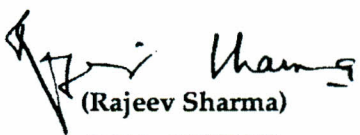

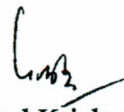


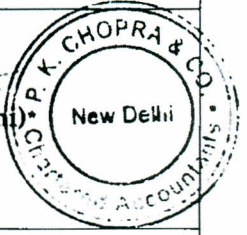
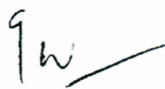


**FORM A**  
**(Clause 31(a) of Listing Agreement)**

1.	Name of the Company	Rural Electrification Corporation Limited CIN - L40101DL1969GOI005095
2.	Annual financial statements for the year ended	31 <sup>st</sup> March, 2015
3.	Type of Audit observation	Un-qualified report
4.	Frequency of observation	N/A
5.	To be signed by-	
	Chairman & Managing Director	 (Rajeev Sharma) DIN - 00973413
	Director (Finance)	 (Ajeet Kumar Agarwal) DIN - 02231613
	Joint Statutory Auditors :-  Raj Har Gopal & Co. Chartered Accountants Firm Reg. No. 002074N	 (Gopal Krishan) Partner M. No. 081085 
	P.K. Chopra & Co. Chartered Accountants Firm Reg. No. 006747N	 (K.S. Ponnuswami) Partner M. No. 070276 
	Chairman, Audit Committee	 (Badri Narain Sharma) DIN - 01221452

# 46<sup>TH</sup> ANNUAL REPORT 2014-15



Funding Power...  
For Growth...



आरईसी  
REC

असीमित ऊर्जा, अनन्त संभावनाएं  
Endless energy. Infinite possibilities.

# 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 loanes 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.

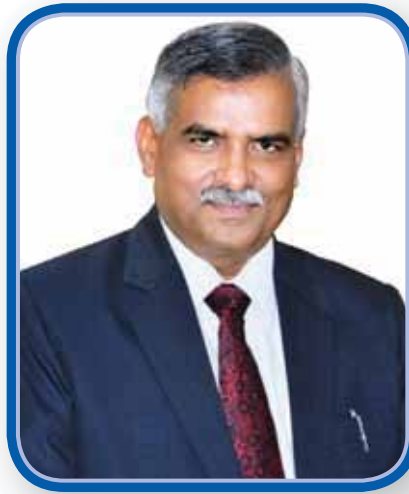
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## COMPANY INFORMATION

Functional Directors	Shri Rajeev Sharma Chairman & Managing Director	Shri Prakash Thakkar Director (Technical)	Shri Ajeet Kumar Agarwal Director (Finance)	
Chief Vigilance Officer	Smt. Abha Anand Kishore			
Executive Directors	Shri Ashok Awasthi Executive Director (Admn./Ren. & SD/Estate & CEO-RECTPCL)	Dr. Dinesh Arora Executive Director (DDUGJY/DDG & CEO-RECPDCL)	Shri Sanjiv Garg Executive Director (Loans & Recovery/ALM/Taxation)	
	Shri Sunil Kumar Executive Director (DDUGJY/DDG/IT)	Shri S. K. Gupta Executive Director (T&D/NEF/DDUGJY)	Shri Rakesh Kumar Arora Executive Director (Resources/CA/CP/CSR/Banking)	
General Managers	Shri T. S. C. Bosh General Manager (DDUGJY)	Shri Dinesh Kumar General Manager (Renewable Energy)	Shri G. S. Bhati General Manager (DDUGJY/DDG)	Shri C. P. Bhatia General Manager (Finance & CSR)
	Shri L. M. Verma General Manager (Loans & Recovery)	Smt. Kalpana Kaul General Manager (HR/CC & PR/Rajbhasha)	Shri J. S. Amitabh General Manager & Company Secretary	Shri S. L. Batta General Manager (Law)/PIO-RTI
	Shri G. V. Mahendar General Manager (Entity Appraisal)	Shri Ajoy Choudhary General Manager (Financial Concurrence & Policy)	Shri V. K. Singh General Manager (Generation)	Shri Fuzail Ahmed General Manager (PMG)
	Shri R. P. Vaishnav General Manager (Internal Audit)	Shri Rakesh Sareen General Manager (Finance) & In-charge - Northern Zone		
Registered Office	Core-4, SCOPE Complex, 7, Lodhi Road, New Delhi-110003, India. Tel: 91-11-24365161, Fax: 91-11-24360644, E-mail: <a href="mailto:reccorp@recl.nic.in">reccorp@recl.nic.in</a> Website: <a href="http://www.recindia.gov.in">www.recindia.gov.in</a>			
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: <a href="mailto:einward.ris@karvy.com">einward.ris@karvy.com</a> , <a href="mailto:raju.sv@karvy.com">raju.sv@karvy.com</a> , <a href="mailto:balaji.reddy@karvy.com">balaji.reddy@karvy.com</a> Website: <a href="http://www.karvycomputershare.com">www.karvycomputershare.com</a>			
Shares Listed At	National Stock Exchange of India Limited   BSE Limited			
Depositories	National Securities Depository Limited   Central Depository Services (India) Limited			
Joint Statutory Auditors	P. K. Chopra & Co. Chartered Accountants	Raj Har Gopal & Co. Chartered Accountants		
Secretarial Auditor	Chandrasekaran Associates, Practicing Company Secretaries			
Bankers	Reserve Bank of India State Bank of India State Bank of Hyderabad Vijaya Bank	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 Honkong & Shanghai Banking Corporation Limited

