2,017.35	-	2,017.35	-
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				
Series 2012-13 Series 2A & 2B	500.00	-	500.00	-
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	-	3,000.00	-
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				
Total - Tax Free Bonds	12,648.41	-	11,648.41	-
3.1.2 Term Loans				
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

NOTES TO ACCOUNTS

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				
111-I Series	452.80	-	452.80	-
9.02% Redeemable at par on 19.11.2019				

NOTES TO ACCOUNTS

(₹ in Crores)

Particulars	As at 31.03.2016		As at 31.03.2015	
	Non-Current	Current	Non-Current	Current
126th Series	1,700.00	-	1,700.00	-
8.56% Redeemable at par on 13.11.2019				
125th Series	3,000.00	-	3,000.00	-
9.04% Redeemable at par on 11.10.2019				
108-II Series	960.00	-	960.00	-
9.39% Redeemable at par on 20.07.2019				
95-I Series	200.00	-	200.00	-
8.70% Redeemable at par on 12.07.2019				
137th Series	2,225.00	-	-	-
8.05% Redeemable at par on 07.12.2018				
112th Series	1,500.00	-	1,500.00	-
8.70% Redeemable at par on 01.02.2018				
109th Series	1,734.70	-	1,734.70	-
9.25% Redeemable at par on 28.08.2017				
108-I Series	2,125.00	-	2,125.00	-
9.40% Redeemable at par on 20.07.2017				
138th Series	-	2,895.00	-	-
8.28% Redeemable at par on 04.03.2017				
106th Series	-	1,500.00	1,500.00	-
9.28% Redeemable at par on 15.02.2017				
103-I Series	-	50.00	50.00	-
9.35% Redeemable at par on 19.10.2016				
102nd Series	-	2,216.20	2,216.20	-
9.38% Redeemable at par on 06.09.2016				
101-II Series	-	394.60	394.60	-
9.45% Redeemable at par on 10.08.2016				
Total - Institutional Bonds	66,184.40	7,055.80	57,714.20	-
3.2.1.2 Infrastructure Bonds				
Series-II (2011-12)	29.51	128.08	157.59	-
Redeemable at par. Refer Note 3.6				
Series-I (2010-11)	5.39	79.41	5.39	213.34
Redeemable at par. Refer Note 3.6				
Total - Infrastructure Bonds	34.90	207.49	162.98	213.34
3.2.1.3 Zero Coupon Bonds				
ZCB - Series II	178.95	-	164.60	-
(Net of unamortised discount, 89,510 bonds with face value of ₹ 30,000 each redeemable at par on 03.02.2021)				
ZCB - Series I	811.69	-	749.88	-
(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	990.64	-	914.48	-
3.2.2 Term Loans				
3.2.2.1 Term Loans from Banks				
- Bank of Maharashtra	-	-	-	125.00

NOTES TO ACCOUNTS

(₹ in Crores)

Particulars	As at 31.03.2016		As at 31.03.2015	
	Non-Current	Current	Non-Current	Current
3.2.2.2 Loan from Govt. of India	-	-	-	3.07
Total - Term Loans	-	-	-	128.07
3.2.3 Other Loans & Advances				
3.2.3.1 Foreign Currency Borrowings				
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				

NOTES TO ACCOUNTS

(₹ in Crores)

Particulars	As at 31.03.2016		As at 31.03.2015	
	Non-Current	Current	Non-Current	Current
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 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-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.

NOTES TO ACCOUNTS

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)

Particulars	(₹ in Crores)	
	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

Particulars	(₹ in Crores)	
	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

NOTES TO ACCOUNTS

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	-	-	-	-

NOTES TO ACCOUNTS

(₹ in Crores)

Provision for	Opening Balance	Additions during the Year	Paid/ Adjusted during the Year	Closing Balance
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

NOTES TO ACCOUNTS

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 :-

Particulars	(₹ in Crores)	
	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 Yojana (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:

Particulars	(₹ in Crores)	
	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

NOTES TO ACCOUNTS

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 31.03.2015
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	-	1.21	1.23
Buildings	33.71	0.04	0.58	33.17	7.29	0.47	-	25.41	26.42
Furniture & Fixtures	7.05	0.26	0.28	7.03	4.58	0.57	0.23	2.11	2.47
Vehicles	0.46	-	0.03	0.43	0.22	0.04	0.02	0.19	0.24
EDP Equipments	16.62	1.22	0.85	16.99	11.29	2.43	0.62	3.89	5.33
Office Equipments	6.32	4.05	0.43	9.94	4.26	1.39	0.11	4.40	2.06
Total	100.36	51.49	2.22	149.63	27.86	4.92	0.98	117.83	72.50
Previous year	93.68	9.95	3.27	100.36	24.01	5.73	1.88	72.50	
Intangible Assets									
Computer Software	6.97	0.01	0.01	6.97	5.54	0.53	0.01	6.06	1.43
Total	6.97	0.01	0.01	6.97	5.54	0.53	0.01	6.06	1.43
Previous year	6.96	0.01	-	6.97	4.51	1.03	-	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.

NOTES TO ACCOUNTS

10. 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				
(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) Current Investments				
(A) Investment in Equity Instruments				
- Lanco Teesta Hydro Power Limited	10,20,00,000	102.00	-	-
Equity shares of ₹10 each, fully paid up				

NOTES TO ACCOUNTS

(₹ in Crores)

Particulars	As at 31.03.2016		As at 31.03.2015	
	Number	Amount	Number	Amount
(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%)

NOTES TO ACCOUNTS

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

NOTES TO ACCOUNTS

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/Corp. (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.

NOTES TO ACCOUNTS

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 ₹ 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 31st 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 31st 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 amounting to ₹ 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 ₹ 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 Significant Accounting Policy 2.3(iv).

NOTES TO ACCOUNTS

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 February, 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

Particulars	(₹ in Crores)	
	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

Particulars	(₹ in Crores)	
	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.

NOTES TO ACCOUNTS

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	

NOTES TO ACCOUNTS

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

NOTES TO ACCOUNTS

		(₹ in Crores)	
Particulars	Year ended 31.03.2016	Year ended 31.03.2015	
- 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 31 st March, 2016			Year ended 31 st 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.

NOTES TO ACCOUNTS

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:

NOTES TO ACCOUNTS

(₹ 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

NOTES TO ACCOUNTS

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

NOTES TO ACCOUNTS

(₹ 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
(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	1335.38	490.40
(b) Additions during the year	2910.13	844.98
(c) Reductions during the year	1.94	-
(d) Closing balance	4243.57	1335.38
(iii) Movement of NPAs (Net)		
(a) Opening balance	969.93	353.54
(b) Additions during the year	2262.31	616.39
(c) Reductions during the year	1.94	-
(d) Closing balance	3230.30	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	1013.27	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).

NOTES TO ACCOUNTS

30.2 Exposure to Capital Market

Particulars	(₹ in Crores)	
	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 adherence 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.

NOTES TO ACCOUNTS

35. Government of India has launched Deen Dayal Upadhyaya Gram Jyoti Yojana (DDUGJY) with the following components:
- Separation of agriculture and non-agriculture feeders facilitating judicious rostering of supply to agriculture & non-agriculture consumers in the rural areas;
 - Strengthening and augmentation of sub-transmission & distribution infrastructure in rural areas, including metering of distribution transformers/feeders/consumers
 - 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

Particulars	(₹ in Crores)	
	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 within 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

- Credit Risk** - Credit risk is the risk of loss due to counterparty's failure to perform on an obligation to the Company.
- 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 volatility of these factors.

NOTES TO ACCOUNTS

- (iii) **Liquidity Risk** - Liquidity risk is the risk of loss due to failure of the institution to meet its funding requirements 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 occurring 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 31 st March, 2016	66.3329	0.5906	75.0955	68.9249
As at 31 st March, 2015	62.5908	0.5211	67.5104	64.2719

NOTES TO ACCOUNTS

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 :

Particulars	(₹ in Crores)	
	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

NOTES TO ACCOUNTS

Details of Transactions with the related parties :

Particulars	(₹ in Crores)	
	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:

NOTES TO ACCOUNTS

(₹ 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

NOTES TO ACCOUNTS

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)					
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

NOTES TO ACCOUNTS

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 draws 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 draws 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 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	-	-

NOTES TO ACCOUNTS

(₹ 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.

For and on behalf of the Board

J.S. Amitabh
GM & Company Secretary

Ajeet Kumar Agarwal
Director (Finance)
DIN - 02231613

Rajeev Sharma
Chairman and Managing Director
DIN - 00973413

In terms of our Report of even date

For Raj Har Gopal & Co.
Chartered Accountants
Firm Reg. No.: 002074N

For A.R. & Co.
Chartered Accountants
Firm Reg. No.: 002744C

Place: New Delhi
Date: 27th May, 2016

Gopal Krishan
Partner
M.No. : 081085

Pawan K. Goel
Partner
M.No. : 072209

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2016

(₹ in Crores)

Particulars	Year Ended 31.03.2016	Year Ended 31.03.2015
A. Cash Flow from Operating Activities :		
Net Profit before Tax	8,045.21	7,427.04
Adjustments for:		
1. Profit (-) / Loss on Sale of Fixed Assets	0.38	0.09
2. Depreciation & Amortization	5.45	6.76
3. Provisions and Contingencies	1,089.85	802.96
4. Interest on Commercial Paper	285.91	300.03
5. Excess Provision written back	-0.07	-
6. Profit on sale/redemption of investments	-12.29	-
7. Loss/ Gain(-) on Exchange Rate fluctuation	666.13	259.99
8. Dividend from Subsidiary Co.	-10.01	-0.35
9. Dividend from Investments	-3.05	-3.63
10. Interest on Long-term Investments/ Govt. Securities	-85.97	-149.18
11. Provision made for Interest on Advance Income Tax	-	1.38
12. Discount on Bonds written off	3.99	4.83
13. Interest Accrued on Zero Coupon Bonds	76.17	70.39
Operating Profit Before Changes In Operating Assets & Liabilities	10,061.70	8,720.31
Increase / Decrease :		
1. Loan Assets	-21,733.35	-31,005.84
2. Other Operating Assets	27.89	-366.08
3. Operating Liabilities	936.54	944.51
Cash flow from Operations	-10,707.22	-21,707.10
1. Income Tax Paid (including TDS)	-2,539.74	-2,284.67
2. Income Tax refund	42.00	-
Net Cash Flow from Operating Activities	-13,204.96	-23,991.77
B. Cash Flow from Investing Activities		
1. Sale of Fixed Assets	0.86	0.18
2. Purchase of Fixed Assets (incl. CWIP, Intangible Assets under development & Capital Advances)	-104.63	-7.64
3. Investment in shares of Energy Efficiency Services Ltd. (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. Redemption of 8% Government of Madhya Pradesh Power Bonds-II	94.32	94.32
8. Sale of Long-term Investments	762.53	-
9. Profit on sale/redemption of investments	12.29	-
10. Interest on Long-term Investments/ Govt. Securities	106.05	154.10
11. Dividend from Subsidiary Co.	10.01	0.35

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2016

(₹ in Crores)