## BOARD OF DIRECTORS



**SHRI RAJEEV SHARMA**  
Chairman & Managing Director



**SHRI PRAKASH THAKKAR**  
Director (Technical)



**SHRI AJEET KUMAR AGARWAL**  
Director (Finance)



**SHRI B. N. SHARMA**  
Government Nominee Director

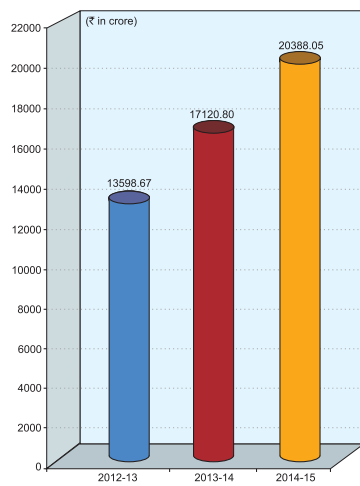
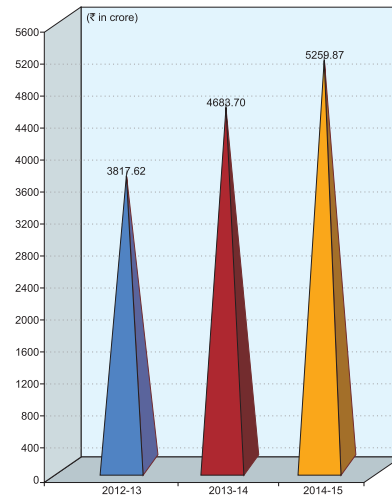
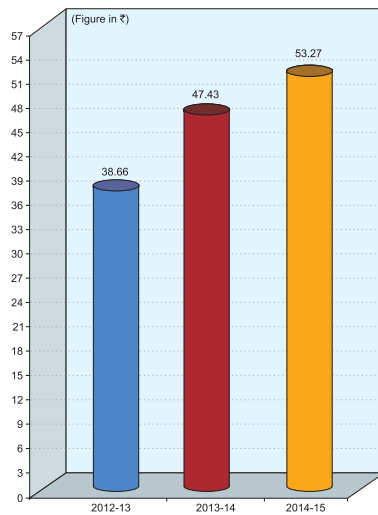
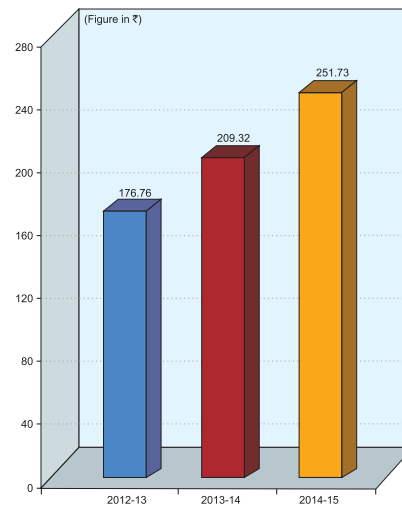
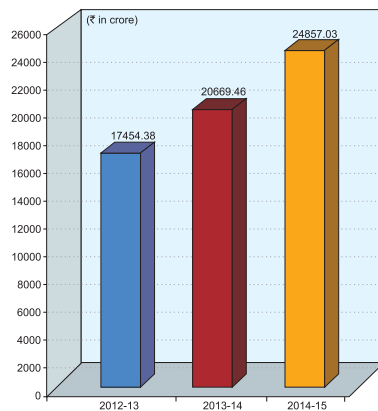
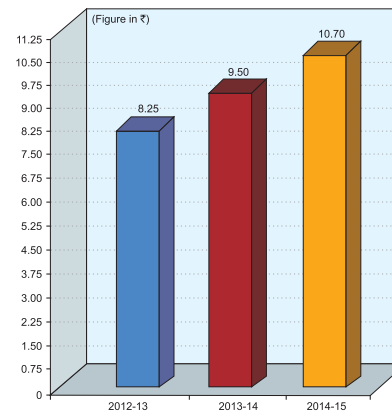


## PERFORMANCE HIGHLIGHTS

### CONSISTENT GROWTH OVER 10 YEARS

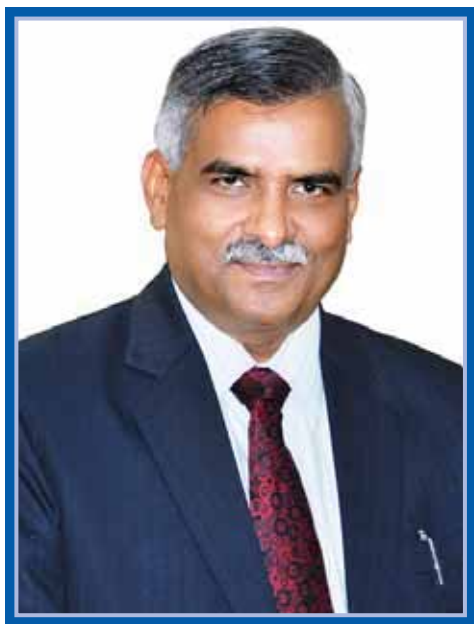
Particulars	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06
<b>SHAREHOLDERS' FUND</b> (at the end of the year) (₹ in Lakh)										
Equity Share Capital	98746	98746	98746	98746	98746	98746	85866	85866	78060	78060
Reserves & Surplus	2386957	1968200	1646692	1357558	1180116	1009288	533142	450905	323211	341773
<b>Net Worth</b>	<b>2485703</b>	2066946	1745438	1456304	1278862	1108034	619008	536771	401271	419833
<b>BORROWINGS</b> (₹ in Lakh)										
From Government of India	307	793	1514	2464	3613	4942	6474	8192	10048	11997
Bonds/Debentures	12468385	10280671	8524904	7137220	5120853	4085714	3263148	2408961	2161163	1675724
From Financial Institutions	145000	299500	402000	437000	472000	407000	335000	350000	350000	350000
Foreign Currency Borrowings	2402820	1762115	1523819	1069809	760590	207637	149367	104845	87209	-
Term Loans from Banks	85900	26940	78880	109154	646914	581143	480105	443480	379680	315700
Commercial Papers	-	254000	98000	-	-	245000	129500	-	-	-
Short-term/Demand Loans	-	-	150000	250000	-	63000	130000	112800	40000	50500
<b>Total</b>	<b>15102412</b>	12624019	10779117	9005647	7003970	5594436	4493594	3428278	3028100	2403921
<b>FINANCING OPERATIONS</b> (During the year) (₹ in Lakh)										
Number of projects approved	609	1035	1031	1091	658	492	506	881	748	661
Financial assistance sanctioned	*6142137	*7073948	*7947049	*5129677	*6641998	*4535736	*4074584	*4676976	*2862985	*1659689
Disbursements	4644682	3796999	4018306	3059330	2851711	2712714	2227786	1630370	1373299	800658
Repayments by borrowers	1181263	1426045	1334592	811969	877258	580654	511936	560024	403444	350646
Outstanding at the end of the year	17964694	14864110	12735552	10142626	8172545	6597875	5065281	3861483	3126218	2456368
<b>ACHIEVEMENTS</b> (in Nos.)										
<b>Electrification of un-electrified villages</b>										
During the year	1405	1197	2587	7934	18306	18374	12056	9301	28706	9819
Upto end of the year	109524	108280	107083	104496	96562	78256	59882	47826	38525	9819
<b>Release of free Electricity Connections to BPL Households</b>										
During the year	759377	961730	1296541	3444902	5883355	4718468	3084788	1621182	655773	16815
Upto end of the year	21833995	21683554	20721824	19425283	15980381	10097026	5378558	2293770	672588	16815
<b>Pumpsets energised</b>										
During the year	256026	264165	254993	329022	318176	240020	188743	181244	174750	182239
Upto end of the year	10772632	10516606	10252441	9997448	9668426	9350250	9110230	8921487	8740243	8565493
<b>WORKING RESULTS</b> (₹ in Lakh)										
Total income	2038805	1712080	1359867	1050907	849526	670760	493128	353766	285400	224506
Finance Costs	1184461	1003846	808376	643135	485101	391285	289870	207275	176478	135577
Provisions for Loan Assets	80296	31202	13068	5227	22	22	237	3999	2105	-
Other Expenses	30668	23499	21653	22932	16472	14527	11217	11111	6085	5836
Depreciation	676	421	375	327	303	215	136	139	113	110
Profit Before Tax	742704	653112	516395	379286	347628	264711	191668	131242	100619	82983
Provision for Taxation	216717	184742	134633	97583	90635	64569	64460	45227	34593	19232
Profit After Tax	525987	468370	381762	281703	256993	200142	127208	86015	66026	63751
Dividend on Equity	105658	93809	81465	74059	74059	60321	38640	25760	17700	19126