Particulars	Year Ended 31.03.2016		Year Ended 31.03.2015	
12. Dividend from Investments	3.05		3.63	
Net Cash Flow from Investing Activities		-739.52		244.94
C. Cash Flow from Financing Activities				
1. Issue of Bonds (Net of redemptions)	14,972.72		21,806.74	
2. Raising of Term Loans/ STL from Banks/ Fls (Net of repayments)	-459.07		-955.40	
3. Raising of Foreign Currency Loan (Net of redemptions)	-2,607.56		6,344.25	
4. Funds received from GOI for further disbursement as Subsidy/ Grant including interest (Net of refund)	4,436.52		3,421.17	
5. Disbursement of grants	-4,691.45		-3,639.69	
6. Repayment of Govt. Loan	-3.07		-4.86	
7. Payment of Final Dividend	-266.61		-172.81	
8. Payment of Interim Dividend	-1,184.95		-789.97	
9. Payment of Corporate Dividend Tax	-293.47		-187.26	
10. Premium on issue of securities	0.28		-	
11. Issue of Commercial Paper (Net of repayments)	5,246.79		-2,745.74	
Net Cash flow from Financing Activities		15,150.13		23,076.43
Net Increase/Decrease in Cash & Cash Equivalents		1,205.65		-670.40
Cash & Cash Equivalents as at the beginning of the year		522.54		1,192.94
Cash & Cash Equivalents as at the end of the year		1,728.19		522.54
Components of Cash & Cash Equivalents as at end of the year are:				
- Balances with Banks in:				
- Accounts with RBI and other banks		923.68		131.69
- Undisbursed DDUGJY, AG&SP, NEF and Other Grants #		34.17		54.94
- Unpaid Dividend Accounts #		2.73		2.62
- Short-term Deposits with Scheduled Banks		767.61		333.29
Total Cash & Cash Equivalents		1,728.19		522.54

These balances are not available for free use by the Company as they represent earmarked balances held in respective grant accounts, balances in public issue account and unpaid dividends.

Further, Balances with Banks include ₹ 1.77 Crores (Previous year ₹ 2.15 Crores) set aside for grants disbursement and Short-term Deposits with Scheduled Banks include ₹ 2.14 Crores (Previous year ₹ 236.19 Crores) earmarked towards DDUGJY grant and not available for free use by the Company.

Note : Previous year figures have been rearranged and regrouped wherever necessary.

For and on behalf of the Board

J.S. Amitabh
GM & Company Secretary

Ajeet Kumar Agarwal
Director (Finance)
DIN - 02231613

Rajeev Sharma
Chairman and Managing Director
DIN - 00973413

In terms of our Report of even date

For Raj Har Gopal & Co.
Chartered Accountants
Firm Reg. No.: 002074N

For A.R. & Co.
Chartered Accountants
Firm Reg. No.: 002744C

Place: New Delhi
Date: 27th May, 2016

Gopal Krishan
Partner
M.No. : 081085

Pawan K. Goel
Partner
M.No. : 072209

ANNEXURE TO BE ENCLOSED WITH BALANCE SHEET AS AT 31ST MARCH, 2016**(AS PRESCRIBED BY RESERVE BANK OF INDIA)****(Particulars as required in terms of Paragraph 13 of Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015, in so far as they are applicable to Rural Electrification Corporation Ltd.)**

(₹ In Crores)

Particulars	Amount Outstanding	Amount Overdue
LIABILITIES SIDE:		
(1) Loans and advances availed by the NBFC inclusive of interest accrued thereon but not paid:		
(a) Debentures/ Bonds :		
- Secured	65,259.50	-
- Unsecured	74,473.23	-
(b) Deferred Credits	-	-
(c) Term Loans		
- from Govt. of India	-	-
- from Financial Institutions	1,100.00	-
- from Banks	-	-
(d) Inter-corporate Loans and Borrowing	-	-
(e) Commercial Paper	5,600.00	-
(f) Other Loans		
- Foreign Currency Borrowings	21,923.72	-
- Overdrafts from Bank	-	-
- Loans Repayable on Demand from Banks & FIs	749.93	-

(₹ In Crores)

Particulars	Amount Outstanding
ASSETS SIDE :	
(2) Break-up of Loans and Advances including bills receivables	
(a) Secured	1,54,217.02
(b) Unsecured	46,172.47
(3) INVESTMENTS :	
Current Investments:	
Unquoted:	
(i) Shares : Equity	102.00
Long Term Investments:	
Quoted:	
(i) Debentures and Bonds	1,500.00
Unquoted:	
(i) Shares : (a) Equity	64.85
(b) Preference	-
(ii) Debentures and Bonds	380.50
(iii) Units of mutual funds	6.15
(iv) Government Securities	330.12
(v) Share Application Money pending allotment	99.00

(4) Borrower Group-wise classification of assets financed in (2) above :

(₹ In Crores)

Category	AMOUNT NET OF PROVISIONS		
	Secured	Unsecured	Total
1. Related Parties			
(a) Subsidiaries	-	0.95	0.95
(b) Companies in the same Group	-	-	-
(c) Other related Parties	0.02	0.81	0.83
2. Other than Related Parties	1,54,217.00	46,170.71	2,00,387.71
Total	1,54,217.02	46,172.47	2,00,389.49

(5) Investor group-wise classification of investments (current and long term) in shares and securities (both quoted and unquoted) :

(₹ In Crores)

Category	Market Value / Break up or fair value or NAV	Book Value (Net of Provisions)
1. Related Parties		
(a) Subsidiaries	0.10	0.10
(b) Companies in the same Group	-	-
(c) Other related Parties	146.50	146.50
2. Other than Related Parties	2,320.17	2,320.02
Total	2,466.77	2,466.62

(6) Other Information

(₹ In Crores)

Particulars	Amount
(i) Gross Non-Performing Assets	
(a) Related Parties	-
(b) Other than related Parties	4,243.57
(ii) Net Non-Performing Assets	
(a) Related Parties	-
(b) Other than related Parties	3,230.30
(iii) Asset acquired in satisfaction of debts	-

For and on behalf of the Board

J.S. Amitabh
GM & Company Secretary

Ajeet Kumar Agarwal
Director (Finance)
DIN - 02231613

Rajeev Sharma
Chairman and Managing Director
DIN - 00973413

In terms of our Report of even date

For Raj Har Gopal & Co.
Chartered Accountants
Firm Reg. No.: 002074N

For A.R. & Co.
Chartered Accountants
Firm Reg. No.: 002744C

Place: New Delhi
Date: 27th May, 2016

Gopal Krishan
Partner
M.No. : 081085

Pawan K. Goel
Partner
M.No. : 072209

INDEPENDENT AUDITORS' REPORT

To,
The Members,
Rural Electrification Corporation Limited
New Delhi

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Rural Electrification Corporation Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and MCA General Circular No. 15/2013 dated 13th September, 2013. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) In the case of Balance Sheet, of the state of affairs of the Company as at 31st March, 2016,
- (b) In the case of Statement of Profit & Loss, of the profit for the year ended on that date,
- (c) In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

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.

Our opinion is not modified in respect of above matter.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the Annexure-A, a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. We are enclosing our report in terms of Section 143 (5) of the Act, on the basis of such checks of the books and records of the Company as we have considered appropriate and according to the information and explanations given to us, in Annexure B on the directions and sub-directions issued by Comptroller and Auditor General of India.
3. As required by section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and MCA General Circular No. 15/2013 dated 13th September, 2013.
 - (e) Vide Notification No. G.S.R. 463(E) dated 5th June, 2015 issued by Ministry of Corporate Affairs, Government Companies have been exempted from applicability of the provisions of Section 164(2) of the Companies Act, 2013.
 - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure-C"; and
 - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - (i) The Company has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Note 24.1 to the financial statements;
 - (ii) The Company does not have any such long-term contracts including derivative contracts for which there are any material foreseeable losses;
 - (iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For Raj Har Gopal & Co.

Chartered Accountants
Firm Regn. No. 002074N

Gopal Krishan

Partner
M. No. 081085

Place : New Delhi
Date : 27th May, 2016

For A.R. & Co.

Chartered Accountants
Firm Regn. No. 002744C

Pawan K Goel

Partner
M. No. 072209

ANNEXURE-A TO THE INDEPENDENT AUDITOR'S REPORT

Referred to in Paragraph 1 under 'Report on Other Legal and Regulatory Requirements' Section of Our Report of Even Date on the Accounts of Rural Electrification Corporation Limited for the Year ended on 31st March, 2016

- (I) (a) The Company has maintained fixed assets records to show full particulars including quantitative details and situation of its fixed assets.
- (b) According to the information and explanations given to us, the company has the policy of verifying the fixed assets in a phased manner but the physical verification of IT assets has not been completed during the year. Discrepancies arising from such physical verification have been suitably accounted for in the books of accounts. In our opinion, the periodicity of physical verification is reasonable having regard to the size of the company and the nature of its assets.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company except for the following:

(₹ in Crores)

Particulars	No. of cases	Gross Block	Net Block	Remarks
Freehold Land	1	45.92	45.92	Conveyance Deed by Haryana Urban Development Authority is yet to be executed.
Building	1	4.59	2.39	Conveyance Deed by Standing Committee of Public Enterprises is yet to be executed.

- (II) The company being Non Banking Financial Company (NBFC), does not have any inventory; as such this clause is not applicable.
- (III) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to any Companies, firms or other parties covered in register maintained under section 189 of the Companies Act, 2013. Accordingly, clause 3(iii) (a), (b) and (c) of the Order are not applicable.
- (IV) In our opinion and according to information & explanations given to us, the Company, being NBFC, is exempt from the provisions of Section 185 and 186 of the Act, and the relevant rules in respect of loans and guarantees. Further, in respect of the investments, the Company has complied with the provisions of section 185 and 186 of the Act.
- (V) According to the information and explanations given to us, the Company has not accepted any deposits from public to which the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the Rules framed thereunder, apply.
- (VI) To the best of our knowledge and as explained, the Central Government has not prescribed the maintenance of cost records for the products/services of the Company under Companies (Cost Records and Audit) Rules, 2014, read with Companies (Cost Records and Audit) Amendment Rules, 2014 prescribed by the Central Government under Section 148 of the Companies Act, 2013. Accordingly, this clause of the order is not applicable to the Company.
- (VII) (a) The Company is generally regular in depositing undisputed statutory dues including Provident Fund, employees' State Insurance, Income-tax, Sales-tax, Service Tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues to the appropriate authorities. There were no undisputed statutory dues in arrears as at 31st March, 2016 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, the disputed statutory dues aggregating to ₹ 0.96 crores have not been deposited on account of matters pending before appropriate authorities as detailed below:

(₹ in Crores)

Name of Statute	Nature of Dues	Amount Disputed	Amount paid/ refund adjusted	Net Amount Unpaid	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax and Interest	22.35	22.35	-	AY 2005-06, AY 2006-07, AY 2008-09 to AY 2011-12	Income Tax Appellate Tribunal, Delhi
Income Tax Act, 1961	Income Tax and Interest	12.08	12.08	-	AY 2012-13, AY 2013-14	Commissioner of Income Tax (Appeals), Delhi
Income Tax Act, 1961	Fringe Benefit Tax	0.48	-	0.48	AY 2008-09	Commissioner of Income Tax (Appeals), Delhi
Income Tax Act, 1961	Tax Deducted at Source	0.12	-	0.12	FY 2007-08 to FY 2015-16	CPC, TDS
Chapter V of Finance Act, 1994	Service Tax, Penal Interest u/s 73(4A)	0.36	-	0.36	FY 2008-09 to 2011-12	Commissioner of Service Tax (LTU), Delhi
	Total	35.39	34.43	0.96		

- (VIII) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the company has not defaulted in repayment of loans or borrowing to a financial institution, bank, government or dues to debenture holders as at the Balance Sheet date.
- (IX) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has utilized the money raised by way of public offer of debt instruments during the year for the purposes for which they were raised. Further, no moneys were raised during the year through further public offer or term loans.
- (X) According to the information and explanations given to us and on the basis of our examination of the records of the Company, no fraud by the company or any fraud on the company by its officers or employees has been noticed or reported during the year.
- (XI) According to the information and explanations given to us, Central Government has exempted the Government Companies from the provisions of Section 197. Accordingly, this clause of the Order is not applicable to the Company.
- (XII) According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, this clause of the Order is not applicable to the Company.
- (XIII) According to the information and explanations given to us and on the basis of our examination of the records of the Company, transactions with the related parties are in compliance with section 177 and 188 of the Act where applicable and the necessary disclosures have been made in the financial statements etc., as required by the applicable accounting standards.
- (XIV) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- (XV) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, this clause of the Order is not applicable.
- (XVI) According to the information and explanations given to us and based on our examination of the records of the Company, the Company, being a NBFC, is required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. The registration as required has been duly obtained and registration number issued to the Company is 14.000011.