\* 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 LETTER TO SHAREHOLDERS



### Dear Shareholders

It is my privilege to present to you the 46<sup>th</sup> Annual Report of your Company. REC has added another successful year to its journey of consistent all-round performance from inception till now. The year 2014-15 was a year of optimism for the Indian economy. A stable government at the Centre has kickstarted the process of reforms and policy measures aimed at inclusive development. The year saw a steady acceleration in services and manufacturing growth, declined inflation, increased foreign-portfolio flows and stabilization of rupee. The Government's emphasis on ease-of-doing business is visible in initiatives like Make in India, Digital India, streamlining forest and environment clearances, labour reforms and auction of coal blocks. Daunting challenges are still there, and it will take some more time for the results to show on the economy as a whole. Nevertheless, a beginning has been made, which augurs well.

On the global front, the economic recovery on the whole has not come out of the woods barring a few exceptions. The financial condition of major developed economies is still a major cause of concern. Among the developed economies, only US has shown signs of promise, while the ongoing recession in Europe in past few years has added Greece as a new member after Portugal and Italy to the financial contagion. Japan has resorted to quantitative easing for stemming the subdued growth and China is witnessing decreased economic activity of late. The prevailing situation has posed challenges before emerging and developing economies owing to subdued external demand from these markets.

As far as India is concerned, the economy has bucked the global trends and shown clear signs of uptick in growth in financial year 2014-15. As per Central Statistical Office data, the Indian economy grew at 7.3 % in 2014-15 due to improvement in the performance of both services and manufacturing sectors. Further, the economy is expected to grow at a rate of 7.5 % in financial year 2015-16, which is even faster than the predicted growth rate of China as per the International Monetary Fund (IMF) estimates.

At present, the country is relatively better placed in terms of Current Account Deficit (CAD) and Balance of Payments (BoP). A major reason for this has been steep decline of crude price because of excess production of Shale gas in US, thereby drastically cutting down its crude requirement and subdued economic activity in Eurozone and Japan. The rise of crude price again is expected to be limited with the recent lifting of sanctions on Iran. The decrease in oil prices has brought the inflation down sharply from 8.3 % in March 2014 to 5.2 % in March 2015. Other important determinants viz., key economic indicators showing signs of recovery, exchange rates inching towards stabilization and reduced inflation, has helped RBI cut policy rates by 75 bps since January 2015 and ease liquidity.