For Raj Har Gopal & Co.

Chartered Accountants
Firm Regn. No. 002074N

Gopal Krishan

Partner
M. No. 081085

Place : New Delhi
Date : 27th May, 2016

For A.R. & Co.

Chartered Accountants
Firm Regn. No. 002744C

Pawan K Goel

Partner
M. No. 072209

ANNEXURE-B TO THE INDEPENDENT AUDITOR'S REPORT

Referred to in Paragraph 2 under 'Report on Other Legal and Regulatory Requirements' Section of Our Report of Even Date on the Accounts of Rural Electrification Corporation Limited for the Year ended on 31st March, 2016

Sl. No.	Directions/ Sub-Directions	Action Taken	Impact on Financial Statements
A. Directions			
1.	Whether the company has clear title/ lease deeds for freehold and leasehold land respectively? If not, please state the area of freehold and leasehold land for which title/ lease deeds are not available.	The company has clear title/ lease deeds for freehold and leasehold land respectively. However, the formalities regarding registration of conveyance deed in respect of one freehold residential plot of land allotted to the Company amounting to ₹ 45.92 Crores and measuring 39,770 Sq. Mtrs. and one Land & Building amounting to ₹ 4.59 Crores and measuring 5,911.69 Sq. Mtrs. are yet to be executed.	The impact has already been mentioned in the 'Action Taken' column, which is not material.
2.	Whether there are any cases of waiver/ write off of debts/ loans/ interest etc. If yes, the reasons therefore and amount involved.	Delayed interest/ penal interest amounting to ₹ 11.50 Crores has been waived off after the approval of the competent authority, including ₹ 11.42 Crores waived in pursuance of Ujwal DISCOM Assurance Yojana (UDAY) launched by Ministry of Power (MoP). Further, no prepayment charge has been levied on the DISCOM debt so prepaid under the said scheme. Further, considering the practical problems being faced by the borrowers in submission and adherence 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. An amount of ₹ 2.30 Crores incurred in respect of Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY) scheme without appropriate sanction of Ministry of Power and booked as recoverable in the books of accounts has also been written off with the approval of the Competent Authority in view of the amount pending outstanding since long period.	The impact has already been mentioned in the 'Action Taken' column, which is not material.
3.	Whether proper records are maintained for inventories lying with third parties and assets received as gift/ grant(s) from the Government or other authorities.	The Company, being an NBFC, the clause with respect to inventories lying with third parties and assets received as gifts from Govt. and other authorities is not applicable.	NIL
B. Sub-Directions			
1.	In respect of provisioning requirements of all restructured, rescheduled or renegotiated loan, whether a system of periodical assessment of realizable value of securities available against all such loans is in place and adequate provision has been created during the year?	The company is following a system of periodical assessment of realizable value of securities available against all restructured, rescheduled or renegotiated loan based upon management assessment and review/progress report of lenders engineers, lenders financial advisor and project monitoring group. In our opinion the system of company needs improvement to be commensurate with the size and nature of its business. However, adequate provision as per significant accounting policies of the company has been created during the year on all such loans.	NIL

For Raj Har Gopal & Co.
Chartered Accountants
Firm Regn. No. 002074N

Gopal Krishan
Partner
M. No. 081085

Place : New Delhi
Date : 27th May, 2016

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

Pawan K Goel
Partner
M. No. 072209

ANNEXURE-C TO THE INDEPENDENT AUDITOR'S REPORT

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Act

We have audited the internal financial controls over financial reporting of the Company as of 31st March, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls 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 ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that:

- (1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
- (3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

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.

We have considered the areas of improvement identified which needs further strengthening as reported above in determining the nature, timing, and extent of audit tests applied in our audit of the March 31, 2016 standalone financial statements of the Company. However, these areas of improvement do not affect our opinion on the standalone financial statements of the Company.

For Raj Har Gopal & Co.

Chartered Accountants
Firm Regn. No. 002074N

Gopal Krishan

Partner
M. No. 081085

For A.R. & Co.

Chartered Accountants
Firm Regn. No. 002744C

Pawan K Goel

Partner
M. No. 072209

Place : New Delhi

Date : 27th May, 2016

NON-BANKING FINANCIAL COMPANIES AUDITORS' REPORT FOR THE YEAR ENDED 31ST MARCH 2016

The Board of Directors,
Rural Electrification Corporation Limited,
Core-4, SCOPE Complex,
7, Lodhi Road
New Delhi – 110003

As required by the Non-Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 2008 issued by Reserve Bank of India (RBI) on the matters specified in Para 3 and 4 of the said Directions to the extent applicable to the Rural Electrification Corporation Limited (REC) and according to the information and explanations given to us for the purpose of audit, we report that:

1. The Company had applied for registration as provided in section 45-IA of the Reserve Bank of India Act, 1934 (2 of 1934) and has been granted certificate of registration by Reserve Bank of India on 10th February, 1998 having Registration No. 14.000011. RBI issued Certificate dated 17th September, 2010 in lieu of earlier certificate having categorized REC as an Infrastructure Finance Company in terms of instructions contained in RBI Circular CC No. 168 dated 12th February, 2010. Further, that company is entitled to continue to hold such registration in terms of its asset/income pattern as on 31st March, 2016.
2. As per Para 2 (v) of RBI Circular No. DNBR (PD) CC.No.052/03.10.119/2015-16 dated 1st July, 2015, Sections 45-IB and 45-IC of the Reserve Bank of India Act, 1934 on Maintenance of Percentage of Assets and Reserve Fund; paragraphs 4 to 7 of the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998 and Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1998 (since repealed by Prudential Norms Directions Notification No 192 dated February 22, 2007), except paragraph 13A of the said directions relating to submission of information to Reserve Bank in regard to change of address, directors, auditors, etc. shall not apply to any non-banking financial company as defined in Section 45-I(f) of the Reserve Bank of India Act, 1934 (2 of 1934) being a Government Company as defined in Section 617 of the Companies Act, 1956.
3. According to the information and explanations given to us, the RBI Directions as to deposits are not applicable to the Company. Therefore, the Board of Directors of the Company has not passed a resolution for non acceptance of any public deposits.
4. The Company has not accepted any public deposits during the year 2015-16.
5. As per RBI's Master Circular dated 1st July, 2015, REC, being a Government Company, continues to be exempt from the applicability of "Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015". Further, RBI, vide letters dated 25th July, 2013 and 4th April, 2014, has conveyed to REC to comply with the prudential norms of RBI by 31st March, 2016. Regarding restructuring of assets, RBI vide its letter dated 11th June, 2014 has allowed exemption to the Company from RBI restructuring norms till 31st March, 2017 for Transmission & Distribution, Renovation & Modernisation and Life Extension projects and also the Hydro projects in Himalayan region or affected by natural disasters. Further for new project loans to generating companies restructured w.e.f 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. Further, RBI vide letter dated 5th October, 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.

For the financial year ended 31st March, 2016, the Company has complied with the prudential norms relating to income recognition, accounting standards, asset classification and provisioning for bad and doubtful debts as applicable to it in terms of "Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015" subject to the exemptions granted to the Company as above.
6. In terms of RBI Circular No. DNBS.PD/ CC.No. 93/03.05.002 /2006-07 dated 27th April, 2007, REC being a Government Company, is exempt from submitting NBS-7 to the Reserve Bank of India. Being an Infrastructure Finance Company (IFC), the Company is required to maintain a Capital to Risk Weighted Assets Ratio (CRAR) of 15% (with a minimum Tier I Capital of 10%). According to the information and explanation given to us, the Company is in compliance with the minimum CRAR prescribed.

For Raj Har Gopal & Co.
Chartered Accountants
Firm Regn. No. 002074N

Gopal Krishan
Partner
M. No. 081085

Place : New Delhi
Date : 27th May, 2016

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

Pawan K Goel
Partner
M. No. 072209

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF RURAL ELECTRIFICATION CORPORATION LIMITED FOR THE YEAR ENDED 31 MARCH 2016

The preparation of financial statements of Rural Electrification Corporation Limited for the year ended 31 March 2016 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the Management of the Company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 139(5) of the Act are responsible for expressing opinion on the financial statements under Section 143 of the Act based on independent audit in accordance with the Standards on Auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 27 May 2016.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under Section 143(6)(a) of the Act of the financial statements of Rural Electrification Corporation Limited for the year ended 31 March 2016. This supplementary audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to inquiries of the Statutory Auditors and Company personnel and a selective examination of some of the accounting records. On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditors' report.

For and on the behalf of the
Comptroller & Auditor General of India

(Ritika Bhatia)

Principal Director of Commercial Audit &
Ex-officio Member, Audit Board-III, New Delhi

Place : New Delhi
Dated: 22 July 2016

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2016

(₹ in Crores)

Particulars	Note No.	As at 31.03.2016	As at 31.03.2015
I. EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
(a) Share Capital	2	987.46	987.46
(b) Reserves and Surplus	3	27,905.94	24,085.12
Sub-total (1)		28,893.40	25,072.58
(2) Non-current Liabilities			
(a) Long-term Borrowings	4	138,783.85	131,123.26
(b) Deferred Tax Liabilities (Net)	5	47.54	105.80
(c) Other Long-term Liabilities	6	10.09	36.18
(d) Long-term Provisions	7	1,295.46	1,007.39
Sub-total (2)		140,136.94	132,272.63
(3) Current Liabilities			
(a) Short-term Borrowings	8	6,460.77	734.00
(b) Trade Payables	9	118.69	30.83
(c) Other current liabilities	10	30,476.70	24,887.16
(d) Short-term Provisions	7	858.42	458.71
Sub-total (3)		37,914.58	26,110.70
Total (1+2+3)		206,944.92	183,455.91
II. ASSETS			
(1) Non-current Assets			
(a) Fixed assets	11		
(i) Tangible Assets		253.05	108.50
(ii) Intangible Assets		1.03	1.47
(iii) Capital work-in-progress		76.84	9.81
(iv) Intangible Assets under Development		1.21	-
		332.13	119.78
(b) Non-current Investments	12	2,202.14	1,157.21
(c) Long-term Loans & Advances	13	157,796.82	164,215.25
(d) Other Non-current Assets	14	109.26	85.11
Sub-total (1)		160,440.35	165,577.35
(2) Current Assets			
(a) Current Investments	12	149.41	438.81
(b) Inventories	15	66.79	-
(c) Trade Receivables	16	231.89	120.28
(d) Cash & Bank Balances	17	1,864.08	645.71
(e) Short-term Loans & Advances	18	809.24	1,100.45
(f) Other Current Assets	19	43,383.16	15,573.31
Sub-total (2)		46,504.57	17,878.56
Total (1+2)		206,944.92	183,455.91

The Significant Accounting Policies and Notes to Accounts 1 to 60 are an integral part of these financial statements.

For and on behalf of the Board

J.S. Amitabh
GM & Company Secretary

Ajeet Kumar Agarwal
Director (Finance)
DIN - 02231613

Rajeev Sharma
Chairman and Managing Director
DIN - 00973413

In terms of our Report of even date

For Raj Har Gopal & Co.
Chartered Accountants
Firm Reg. No.: 002074N

For A.R. & Co.
Chartered Accountants
Firm Reg. No.: 002744C

Place: New Delhi
Date: 27th May, 2016

Gopal Krishan
Partner
M.No. : 081085

Priyanshu Jain
Partner
M.No. : 530262

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH 2016

(₹ in Crores)

Particulars	Note No.	Year ended 31.03.2016	Year ended 31.03.2015
I. Revenue from Operations	20	24,012.88	20,384.34
II. Other Income	21	117.05	165.55
III. Total Revenue (I+II)		24,129.93	20,549.89
IV. Expenses			
(i) Finance Costs	22	14,282.35	11,839.59
(ii) Employee Benefits Expense	23	143.19	136.75
(iii) Depreciation & Amortization	11	19.67	8.32
(iv) Corporate Social Responsibility Expenses	24	120.29	102.07
(v) Other Expenses	25	355.57	104.10
(vi) Provisions and Contingencies	26	1,096.18	806.18
(vii) Purchases of Stock-in-Trade		32.42	0.44
(viii) Changes in inventories of Stock-in-Trade & Work-in-Progress	27	-66.79	-
Total Expenses (IV)		15,982.88	12,997.45
V. Profit before Prior Period Items & Tax (III-IV)		8,147.05	7,552.44
VI. Prior Period Items	28	0.39	0.10
VII. Profit before Tax (V-VI)		8,146.66	7,552.34
VIII. Tax Expense :			
(i) Current Year		2,516.85	2,273.93
(ii) Earlier Years/ (Refunds)		(2.77)	0.75
(iii) Deferred Tax		(58.84)	(66.76)
Total Tax Expense (i+ii+iii)		2,455.24	2,207.92
IX. Profit for the year from Continuing Operations (VII-VIII)		5,691.42	5,344.42
X. Profit from Discontinuing Operations (after tax)		-	-
XI. Profit for the year (IX+X)		5,691.42	5,344.42
XII. Earnings per Equity Share (in ₹ for an equity share of ₹ 10 each)			
(1) Basic	29	57.64	54.12
(2) Diluted	29	57.64	54.12

The Significant Accounting Policies and Notes to Accounts 1 to 60 are an integral part of these financial statements.

For and on behalf of the Board

J.S. Amitabh
GM & Company Secretary

Ajeet Kumar Agarwal
Director (Finance)
DIN - 02231613

Rajeev Sharma
Chairman and Managing Director
DIN - 00973413

In terms of our Report of even date

For Raj Har Gopal & Co.
Chartered Accountants
Firm Reg. No.: 002074N

For A.R. & Co.
Chartered Accountants
Firm Reg. No.: 002744C

Place: New Delhi
Date: 27th May, 2016

Gopal Krishan
Partner
M.No. : 081085

Priyanshu Jain
Partner
M.No. : 530262

CONSOLIDATED SIGNIFICANT ACCOUNTING POLICIES

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.

CONSOLIDATED SIGNIFICANT ACCOUNTING POLICIES

- (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.

- (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.

In view of relaxation given by RBI vide letter dated June 11, 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.

- (ii) **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 5, 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 :-

CONSOLIDATED SIGNIFICANT ACCOUNTING POLICIES

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:	In respect of the stock of outstanding loans as on 31 st March, 2015, provisioning requirement shall be as below:
(a) 4 years in case the reason for extension of DCCO is arbitration proceedings or a court case.	• 2.75% with effect from 31 st March, 2015
(b) 3 years in case the reason for extension of DCCO is beyond the control of promoters (other than court cases).	• 3.50% with effect from 31 st March, 2016 (spread over 4 quarters of 2015-16)
	• 4.25% with effect from 31 st March, 2017 (spread over 4 quarters of 2016-17)
	• 5.00% with effect from 31 st 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 1 st 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 st March, 2015, provisioning requirement is as below:
	• 0.25% by 31 st March, 2015
	• 0.30% by 31 st March, 2016
	• 0.35% by 31 st March, 2017
	• 0.40% by 31 st 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 31 st 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 ₹ 5,000/- is provided @ 100%.

4.4. Leasehold land is amortized over the lease period.

CONSOLIDATED SIGNIFICANT ACCOUNTING POLICIES

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-5-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 ₹ 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.

CONSOLIDATED SIGNIFICANT ACCOUNTING POLICIES

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 NOTES TO ACCOUNTS

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 certified 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%

CONSOLIDATED NOTES TO ACCOUNTS

3. RESERVES AND SURPLUS

(₹ in Crores)

Particulars	As at 31.03.2016	As at 31.03.2015
	Amount	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)(viiia) 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)(viiia) 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.

CONSOLIDATED NOTES TO ACCOUNTS

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

CONSOLIDATED NOTES TO ACCOUNTS

(₹ in Crores)

Particulars	As at 31.03.2016		As at 31.03.2015	
	Non-Current	Current	Non-Current	Current
(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	

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 31.03.2016		As at 31.03.2015	
	Non-Current	Current	Non-Current	Current
4.1.1.1 Institutional Bonds				
123-IIIB Series	1,955.00	-	1,955.00	-
9.34% Redeemable at par on 23.08.2024				
123-I Series	1,515.00	-	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 18.11.2019				
90-C-II Series	1,040.00	-	1,040.00	-
8.80% Redeemable at par on 07.10.2019				
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	-	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 01.10.2018				

CONSOLIDATED NOTES TO ACCOUNTS

(₹ in Crores)

Particulars	As at 31.03.2016		As at 31.03.2015	
	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-III A 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
4.1.1.2 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

CONSOLIDATED NOTES TO ACCOUNTS

(₹ 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	696.56	-	-	-
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	-	-	-
7.17% Redeemable at par on 23.07.2025				
Series 2013-14 Tranche 2	1,057.40	-	1,057.40	-
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	-	150.00	-
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	-	3,410.60	-
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	-	1,350.00	-
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	-	131.06	-
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	-	1,982.35	-
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	-	500.00	-
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	-	3,000.00	-
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				
Total - Tax Free Bonds	12,577.97	-	11,581.41	-

CONSOLIDATED NOTES TO ACCOUNTS

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)	750.00	350.00	1,100.00	350.00
<i>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.</i>				
Total - Term Loans	750.00	350.00	1,100.00	350.00
4.2 Details of Unsecured long-term debt :				
4.2.1 Bonds				
4.2.1.1 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				

CONSOLIDATED NOTES TO ACCOUNTS

(₹ in Crores)

Particulars	As at 31.03.2016		As at 31.03.2015	
	Non-Current	Current	Non-Current	Current
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				
111-I Series	452.80	-	452.80	-
9.02% Redeemable at par on 19.11.2019				
126th Series	1,700.00	-	1,700.00	-
8.56% Redeemable at par on 13.11.2019				
125th Series	3,000.00	-	3,000.00	-
9.04% Redeemable at par on 11.10.2019				
108-II Series	960.00	-	960.00	-
9.39% Redeemable at par on 20.07.2019				
95-I Series	200.00	-	200.00	-
8.70% Redeemable at par on 12.07.2019				
137th Series	2,225.00	-	-	-
8.05% Redeemable at par on 07.12.2018				
112th Series	1,500.00	-	1,500.00	-
8.70% Redeemable at par on 01.02.2018				
109th Series	1,734.70	-	1,734.70	-
9.25% Redeemable at par on 28.08.2017				
108-I Series	2,125.00	-	2,125.00	-
9.40% Redeemable at par on 20.07.2017				

CONSOLIDATED NOTES TO ACCOUNTS

(₹ in Crores)

Particulars	As at 31.03.2016		As at 31.03.2015	
	Non-Current	Current	Non-Current	Current
138th Series	-	2,895.00	-	-
8.28% Redeemable at par on 04.03.2017				
106th Series	-	1,500.00	1,500.00	-
9.28% Redeemable at par on 15.02.2017				
103-I Series	-	50.00	50.00	-
9.35% Redeemable at par on 19.10.2016				
102nd Series	-	2,216.20	2,216.20	-
9.38% Redeemable at par on 06.09.2016				
101-II Series	-	394.60	394.60	-
9.45% Redeemable at par on 10.08.2016				
Total - Institutional Bonds	66,184.40	7,055.80	57,714.20	-
4.2.1.2 Infrastructure Bonds				
Series-II (2011-12)	29.51	128.08	157.59	-
Redeemable at par. Refer Note 4.6				
Series-I (2010-11)	5.39	79.41	5.39	213.34
Redeemable at par. Refer Note 4.6				
Total - Infrastructure Bonds	34.90	207.49	162.98	213.34
4.2.1.3 Zero Coupon Bonds				
ZCB - Series II	178.95	-	164.60	-
(Net of unamortised discount, 89,510 bonds with face value of ₹ 30,000 each redeemable at par on 03.02.2021)				
ZCB - Series I	811.69	-	749.88	-
(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	990.64	-	914.48	-
4.2.2 Term Loans				
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				
4.2.3.1 Foreign Currency Borrowings				
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				

CONSOLIDATED NOTES TO ACCOUNTS

(₹ in Crores)

Particulars	As at 31.03.2016		As at 31.03.2015	
	Non-Current	Current	Non-Current	Current
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				

CONSOLIDATED NOTES TO ACCOUNTS

(₹ in Crores)

Particulars	As at 31.03.2016		As at 31.03.2015	
	Non-Current	Current	Non-Current	Current
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 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-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.

CONSOLIDATED NOTES TO ACCOUNTS

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.

CONSOLIDATED NOTES TO ACCOUNTS

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
(A) Provisions for				
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
Contingencies 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

CONSOLIDATED NOTES TO ACCOUNTS

(in ₹ Crores)

Provisions for	Opening Balance	Additions during the Year	Paid/ Adjusted during the year	Closing Balance
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
Contingencies 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	-
Unsecured	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.