### POWER SECTOR

The tangible improvement in the overall growth of the core sectors, including growth in Coal and Electricity sectors during Fiscal 2015, is a positive indicator for development of Power Sector in the coming years. The financial year 2014-15 saw the highest capacity addition of 22,566 MW in a year, which is a 26.6 % rise on year-on-year basis. The actual electric energy generation during the Fiscal 2015 was 1,048 BUs against the generation of 967 BUs in the previous fiscal. For the XIII five year plan period, NITI Aayog estimates that in order to meet the projected demand requirement by 2022 at a GDP growth rate of 9 %, capacity addition of 94,000 MW would be required along with matching expansion in transmission and distribution systems. Further, to maintain a sustained economic growth of 8 % through to Fiscal 2032, as per the NITI Aayog, India needs to increase its electricity generation several times over for which the power generation capacity must increase to around 8,00,000 MW by Fiscal 2032.

The installed Generation capacity has increased, but the Generation sector is still to come out of the whirl gig of policy imbroglio which adversely affected the Power Sector development in the past 4-5 years. The major bottlenecks have been slippages of long-term coal linkages to the projects identified, 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. The Government of India has, in the last one year, taken a slew of proactive initiatives, notably allocation of coal mines through a transparent auction route, giving breather to gas-based stranded projects and private sector projects operating at less than 30 % PLF on domestic gas supply through subsidized imported gas supply supported by a Power System Development Fund (PSDF), efforts to takeover sick units under operation of State utilities, steps for augmenting indigenous coal production; and special focus on clean energy with enhanced stress on development of solar energy capacity, to name a few.

The transmission and distribution system in India is a three-tier structure comprising of regional grids, state grids and distribution networks. Presently, these regional grids are operating as an integrated unit of national grid with an inter-regional transfer capacity of more than 32,000 MW, 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 National Grid in the country is now one of the largest operating synchronous grids in the world. During the financial year 2014-15, a total of 22,101 cKms were added to the transmission capacity, which was around 32 % higher than the transmission capacity added in the previous fiscal.

The Distribution Sector, which provides the crucial last mile connectivity and has disparate, numerous and varied consumers, is the weakest link in the power sector value chain of Generation-Transmission-Distribution. The Distribution Sector is facing problems like exorbitant losses, suboptimal internal functioning of regulatory institutions, mismatch in tariffs, etc. The Government of India has taken various measures to make the State DISCOMs/utilities viable, like Transitional Finance Mechanism (TFM), incentivization through technology interventions in R-APDRP and NEF, devising utility-wise turnaround plan and monitoring its implementation at the highest level. It is necessary that all such interventions are dovetailed and integrated to help turn-around the power distribution sector.

To strengthen the power supply and availability, improve reach and 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. The initiative would go a long way in the Government of India (GoI)'s resolve of providing 24X7 power by 2019.

In terms of hydro-power development, 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. On the other hand, Renewable Energy has seen an unprecedented growth and its share, as planned in future, is itself an indication of major shift imminent in the fuel mix for generation sources in the country. Plans are afoot to raise the capacity of Renewable Energy to 175,000 MW by year 2022.

## PERFORMANCE HIGHLIGHTS

Your Company continued to register growth on key fronts of Loan Disbursements, Recoveries, Operating Income and Profits. During the financial year 2014-15, the disbursements were ₹ 46,446.82 crore (including subsidy under DDUGJY-RE and DDG), as against ₹ 37,969.99 crore in the previous financial year. On standalone basis, the total operating income of the Company for the financial year 2014-15 increased by 19 % to ₹ 20,229.53 crore from ₹ 17,017.98 crore during the previous year. The profit after tax increased by 12 % to ₹ 5,259.87 crore from ₹ 4,683.70 crore in the previous year. The Loan Asset book of the Company as on March 31, 2015 has increased by a healthy 21 % to reach a historic high of ₹ 1,79,647 crore from ₹ 1,48,641 crore in the previous year. The Company achieved recovery rate of 97.70 % for the financial year 2014-15. The Company's Non-Performing Assets (NPAs) continue to be at low levels. As on March 31, 2015, the Gross NPAs of the Company was ₹ 1,335.38 crore, which is 0.74 % of Gross Loan Assets as on March 31, 2015.

The Company mobilized ₹ 41,189.82 crore from the market during the financial year 2014-15, which included ₹ 5,337.78 crore by way of Capital Gain Tax Exemption Bonds, ₹ 29,200 crore by way of non-priority sector bonds, ₹ 6,409.03 crore from External Commercial Borrowings (ECB) and ₹ 243.01 crore by way of Official Development Assistance (ODA) loan from KfW, Germany and Japan International Cooperation Agency (JICA), Japan. Further, an amount of ₹ 5,894.25 crore was also raised through Commercial Paper (CP). At the close of the financial year 2014-15, the total resources of the Company stood at ₹ 1,83,175.03 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 like Moody's and Fitch which are "Baa3" and "BBB-" respectively. The overall weighted average annualized cost of borrowing for the funds raised during the financial year 2014-15 was 8.07 % p.a. and Interest Coverage Ratio was 1.63. As a result, the Company was able to deliver debt financing at competitive rates.