CONSOLIDATED NOTES TO ACCOUNTS

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
<i>Undisbursed Funds to be disbursed as Subsidy/Grant</i>	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.

CONSOLIDATED NOTES TO ACCOUNTS

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 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 Yojana (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/Grants" under the head "Other Current Liabilities".

During the year, interest earned of ₹ 39.15 Crore (Previous year ₹ 61.78 Crore) has been taken to DDUGJY Subsidy account. Further, during the year, an account of ₹ 71.66 crore (Previous year ₹ 22.07 crore) has been refund 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

CONSOLIDATED NOTES TO ACCOUNTS

11. FIXED ASSETS AS AT 31ST MARCH 2016

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 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	1.65	1.23
Buildings	33.71	0.04	0.58	33.17	7.29	0.47	-	25.41	26.42
Furniture & Fixtures	7.30	0.50	-0.32	8.12	4.60	0.70	0.18	3.00	2.70
Vehicles	0.46	-	0.03	0.43	0.22	0.04	0.02	0.19	0.24
EDP Equipments	17.41	2.20	0.80	18.81	11.62	2.77	0.60	5.02	5.79
Office Equipments	43.36	110.26	-4.67	158.29	6.00	15.06	-0.07	137.16	37.37
Total	138.44	159.00	-3.93	301.37	29.95	19.09	0.72	253.05	108.50
Previous year	95.21	46.53	3.31	138.43	24.56	7.28	1.91	108.50	
Intangible Assets									
Computer Software	7.06	0.12	-	7.18	5.59	0.58	0.02	1.03	1.47
Total	7.06	0.12	-	7.18	5.59	0.58	0.02	1.03	1.47
Previous year	6.99	0.06	-	7.05	4.54	1.04	-	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

CONSOLIDATED NOTES TO ACCOUNTS

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.	50,000	5.00	50,000	5.00
Bonds of Face Value of ₹ 1,000 each				
7.39% Bonds of HUDCO Ltd.	86,798	8.68	-	-
Bonds of Face Value of ₹ 1,000 each				
7.35% Bonds of NHAI	42,855	4.29	-	-
Bonds of Face Value of ₹ 1,000 each				
7.39% Bonds of NHAI	35,463	3.55	-	-
Bonds of Face Value of ₹ 1,000 each				
7.49% Bonds of IREDA Ltd.	61,308	6.13	-	-
Bonds of Face Value of ₹ 1,000 each				
7.35% Bonds of IRFC Ltd.	22,338	2.23	-	-
Bonds of Face Value of ₹ 1,000 each				
7.35% Bonds of NABARD	14,028	1.40	-	-
Bonds of Face Value of ₹ 1,000 each				
(B) Other Investments (Unquoted)				
(i) Investment in Equity Instruments				
- Subsidiaries				
- REC Power Distribution Company Limited	50,000	-	50,000	-
Equity shares of ₹10 each, fully paid up				
- REC Transmission Projects Company Limited	50,000	-	50,000	-
Equity shares of ₹10 each, fully paid up				
- Joint Ventures				
- Energy Efficiency Services Limited	4,75,00,000	-	2,25,00,000	-
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				
<i>Less: Provision for Diminution in Investment</i>		(16.00)		-
		-		16.00

CONSOLIDATED NOTES TO ACCOUNTS

(₹ in Crores)

Particulars	As at 31.03.2016		As at 31.03.2015	
	Number	Amount	Number	Amount
(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				
Total - Non-Current Investments (1)		2,202.14		1,157.21
(2) Current Investments				
Valued at Lower of Cost and Fair Value				
(A) Investment in Equity Instruments (Unquoted)				
- Lanco Teesta Hydro Power Limited	10,20,00,000	102.00	-	-
Equity shares of ₹10 each, fully paid up				
- Dinchang Transmission Limited	50,000	0.05	-	-
Equity shares of ₹10 each, fully paid up				
- NRSS XXXVI Transmission Limited	50,000	0.05	-	-
Equity shares of ₹10 each, fully paid up				
- North Karanpura Transco Limited	50,000	0.05	-	-
Equity shares of ₹10 each, fully paid up				
- Khargone Transmission Limited	50,000	0.05	-	-
Equity shares of ₹10 each, fully paid up				
- NER II Transmission Limited	50,000	0.05	-	-
Equity shares of ₹10 each, fully paid up				
- Nellore Transmission Limited	50,000	-	50,000	-
Equity shares of ₹10 each, fully paid up				
- Baira Siul Sarna Transmission Limited	50,000	-	50,000	-
Equity shares of ₹10 each, fully paid up				

CONSOLIDATED NOTES TO ACCOUNTS

(₹ in Crores)

Particulars	As at 31.03.2016		As at 31.03.2015	
	Number	Amount	Number	Amount
- Gadarwara A Transco Limited	-	-	50,000	0.05
Equity shares of ₹10 each, fully paid up				
- Gadarwara B Transmission Limited	-	-	50,000	0.05
Equity shares of ₹10 each, fully paid up				
- Maheshwaram Transmission Limited	-	-	50,000	0.05
Equity shares of ₹10 each, fully paid up				
(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	1	47.16	1	47.16
(Bonds of Face Value of ₹ 47.16 Crores each)*				
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 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).

CONSOLIDATED NOTES TO ACCOUNTS

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 :

Particulars	(₹ in Crores)		
	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

Particulars	(₹ in Crores)	
	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

CONSOLIDATED NOTES TO ACCOUNTS

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)

Particular	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

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

CONSOLIDATED NOTES TO ACCOUNTS

(₹ in Crores)

Particulars	As at 31.03.2016		As at 31.03.2015	
	Non-Current	Current	Non-Current	Current
(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.

CONSOLIDATED NOTES TO ACCOUNTS

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 on TUL. Accordingly, pending documentation, as on 31st March 2015, an amount of ₹ 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 31st 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 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 ₹ 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 Significant 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 February, 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.

CONSOLIDATED NOTES TO ACCOUNTS**14. OTHER NON-CURRENT ASSETS**

Particulars	(₹ in Crores)	
	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		
<i>Term deposits held as security/ margin money</i>	2.13	3.10

15. INVENTORIES

Particulars	(₹ in Crores)	
	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

Particulars	(₹ in Crores)	
	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

Particulars	(₹ in Crores)	
	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

CONSOLIDATED NOTES TO ACCOUNTS

Particulars	(₹ in Crores)	
	As at 31.03.2016	As at 31.03.2015
(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
<i>Balances with Banks include:</i>		
- 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
<i>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.</i>		
- 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

Particulars	(₹ in Crores)	
	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

CONSOLIDATED NOTES TO ACCOUNTS

(₹ in Crores)

Particulars	As at 31.03.2016	As at 31.03.2015
(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

CONSOLIDATED NOTES TO ACCOUNTS

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

CONSOLIDATED NOTES TO ACCOUNTS

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

CONSOLIDATED NOTES TO ACCOUNTS

24.1 Disclosure in respect of CSR Expenses:

Amount spent during the year (₹ in Crores) :

Particulars	Year ended 31 st March, 2016			Year ended 31 st 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

CONSOLIDATED NOTES TO ACCOUNTS

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 & Accommodations	Data Centre	Office & Accommodations
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 contingencies 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)	-

CONSOLIDATED NOTES TO ACCOUNTS

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 Asset	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

CONSOLIDATED NOTES TO ACCOUNTS

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

CONSOLIDATED NOTES TO ACCOUNTS

(₹ 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
(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	3,57,958.50	2,250.83

* 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	969.33
(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).

CONSOLIDATED NOTES TO ACCOUNTS

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.

CONSOLIDATED NOTES TO ACCOUNTS

39. Considering the practical problems being faced by the borrowers in submission and adherence 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:
- Separation of agriculture and non-agriculture feeders facilitating judicious rostering of supply to agriculture & non-agriculture consumers in the rural areas;
 - Strengthening and augmentation of sub-transmission & distribution infrastructure in rural areas, including metering of distribution transformers/feeders/consumers
 - 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 enterprises.	-	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 within the credit risk limit defined in the Board approved Risk Management Policy.

CONSOLIDATED NOTES TO ACCOUNTS

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 occur with respect to derivative instruments when changes occur in market factors such as underlying interest rates, exchange rates etc or in the volatility of these factors.
- (iii) Liquidity Risk - Liquidity risk is the risk of loss due to failure of the institution to meet its funding requirements 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 occurring 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

CONSOLIDATED NOTES TO ACCOUNTS

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
<i>Previous year</i>	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
<i>Previous year</i>	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
<i>Previous year</i>	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
<i>Previous year</i>	200.00	1,285.44	-	-	200.00	1,285.44
Total		21,988.58		17,876.79		4,111.79
<i>Previous year</i>		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 31 st March, 2016	66.3329	0.5906	75.0955	68.9249
As at 31 st 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, Gadawara (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, Gadawara (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

CONSOLIDATED NOTES TO ACCOUNTS

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

CONSOLIDATED NOTES TO ACCOUNTS

(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

CONSOLIDATED NOTES TO ACCOUNTS

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)					
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.

CONSOLIDATED NOTES TO ACCOUNTS

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)	-	-

CONSOLIDATED NOTES TO ACCOUNTS

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.

CONSOLIDATED NOTES TO ACCOUNTS

- (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).
- 56.1 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.

For and on behalf of the Board

J.S. Amitabh
GM & Company Secretary

Ajeet Kumar Agarwal
Director (Finance)
DIN - 02231613

Rajeev Sharma
Chairman and Managing Director
DIN - 00973413

In terms of our Report of even date

For Raj Har Gopal & Co.
Chartered Accountants
Firm Reg. No.: 002074N

For A.R. & Co.
Chartered Accountants
Firm Reg. No.: 002744C

Place: New Delhi
Date: 27th May, 2016

Gopal Krishan
Partner
M.No. : 081085

Priyanshu Jain
Partner
M.No. : 530262

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2016

(₹ in Crores)

Particulars	YEAR ENDED 31.03.2016		YEAR ENDED 31.03.2015	
A. Cash Flow from Operating Activities :				
Net Profit Before Tax	8,146.66		7,552.34	
Adjustments for:				
1. Profit / Loss on Sale of Fixed Assets	0.38		0.10	
2. Depreciation & Amortization	19.67		8.32	
3. Provisions and Contingencies	1,096.18		806.08	
4. Interest on Commercial Paper	285.91		300.03	
5. Interest Expense of Misc. Borrowings	3.90		0.19	
6. Excess Provision written back	-0.05		0.03	
7. Profit on sale/redemption of investments	-12.29		-	
8. Loss/ Gain(-) on Exchange Rate fluctuation	666.13		259.99	
9. Dividend from Investments	-2.37		-3.63	
10. Interest on Long-term Investments/ Govt. Securities	-95.76		-154.47	
11. Provision made for Interest on Advance Income Tax	-		1.38	
12. Discount on Bonds written off	3.99		4.83	
13. Interest Accrued on Zero Coupon Bonds	76.17		70.39	
14. Provision for Diminution in value of Investment	-		0.10	
Operating profit before Changes in Operating Assets & Liabilities:	10,188.52		8,845.68	
Increase / Decrease :				
1. Loan Assets	-21,733.35		-31,005.84	
2. Other Operating Assets	-229.97		-435.35	
3. Operating Liabilities	1,029.88		1,027.56	
Cash flow from Operations	-10,744.92		-21,567.95	
1. Income Tax Paid (including TDS)	-2,575.09		-2,330.28	
2. Income Tax refund	42.00		-	
Net Cash Flow from Operating Activities		-13,278.01		-23,898.23
B. Cash Flow from Investing Activities				
1. Sale of Fixed Assets	0.85		0.18	
2. Purchase of Fixed Assets (incl. CWIP, Intangible Assets under development & Capital Advances)	-259.41		-45.34	
3. Investment in 11.15% Additional Tier-1 Perpetual Bonds of Indian Bank	-500.00		-	
4. Investment in 11.25% Additional Tier-1 Perpetual Bonds of Vijaya Bank	-500.00		-	

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2016

(₹ in Crores)

Particulars	YEAR ENDED 31.03.2016		YEAR ENDED 31.03.2015	
5. Investment in 11.25% Additional Tier-1 Perpetual Bonds of Syndicate Bank	-500.00		-	
6. Redemption of 8% Government of Madhya Pradesh Power Bonds-II	94.32		94.32	
7. Sale of Long-term Investments	762.53		-	
8. Profit on sale/redemption of investments	12.29		-	
9. Interest on Long term Investments/ Govt. Securities	114.96		158.41	
10.Dividend from Investments	3.05		3.63	
11.Investment in Shares of Fellow Subsidiary Companies	-0.10		-	
12.Investment in Tax Free Bonds/Others	-26.28		-	
13.Fixed Deposit made during the year	-1.25		-84.49	
14.Fixed Deposit matured during the year	43.34		24.38	
Net Cash Flow from Investing Activities		-755.70		151.09
C. Cash Flow from Financing Activities				
1. Issue of Bonds (Net of redemptions)	14,969.28		21,806.74	
2. Raising of Term Loans/STL from Banks/Fls (Net of repayments)	-308.65		-955.40	
3. Raising of Foreign Currency Loan (Net of redemptions)	-2,607.56		6,366.18	
4. Funds received from GOI for further disbursement as Subsidy/Grant including interest (Net of refund)	4,436.52		3,421.17	
5. Disbursement of grants	-4,691.45		-3,639.69	
6. Repayment of Govt. Loan	-3.07		-4.86	
7. Payment of Final Dividend	-266.61		-172.81	
8. Payment of Interim Dividend	-1,184.95		-789.97	
9. Payment of Corporate Dividend Tax	-295.51		-187.32	
10.Interst Paid on Misc. Borrowings	-3.90		-0.19	
11.Premium on issue of securities	0.28		-	
12.Issue of Commercial Paper (Net of repayments)	5,246.79		-2,745.74	
Net Cash flow from Financing Activities		15,291.17		23,098.11
Net Increase/Decrease in Cash & Cash Equivalents		1,257.46		-649.03
Cash & Cash Equivalents as at the beginning of the year		559.10		1,207.95
Cash & Cash Equivalents as at the end of the year		1,816.56		558.92

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2016

Components of Cash & Cash Equivalents as at end of the year are:

(₹ in Crores)

Particulars	AS AT 31.03.2016		AS AT 31.03.2015	
- Cash in Hand (including postage & imprest)		0.01		-
- Balances with Banks in:				
- Accounts with RBI and other banks		1,001.11		144.79
- Undisbursed DDUGJY, AG&SP, NEF and Other Grants #		34.17		54.94
- Unpaid Dividend Accounts #		2.73		2.62
- Short Term Deposits with Scheduled Banks		778.54		356.57
Total Cash & Cash Equivalents		1,816.56		558.92

These balances are not available for free use by the Company as they represent earmarked balances held in respective grant accounts and unpaid dividends.

Further, Balances with Banks include ₹ 1.77 Crores (Previous year ₹ 2.15 Crores) set aside for grants disbursement. 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.

Note : Previous year figures have been rearranged and regrouped wherever necessary.

For and on behalf of the Board

J.S. Amitabh
GM & Company Secretary

Ajeet Kumar Agarwal
Director (Finance)
DIN - 02231613

Rajeev Sharma
Chairman and Managing
DIN - 00973413

In terms of our Report of even date

For Raj Har Gopal & Co.
Chartered Accountants
Firm Reg. No.: 002074N

For A.R. & Co.
Chartered Accountants
Firm Reg. No.: 002744C

Gopal Krishan
Partner
M.No. : 081085

Priyanshu Jain
Partner
M.No. : 530262

Place: New Delhi
Date: 27th May, 2016

FORM AOC-1

STATEMENT CONTAINING SALIENT FEATURES OF THE FINANCIAL STATEMENTS OF SUBSIDIARIES/ ASSOCIATES/ JOINT VENTURES FOR THE YEAR 2015-16

PART A: SUBSIDIARIES

(₹ in Crores)

1	Sl. No.	I	II	III	IV	V	VI	VII	VIII	IX
2	Name of the Subsidiary	REC Power Distribution Company Limited	REC Transmission Projects Company Limited	Nellore Transmission Limited	Baira Siul Sarna Transmission Limited	NER-II Transmission Limited	NRSS XXXVI Transmission Limited	North Karanpura Transco Limited	Khargone Transmission Limited	Dinching Transmission Limited
3	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
4	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
5	Share Capital	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05
6	Reserves & Surplus	117.45	123.35	(0.05)	(0.05)	-	-	-	-	-
7	Total Assets	216.23	134.69	-	-	1.49	0.73	0.45	0.42	0.52
8	Total Liabilities	98.73	11.28	-	-	1.44	0.69	0.41	0.37	0.47
9	Investments	15.44	86.53	-	-	-	-	-	-	-
10	Turnover	151.54	44.15	-	-	-	-	-	-	-
11	Profit Before Taxation	55.44	42.42	-	-	-	-	-	-	-
12	Provision for Taxation	19.27	13.61	-	-	-	-	-	-	-
13	Profit After Taxation	36.17	28.80	-	-	-	-	-	-	-
14	Proposed Dividend	10.85	8.65	-	-	-	-	-	-	-
15	% Shareholding	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

1. Name of subsidiaries which are yet to commence operations:

Five Subsidiaries of REC Transmission Projects Company Limited (RECTPCL) namely NER-II Transmission Limited, NRSS XXXVI Transmission Limited, North Karanpura Transco Limited, Khargone Transmission Limited and Dinching Transmission Limited are yet to commence operations as at 31st March, 2016.

Two subsidiaries of REC Transmission Projects Company Limited (RECTPCL) namely Nellore Transmission Limited and Baira Siul Sarna Transmission Limited, 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".

2. Name of subsidiaries which have been liquidated or sold during the year:

Five Subsidiaries of REC Transmission Projects Company Limited (RECTPCL) namely Gadawara (A) Transco Limited, Gadawara (B) Transmission Limited, Maheshwaram Transmission Limited, Vemagiri II Transmission Limited and Alipurduar Transmission Limited have been sold during the year.

PART B: ASSOCIATES AND JOINT VENTURES

Name of Associates/Joint Ventures		Energy Efficiency Services Limited
1	Latest audited Balance Sheet Date	31 st March, 2015
2	Shares of Associate/Joint Ventures held by the company on the year end	
	Number	4,75,00,000
	Amount of Investment in Associates/Joint Venture (₹ in Crores)	47.50
	Extend of Holding (%)	28.79%
3	Description of how there is significant influence	Holding 28.79% of shares and participation in management
4	Reason why the associate/joint venture is not consolidated	N.A
5	Networth attributable to Shareholding as per latest Audited Balance Sheet (₹ in Crores)	27.58
6	Profit / Loss for the year (₹ in Crores)	
	i. Considered in Consolidation	9.47
	ii. Not Considered in Consolidation	Nil

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%.

For and on behalf of the Board

J.S. Amitabh
GM & Company Secretary

Ajeet Kumar Agarwal
Director (Finance)
DIN - 02231613

Rajeev Sharma
Chairman and Managing Director
DIN - 00973413

In terms of our Report of even date

For Raj Har Gopal & Co.
Chartered Accountants
Firm Reg. No.: 002074N

For A.R. & Co.
Chartered Accountants
Firm Reg. No.: 002744C

Place: New Delhi
Date: 27th May, 2016

Gopal Krishan
Partner
M.No. : 081085

Priyanshu Jain
Partner
M.No. : 530262

INDEPENDENT AUDITORS' REPORT

To,
The Members,
Rural Electrification Corporation Limited
New Delhi

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **Rural Electrification Corporation Limited** (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") and its jointly controlled entity, comprising of the Consolidated Balance Sheet as at 31st March, 2016, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Financial Statements").

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group including its Jointly controlled entity in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and MCA General Circular No. 15/2013 dated 13th September, 2013. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group & its jointly controlled entity and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of presentation of the Consolidated Financial Statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit. While conducting an audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Consolidated Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Consolidated Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the holding Company's Directors, as well as evaluating the overall presentation of the Consolidated Financial Statements.

We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our audit opinion on the Consolidated Financial Statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group and its jointly controlled entity as at 31st March, 2016, and their consolidated profit and their consolidated cash flows for the year ended on that date.

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 account 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.

Other Matters

- (a) We did not audit the financial statements of two subsidiaries whose financial statements reflect total assets of ₹ 350.92 Crores (Previous year ₹ 300.88 Crores) as at 31st March, 2016, total revenues of ₹ 195.69 Crores (Previous year ₹ 160.20 Crores) and

net cash flows amounting to ₹ 8.70 Crores (Previous year ₹ 14.33 Crores) for the year ended on 31st March, 2016, as considered in the Consolidated Financial Statements. The Consolidated Financial Statements also include the subsidiaries' share of net profit after tax of ₹ 64.97 crores (Previous Year ₹ 82.31 crores) as considered in the Consolidated Financial Statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors.

- (b) We did not audit the financial statements of one jointly controlled entity, whose financial statements reflect total assets of ₹ 434.54 Crores (Previous year ₹ 78.94 Crores) as at 31st March, 2016, total revenues of ₹ 205.87 Crores (Previous year ₹ 17.57 Crores) and net cash flows amounting to ₹ 60.51 Crores (Previous year ₹ 7.04 Crores) for the year ended on 31st March, 2016, as considered in the Consolidated Financial Statements. The Consolidated Financial Statements also include the jointly controlled entity's share of net profit after tax of ₹ 9.47 crores (Previous Year ₹ 2.27 crores) as considered in the Consolidated Financial Statements. These financial statements are unaudited and have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of the jointly controlled entity, and our report in terms of sub-sections (3) of Section 143 of the Act in so far as it relates to the aforesaid jointly controlled entity, is based solely on such unaudited financial statements. In our opinion and according to the information and explanations given to us by the Management, these financial statements are not material to the Group & its jointly controlled entity.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements certified by the Management.