## DIVIDEND

In addition to interim dividend of ₹ 8.00 (Rupees Eight only) per share paid on February 27, 2015, the Board of Directors of the Company has recommended a final dividend of ₹ 2.70 (Rupees Two and Seventy Paise only) per share on the face value of ₹ 10/- each for the financial year 2014-15, which is subject to approval of the Shareholders in the 46<sup>th</sup> Annual General Meeting. Accordingly, the total dividend for the financial year 2014-15 will work out to ₹ 10.70 (Rupees Ten and Seventy Paise only) per share on the face value of ₹ 10/- each, representing 107 % of the paid-up share capital of the Company, as against

₹ 9.50 (Rupees Nine and Fifty Paise only) per share, representing 95 % of the paid-up share capital of the Company in the previous financial year. The total dividend pay-out for the financial year 2014-15 will amount to ₹ 1,056.58 crore (excluding dividend distribution tax of ₹ 212.17 crore).

### FINANCING POWER PROJECTS

The Company has been providing funding assistance for power generation, transmission & distribution projects besides for electrification of villages. The 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, the 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 2014-15, the Company sanctioned 34 nos. of Generation/R&M loans including 22 nos. of additional loan assistance with total financial outlay of ₹ 22,178.31 crore including consortium financing with other financial institutions and has disbursed ₹ 13,828.07 crore against the ongoing generation projects.

### FINANCING TRANSMISSION & DISTRIBUTION PROJECTS

During the financial year 2014-15, the Company sanctioned 552 nos. of Transmission and Distribution schemes involving a total loan assistance of ₹ 25,031.14 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 energization schemes. The total disbursement under T&D schemes was ₹ 16,335.06 crore.

### FINANCING RENEWABLE ENERGY AND OTHER PROJECTS

During the financial year 2014-15, the Company sanctioned loan assistance of ₹ 547.92 crore to 8 new grid-connected Renewable Energy projects with installed generation capacity aggregating to 193.86 MW which included 6 Solar photo-voltaic projects of 173.06 MW; and 2 Wind projects aggregating to 20.8 MW. The total cost of these projects aggregates to ₹ 1,768.19 crore. Further, during the financial year 2014-15, total disbursement under renewable energy projects was ₹ 295.25 crore.

### DEENDAYAL UPADHYAYA GRAM JYOTI YOJANA (DDUGJY)

The Government of India had launched the "Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY) scheme of Rural Electricity Infrastructure and Household Electrification" in year 2005, for providing access to electricity to all rural households. REC was the Nodal agency for implementation of the Scheme. Subsequently, RGGVY scheme has been subsumed in the new 'Deendayal Upadhyaya Gram Jyoti Yojana' (DDUGJY) scheme approved by the Government of India in year 2014. REC is the Nodal agency for implementation of the DDUGJY Scheme. The main objectives of the 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. During the financial year, an amount of ₹ 4,002.73 crore (including subsidy of ₹ 3,605.72 crore under RE component of DDUGJY and ₹ 22.64 crore under DDG subsidy) has been disbursed. Cumulatively upto March 31, 2015, works in 1,09,524 un-electrified villages & intensive electrification of 3,14,958 villages have been completed and electricity connections to 2.18 crore BPL households have been provided under the scheme.

### SUBSIDIARY COMPANIES & JOINT VENTURE

The Company has two wholly-owned subsidiaries (WOS), to focus on additional business of 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 2014-15, REC Power Distribution Company Limited (RECPDCL) has excelled in the area of Third Party Inspection (TPI) and also set its quality benchmark in preparation of Detailed Project Reports (DPRs) through Global Positioning System (GPS) based field survey. During the financial year 2014-15, RECPDCL has prepared 61 DPRs under DDUGJY-RE XII five year plan and 11 DPRs under RE works for Jharkhand DISCOMs and carried out TPI for various schemes. Further, RECPDCL has been engaged as the Project Implementing and Monitoring Agency by REC, for construction of toilets in schools under the 'Swachh Vidyalaya Abhiyaan' in Uttar Pradesh, Madhya Pradesh, Bihar, Telangana, Rajasthan and Punjab, under REC's CSR initiative.