Report on Other Legal and Regulatory Requirements

1. As required by section 143(3) of the Act, we report that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid Consolidated Financial Statements.
- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid Consolidated Financial Statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the Consolidated Financial Statements.
- (d) In our opinion, the aforesaid Consolidated Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and MCA General Circular No. 15/2013 dated 13th September, 2013.
- (e) vide Notification No. G.S.R. 463(E) dated 5th June, 2015 issued by Ministry of Corporate Affairs, Government Companies have been exempted from applicability of the provisions of Section 164(2) of the Companies Act, 2013.
- (f) with respect to the adequacy of the internal financial controls over financial reporting of the Group and Jointly controlled entity and the operating effectiveness of such controls, refer to our separate report in "Annexure-A"; and
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - (i) The Consolidated Financial Statements disclose the impact of pending litigations on the consolidated financial position of the Group and its jointly controlled entity- Refer Note 30.1 to the consolidated financial statements;
 - (ii) The Group and its jointly controlled entity does not have any such long-term contracts including derivative contracts for which there are any material foreseeable losses;
 - (iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies and its jointly controlled entity incorporated in India.

For Raj Har Gopal & Co.
Chartered Accountants
Firm Regn. No. 002074N

Gopal Krishan
Partner
M. No. 081085

Place : New Delhi
Date : 27th May, 2016

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

Priyanshu Jain
Partner
M. No. 530262

ANNEXURE-A TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF RURAL ELECTRIFICATION CORPORATION LIMITED

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2016, we have audited the internal financial controls over financial reporting of Rural Electrification Corporation Limited (hereinafter referred to as "the Holding Company") and its subsidiary companies and jointly controlled entity, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding company, its subsidiary companies, its Jointly controlled entity, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls 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 (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Group and its jointly controlled entity based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A Group and its jointly controlled entity's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Group and its jointly controlled entity's internal financial control over financial reporting includes those policies and procedures that:

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Group and its jointly controlled entity;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the Group and its jointly controlled entity; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Group and its jointly controlled entity's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

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 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 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.

We have considered the areas of improvement identified which needs further strengthening as reported above in determining the nature, timing, and extent of audit tests applied in our audit of the March 31, 2016 Consolidated financial statements of the Group and its jointly controlled entity. However, these areas of improvement do not affect our opinion on the operating effectiveness of the Internal Financial Control over financial reporting of the Group and its jointly controlled entity.

Other Matters

Our aforesaid reports under Section 143(3) (i) of the Act on the adequacy and operating Effectiveness of the internal financial controls over financial reporting in so far as it relates to two subsidiary companies, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India.

The system of internal financial controls over financial reporting, with regard to its jointly controlled entity, M/s Energy Efficiency Services Ltd. which being unaudited, have not been provided to us to determine whether the company has established adequate internal financial control over financial reporting at the aforesaid jointly controlled entity and whether such internal financial controls were operating effectively as at March 31, 2016. The contribution of the, jointly controlled entity of the company, to the total assets of the group and its jointly controlled entity is not material.

Further, we have considered the disclosure reported above in determining the nature, timing and extent of audit tests applied in our report of the financial statements of the Group and its jointly controlled entity, and the above disclosure does not affect our opinion on the operating effectiveness of the Internal Financial Control over financial reporting of the Group and its jointly controlled entity.

For Raj Har Gopal & Co.
Chartered Accountants
Firm Regn No. 002074N

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

Gopal Krishan
Partner
M. No. 081085
Place : New Delhi
Date : 27th May, 2016

Priyanshu Jain
Partner
M. No. 530262

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) READ WITH SECTION 129(4) OF THE COMPANIES ACT, 2013 ON THE CONSOLIDATED FINANCIAL STATEMENTS OF RURAL ELECTRIFICATION CORPORATION LIMITED FOR THE YEAR ENDED 31 MARCH 2016

The preparation of Consolidated Financial Statements of Rural Electrification Corporation Limited for the year ended 31 March 2016 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the Management of the Company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 139(5) read with Section 129(4) of the Act are responsible for expressing opinion on the financial statements under Section 143 read with Section 129(4) of the Act based on independent audit in accordance with the Standards on Auditing prescribed under Section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 27 May 2016.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under Section 143(6)(a) read with Section 129(4) of the Act of the Consolidated Financial Statements of Rural Electrification Corporation Limited for the year ended 31 March 2016. We conducted a supplementary audit of the financial statements of Rural Electrification Corporation Limited and REC Transmission Projects Company Limited, but did not conduct supplementary audit of the financial statements of REC Power Distribution Company Limited and Energy Efficiency Services Limited for the year ended on that date. This supplementary audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to inquiries of the Statutory Auditors and Company personnel and a selective examination of some of the accounting records. On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditors' report.

For and on the behalf of the
Comptroller & Auditor General of India

(Ritika Bhatia)

Principal Director of Commercial Audit &
Ex-officio Member, Audit Board-III, New Delhi

Place : New Delhi
Dated : 22 July 2016

MANAGEMENT TEAM



Smt. Abha Anand Kishore
Chief Vigilance Officer



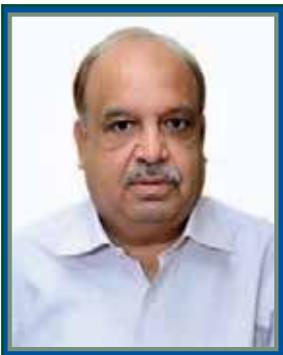
Shri Ashok Awasthi
Executive Director
(Admn./REN. & SD/Estate/
Generation Pvt. Sector/AA-RTI)



Dr. Dinesh Arora
Executive Director
(PMG) & CEO-RECPDCL



Shri Sanjiv Garg
Executive Director
(Finance-Resources/CA/
Banking/Taxation/CSR)



Shri Sunil Kumar
Executive Director
(DDUGJY/IT/P&C)



Smt. Ritu Maheshwari
Executive Director
(T&D/ Generation-State
Sector and CEO-RECTPCL/
NPP/NEF)



Shri T. S. C. Bosh
Executive Director
(DDUGJY)



Smt. Kalpana Kaul
Executive Director
(HR/CC&PR/
Rajbhasha)



Shri G. S. Bhati
Executive Director
(DDUGJY)



Shri Dinesh Kumar
General Manager
(T&D)/ Generation-
State Sector/NEF



Shri C. P. Bhatia
General Manager
(Finance)-CSR



Shri Rakesh Sareen
General Manager
(Finance-Loans & Recovery/
ALM/Risk Management/Pay)



Shri J. S. Amitabh
 General Manager &
 Company Secretary



Shri S. L. Batta
 General Manager
 (Law / PIO-RTI)



Shri R. P. Vaishnav
 General Manager
 (Internal Audit)



Shri G. V. Mahendar
 General Manager
 (Entity Appraisal)



Shri Ajoy Choudhury
 General Manager
 (Finance)-Financial
 Concurrence & Policy



Shri V. K. Singh
 General Manager
 (Generation-Private Sector/
 Renewable Energy)



Shri Fuzail Ahmed
 General Manager
 (PMG)



Shri P. K. Mukhopadhyay
 General Manager
 (IT)



Shri Salil Kumar
 General Manager
 (Vigilance)



Shri P. K. Singhal
 General Manager
 (Admn. /Estates)



Shri Rajiv Sood
 General Manager
 (Finance) - Treasury



Smt. Valli Natarajan
 General Manager
 (T&D)



Smt. Malathi Sundararajan
 General Manager
 (F&A) - Loans



Shri P. Baburaj
 General Manager &
 In-charge Northern Zone

ADDRESS OF REC OFFICES

Sl. No.	State / Union Territory	Address	Telephone Numbers	Fax / E-mail
	Registered & Corporate Office	Core-4, SCOPE Complex, 7, Lodhi Road, New Delhi-110003	011-41020101 011-24365161	Fax : 011-24360644 E-Mail : reccorp@recl.nic.in
Zone/Location of Zonal Offices/States & Union Territories under the jurisdiction of Zonal Offices				
1	Central Zone - Lucknow Uttar Pradesh, Bihar, Uttarakhand & Jharkhand	19/8, Indira Nagar Extension, Ring Road, Lucknow-226016	0522-2716324 0522-2717376 0522-4074944	Fax : 0522-2716815 E-Mail : recuppo@yahoo.co.in : zmlucknow@recl.nic.in
2	Eastern Zone - Kolkata West Bengal, Odisha, Sikkim & North-Eastern States	I.B.-186, Sector-III Salt Lake City, Kolkata-700106	033-23356989 033-23356994 033-23356998	Fax : 033-23356990 E-Mail : zmkolkata@recl.nic.in
3	Northern Zone - Panchkula Haryana, Rajasthan, Jammu & Kashmir, Punjab & Himachal Pradesh	BAY No. 7-8, Sector-2, Panchkula-134112	0172-2563864 0172-2563863 0172-2563822	Fax : 0172-2567692 E-Mail : popanchkula@recl.nic.in
4	Southern Zone - Bengaluru Andhra Pradesh, Karnataka, Kerala, Puducherry & Tamil Nadu	No. 1/5, Halasuru Road, Bengaluru-560042	080-25550240 080-25598244	Fax : 080-25598243 E-Mail : pobangalore@recl.nic.in
5	Western Zone - Mumbai Maharashtra, Gujarat, Madhya Pradesh, Chhattisgarh, Goa, Dadra & Nagar Haveli and Daman & Diu	51-B, Mittal Tower, 5 th Floor, Nariman Point, Mumbai-400021	022-22830985 022-22833055	Fax : 022-22831004 E-Mail : zmmumbai@recl.nic.in
Project Offices				
1	Andhra Pradesh	Shivrampally Post NPA, Near Aramghar, National Highway No. 7, Hyderabad-500052	040-29805034 040-29804520 040-64583563	Fax : 040-29804235 E-Mail : zmhyderabad@recl.nic.in : reclpohyd@yahoo.com
2	Assam, Nagaland & Arunachal Pradesh	"SRADDHA" M.G. Road-G.S. Road Crossing(SOHUM/ HDFC Point) Christian Basti, Guwahati-781005	0361-2343712 0361-2343713 0361-2343714	Fax : 0361-2343712 E-Mail : poguwahati@gmail.com : poguwahati@recl.nic.in
3	Bihar	Block C, 4 th Floor, Maurya Lok Complex, New Dak Bungalow Road, Patna-800001	0612-2221131	Fax : 0612-2224596 E-Mail : popatna@yahoo.com : popatna@recl.nic.in
4	Gujarat, Dadra & Nagar Haveli	Plot No. 585, T.P. Scheme No. 2, Behind Pusti Complex, Opp. VMC Ward Office, Atma Jyoti Ashram Road, Subhanpura, Vadodara-390023	0265-2397487	Fax : 0265-2397652 E-Mail : recvadodara@gmail.com : povadodara@recl.nic.in
5	Haryana, Chandigarh & Punjab	BAY No. 7-8, Sector-2, Panchkula-134112	0172-2563864 0172-2563863 0172-2563822	Fax : 0172-2567692 E-Mail : popanchkula@recl.nic.in
6	Himachal Pradesh	Pt. Padamdev Commercial Complex, Phase-II, First Floor, The Ridge, Shimla-171001	0177-2653411 0177-2804077	Fax : 0177-2804077 E-Mail : poshimla@recl.nic.in
7	Jammu & Kashmir	157-A, Gandhi Nagar, Behind Apsara Cinema, Jammu-180004	0191-2450868 0191-2450800	Fax : 0191-2450868 E-Mail : pojammu@recl.nic.in