The financial performance of RECPDCL is also on the growth path. During the financial year 2014-15, RECPDCL's total revenue has increased by 16.75 % to ₹ 87.76 crore compared to the previous year income of ₹ 75.16 crore. The Profit Before Tax (PBT)

has increased by 4.66 % to ₹ 52.52 crore as compared to ₹ 50.18 crore in the previous year. Further, the Profit After Tax (PAT) has also increased by 5.35 % to ₹ 34.77 crore from ₹ 33 crore during the previous year. The Board of Directors of RECPDCL has recommended a Dividend of ₹ 100/- per equity share of face value of ₹ 10/- each for the financial year 2014-15, i.e., 1000 % on the paid up share capital of RECPDCL, subject to approval of its shareholders in their ensuing Annual General Meeting.

Further, Ministry of Power (MoP), Government of India, has designated REC Transmission Projects Company Limited (RECTPCL) as “Bid Process Coordinator” (BPC) 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 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 date, the following project specific SPVs exist as wholly owned subsidiary companies of RECTPCL:

1. Nellore Transmission Limited
2. Baira Siul Sarna Transmission Limited
3. Maheshwaram Transmission Limited
4. Vemagiri-II Transmission Limited
5. Alipurduar Transmission Limited
6. NER-II Transmission Limited

During the financial year 2014-15, 4 (four) new subsidiary companies of RECTPCL were incorporated, namely Gadawara (A) Transco Limited, Gadawara (B) Transmission Limited, Maheshwaram Transmission Limited and Vindhyaachal Jabalpur Transmission Limited. Further, 4 (four) subsidiary companies of RECTPCL, namely NRSS XXXI (A) Transmission Limited, NRSS XXXI (B) Transmission Limited, NRSS XXIX Transmission Limited and Vindhyaachal Jabalpur Transmission Limited were transferred to the successful bidders, during the year 2014-15.

During the financial year ended March 31, 2015, RECTPCL has recorded an income of ₹ 72.44 crore. The Profit Before Tax and Profit After Tax for the year is ₹ 69.92 crore and ₹ 47.54 crore, respectively. The Net worth of RECTPCL is ₹ 105.01 crore against initial capital of ₹ 0.05 crore injected by REC in year 2007. The Board of Directors of RECTPCL has recommended a Dividend of ₹ 1,902/- per equity share of face value of ₹ 10/- each i.e 19,020 % for the financial year 2014-15 on paid up share capital of RECTPCL, subject to approval of its shareholders in their ensuing Annual General Meeting.

REC, along with three other PSUs, namely Power Grid Corporation of India Limited, NTPC and PFC as equal partners, has formed a Joint Venture company by the name 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, MoP. Currently, EESL is implementing Municipal Street Lighting projects with various municipal corporation and AgDSM projects for replacement of inefficient agricultural pumpsets in agriculture sector, DSM Based Efficient Lighting Programme (DELP) in domestic residential sector in ESCO mode with various utilities and CSR projects of various companies.

REC has contributed equity share capital of ₹ 22.50 crore in EESL (being 25 % of EESL's paid-up equity share capital) upto March 31, 2015. Further, during the financial year 2015-16, REC has infused an additional amount of ₹ 25.00 crore towards equity subscription in EESL. The performance of EESL has improved during the year and it is on the growth path. During the financial year 2014-15, EESL's Profit After Tax (PAT) was ₹ 9.05 crore as against ₹ 1.02 crore in the previous financial year.

#### CENTRAL INSTITUTE FOR RURAL ELECTRIFICATION

Central Institute for Rural Electrification (CIRE) was established under the aegis of REC in Hyderabad in year 1979, to cater to the training and development needs of engineers and managers of power and energy sector and other organizations concerned with power and energy. The programmes by CIRE are conducted on state-of-the-art subjects of Power Generation, Transmission, Distribution and Renewable Energy sources. CIRE is designated as the Nodal agency by Ministry of Power for implementation of National Training Programmes on franchisee and employees of C&D category under the human resources development component of DDUGJY programme. During the financial year 2014-15, in addition to coordinating and monitoring the national training programmes for franchisees and employees of C&D category, CIRE has conducted 128 programmes on various themes and trained 2,539 personnel with 14,582 man-days of training. During the year, CIRE has also been conferred with “Education Leadership Award” by Dewang Mehta Business School in the 22<sup>nd</sup> Business School Affaire, 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 & HRD continued to receive priority during the financial year 2014-15. Training and Human Resource Policy of the Company aims at sharpening business skills and competence required for better employee performance and also 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 the socio-economic environment in which the Company operates; and also to help employees gain on spiritual, health and attitudinal front.