Sl. No.	State / Union Territory	Address	Telephone Numbers	Fax / E-mail
8	Jharkhand	A-101 & D-104, Om Shree Enclave, Near Loyola School, Airport Road, HINOO, Ranchi-834002	0651-2253123	Fax : 0651-2251320 E-Mail : rec_ranchi@yahoo.com : soranchi@recl.nic.in
9	Karnataka	No. 1/5, Halasuru Road, Bengaluru-560042	080-25598244 080-25550240	Fax : 080-25598243 E-Mail : pobangalore@recl.nic.in
10	Kerala & Lakshadweep	O-5, 4 th Floor, "Saphallyam" Commercial Complex, TRIDA Building Palayam, Thiruvananthapuram-695034	0471-2328662	Fax : 0471-2328579 E-Mail : potrivandrum@recl.nic.in : rectrivandrum@gmail.com
11	Madhya Pradesh & Chhattisgarh	Metro Walk, II nd Floor, West Hall No. 3, Bittan Market, Bhopal - 462016	0755-2460006	Fax : 0755-2460008 E-Mail : reccentralzone@yahoo.com
12	Maharashtra, Goa, Daman & Diu	51-B, Mittal Tower, 5 th Floor, Nariman Point, Mumbai-400021	022-22830985 022-22833055	Fax : 022-22831004 E-Mail : zmmumbai@recl.nic.in
13	Meghalaya, Manipur & Mizoram	'RINADEE' Old Jowai Road, Lachumier, Shillong-793001	0364-2210190 0364-2225687	Fax : 0364-2225687 E-Mail : poshillong@recl.nic.in
14	Odisha	Deen Dayal Bhawan, 5 th Floor, Ashok Nagar, Janpath, Bhubaneswar -751009	0674-2536649 0674-2393206	Fax : 0674-2536669 E-Mail : repobbsr@yahoo.co.in : pobhubaneswar@recl.nic.in
15	Rajasthan	J-4-A, Jhalana Dungari, Institutional Area, Jaipur-302004	0141-2706986 0141-2700161 0141-2707840	Fax : 0141-2706986 E-Mail : pojaipur@recl.nic.in
16	Tamil Nadu & Puducherry	No.12 &13 T.N.H.B Complex, 180,Luz Church Road (Luz Corner) Mylapore, Chennai-600004	044-24672376 044-24987960 044-24671196 044-24987841	Fax : 044-24670595 E-Mail : pochennai@recl.nic.in : cpmchennai@yahoo.com
17	Uttar Pradesh & Uttarakhand	19/8, Indira Nagar Extension, Ring Road, Lucknow-226016	0522-2716324 0522-2717376 0522-4074944	Fax : 0522-2716815 E-Mail : recuppo@yahoo.co.in : zmlucknow@recl.nic.in
18	West Bengal, Tripura, Sikkim and Andaman & Nicobar Islands	I.B.-186, Sector-III Salt Lake City Kolkata-700106	033-23356989 033-23356994 033-23356998	Fax : 033-23356990 E-Mail : zmkolkata@recl.nic.in
Sub-Offices				
1	Chhattisgarh	KH No. 185/17, Shanti Vihar Colony, (Opposite Swami Viveka Nand Sr. Sec School) Danganiya Raipur-492013	0771-2241055	Fax : 0771-2241055 E-Mail : recraipur@yahoo.com
2	Dehradun	7, New Road, Opposite MKP College, Dehradun-248001	0135-2650766 0135-2650799	Fax : 0135-2650799 Email : recsoddn@gmail.com
3	Varanasi	N-8/239, J.Newada, Sunderpur, Varanasi-221005	09415115102	E-Mail : zmlucknow@recl.nic.in : nkmaurya@yahoo.com
Training Centre				
1	Central Institute for Rural Electrification	Shivarampally, Post : NPA Near Aramgarh, National Highway No.7 Hyderabad-500052	040-29805901 040-29805897 040-64584526	Fax : 040-29805896 : 040-29808583 E-Mail : cire@recl.nic.in : cire.rec@gmail.com



RURAL ELECTRIFICATION CORPORATION LIMITED

Regd. Office : Core-4, SCOPE Complex, 7, Lodhi Road, New Delhi-110003 CIN: L40101DL1969GOI005095

Tel.: +91 11 2436 5161 Fax: +91 11 2436 0644 Email: complianceofficer@rec.nic.in Website: www.recindia.com

ATTENDANCE SLIP

47TH ANNUAL GENERAL MEETING TO BE HELD ON WEDNESDAY, SEPTEMBER 21, 2016 AT 11:00 A.M.

At Weightlifting Auditorium, Jawaharlal Nehru Stadium, Bhisam Pitamah Marg, Pragati Vihar, Lodhi Colony, New Delhi-110003

NAME OF THE ATTENDING MEMBER (IN BLOCK LETTERS)	
*Folio No.	
DP ID No.	
Client ID No.	
No. of Shares held	
NAME OF PROXY (IN BLOCK LETTERS) to be filled in, if the proxy attends instead of the member	

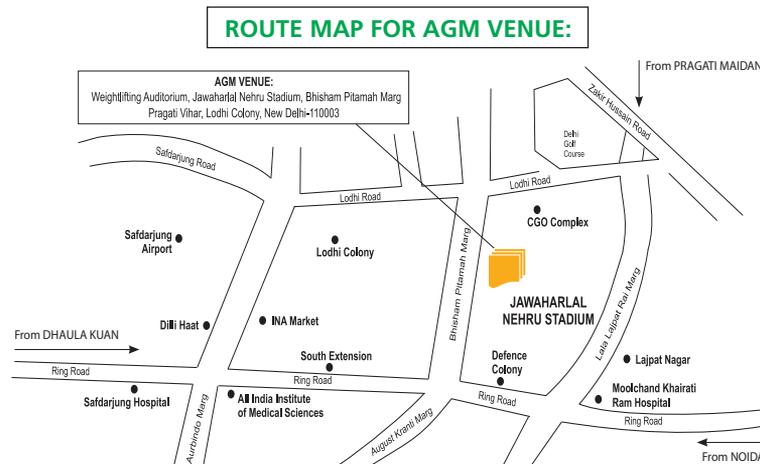
I/We, hereby record my/our presence at the 47th Annual General Meeting of the Company held on Wednesday, September 21, 2016 at 11:00 A.M. at **Weightlifting Auditorium, Jawaharlal Nehru Stadium, Bhisam Pitamah Marg, Pragati Vihar, Lodhi Colony, New Delhi-110003.**

*Applicable in case of shares held in Physical form.

Signature of Member/ Proxy

NOTES:

- The attendance slip should be signed as per the specimen signature registered with Karvy Computershare Private Limited, Registrar & Transfer Agent (R&TA)/ Depository Participant (DP). Such duly completed and signed Attendance Slip(s) should be handed over at the R&TA counter(s) at the venue against which R&TA will provide Entry Slip. Entry to the hall will be strictly on the basis of Entry Slip as provided by R&TA. Members in person and Proxy holders may please carry photo-ID card for identification/verification purposes.
- Shareholder(s) present in person or through registered proxy shall only be entertained.
- Due to strict security reasons mobile phones, brief cases, eatables and other belongings are not allowed inside the Auditorium. Shareholder(s)/ proxy holder(s) will be required to take care of their belonging(s).
- No gifts/coupons will be distributed at the Annual General Meeting.



EVEN (E-VOTING EVENT NUMBER)	USER ID	PASSWORD / PIN

THIS PAGE IS INTENTIONALLY LEFT BLANK



RURAL ELECTRIFICATION CORPORATION LIMITED

Regd. Office : Core-4, SCOPE Complex, 7, Lodhi Road, New Delhi-110003 CIN: L40101DL1969GOI005095

Tel.: +91 11 2436 5161 Fax: +91 11 2436 0644 Email: complianceofficer@recl.nic.in Website: www.recindia.com

PROXY FORM (Form No. MGT-11)

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the Member (s):	Folio No./ DP ID- Client Id:
Registered Address:	
No. of Shares held:	E-mail Id:

I/We, being the member (s) of shares of the above named Company, hereby appoint:

1.	Name:	Signature:
	Address:	
	E-mail Id:	
or failing him/her		
2.	Name:	Signature:
	Address:	
	E-mail Id:	
or failing him/her		
3.	Name:	Signature:
	Address:	
	E-mail Id:	

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 47th Annual General Meeting of the Company, to be held on Wednesday, September 21, 2016 at 11:00 A.M. at Weightlifting Auditorium, Jawaharlal Nehru Stadium, Bhisam Pitamah Marg, Pragati Vihar, Lodhi Colony, New Delhi-110003 and at any adjournment thereof in respect of such businesses as are indicated below:

Sl. No.	Particulars
ORDINARY BUSINESS	
1.	To receive, consider, approve and adopt the audited standalone & consolidated financial statements of the Company for the financial year ended March 31, 2016 along with the Reports of the Board of Directors and Auditors thereon.
2.	To confirm the payment of Interim Dividend and declare Final Dividend on equity shares of the Company for the financial year 2015-16.
3.	To appoint a Director in place of Shri Ajeet Kumar Agarwal (DIN: 02231613), who retires by rotation and being eligible, offers himself for re-appointment.
4.	To fix the remuneration of Auditors for the financial year 2016-17.
SPECIAL BUSINESS	
5.	To appoint Shri Sanjeev Kumar Gupta (DIN 03464342) as a Director of the Company, liable to retire by rotation.
6.	To appoint Shri Arun Singh (DIN 00891728) as Part time Non Official Independent Director of the Company.
7.	To appoint Shri Aravamudan Krishna Kumar (DIN 00871792) as Part time Non Official Independent Director of the Company.
8.	To appoint Professor Tiruvallur Thattai Ram Mohan (DIN 00008651) as Part time Non Official Independent Director of the Company.
9.	Entering into transactions with Energy Efficiency Services Limited (EESL) or any other associate company(ies) (present or future) of Rural Electrification Corporation Limited in pursuance of the provisions of the Companies Act, 2013 and Rules made thereunder.
10.	Increase in Authorised Capital of the Company from ₹ 1200 crore to ₹ 5000 crore.
11.	Alteration of Capital Clause of Memorandum of Association of the Company.
12.	Issue of Bonus shares in the ratio 1:1 to the shareholders of the Company.
13.	Adoption of amended Articles of Association of the Company, in substitution and to the entire exclusion of the regulations contained in the existing Articles of Association of the Company.
14.	Issue of Unsecured/Secured Non-Convertible Bonds/ Debentures through Private Placement as per the provisions of the Companies Act, 2013 and Rules made thereunder.

Signed this..... day of..... 2016

Signature of Shareholder_____

Signature of Proxy holder(s) _____

Affix
Revenue
Stamp of ₹ 1/-

Notes:

- (1) This form of proxy, in order to be effective, should be duly completed and deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
- (2) A Proxy need not be a member of the Company.
- (3) A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company. A member holding more than ten percent of the total share capital of the Company may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.

THIS PAGE IS INTENTIONALLY LEFT BLANK



Rural Electrification Corporation Limited

(A Government of India Enterprise)

Core-4, SCOPE Complex, 7 Lodhi Road, New Delhi-110 003, Tel. : 24365161, Fax: 24360644
E-mail: reccorp@recl.nic.in, Website: www.recindia.com, CIN: L40101DL1969GOI005095