## 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 Company. Implementation of HR-ERP solution for automation of HR functions including Employee Self Service Portal across the Company is at advanced stage. Also, a Disaster Recovery Setup has been established in the Company for HR-ERP solution in January, 2015. Both the Primary Data Centre (PDC) and Disaster Recovery Center (DRC) of REC are ISO/IEC 27001:2013 certified and are compliant with National Cyber Security Policy as notified by Department of Electronics and Information Technology (DeitY), Ministry of Communications and Information Technology, Government of India. REC is implementing suitable Video Conferencing (VC) solution across all offices of the Company. In Phase-I, VC solution will be implemented in Corporate Office and Zonal Offices. REC has also implemented on-line 'e-procurement' system as per CVC guidelines; and various internal systems like, Annual Property Return System, Visitor Management System, Audit Management System, etc.

## CORPORATE GOVERNANCE

Corporate Governance at REC, is managing the business in an ethical and responsible manner for sustainable value creation of 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. During the financial year 2014-15, the Company has received **13<sup>th</sup> ICSI National Award for Excellence in Corporate Governance** from the Institute of Company Secretaries of India (ICSI), a statutory body constituted under the Company Secretaries Act, 1980, in recognition of the good Corporate Governance practices followed by REC.

As a listed Public Sector Enterprise, your Company has been complying with the requirements of Corporate Governance as stipulated in the Companies Act, Listing Agreement and DPE Guidelines. Further, the matter pertaining to appointment of requisite number of Independent Directors including at least one Woman Director on the Board, is under active consideration of the Ministry of Power.

## SWACHH BHARAT ABHIYAAN

'Swachh Bharat Abhiyaan' was celebrated in the Company from September 25, 2014 to October 2, 2014. On the birth anniversary of Mahatma Gandhi, Father of the Nation on October 2, 2014, 'Swachh Bharat Diwas' was celebrated with enthusiasm amongst employees at all offices of REC and on this occasion, 'Swachhta Shapath' was administered at the Corporate Office wherein it was emphasized that this Abhiyaan should be carried out as a 'continuous process' and all employees were encouraged to carry forward this noble movement.

Cleanliness drive of neighbourhoods at all offices of REC was also carried out wherein the employees participated with immense enthusiasm and zeal. Further, to ensure wider dissemination of this message, posters were made and displayed at all REC offices to sensitize the employees on the issues of cleanliness. In furtherance of this Abhiyaan, various initiatives were taken which include printing of logo of 'Swachh Bharat Mission' on all file covers and letterheads of the Company, weeding out of old records to make workstations clean & presentable, ease storage space constraints, proper stacking of records and files with indexing, proper clipping of wires/cables, phasing out the old IT hardware and furniture, clear access and cleanliness of passages etc. The Company is fully committed towards the cause of creating a clean India and will continue to improve the cleanliness in and around the premises.

Further, an essay Competition on 'Cleanliness is next to Godliness' was also organized in the Company in which many employees participated. A suggestion scheme for employees was organized on "How to improve cleanliness of our work place" and best suggestions were rewarded.

## CORPORATE SOCIAL RESPONSIBILITY AND SUSTAINABLE DEVELOPMENT

Corporate Social Responsibility and Sustainable Development (CSR & SD) initiatives were pursued actively. Accordingly, CSR budget (@ 2% of average net profit for previous three financial years, calculated in accordance with the provisions of Section 198 of the Companies Act, 2013) was allocated for the financial year 2014-15, amounting to ₹ 103.25 crore. 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 elderly persons and persons with disabilities, drinking water and sanitation facilities including participation in 'Swachh Vidyalaya Abhiyaan', LED based solar street lights in select un-electrified / poorly electrified villages etc. During the financial year 2014-15, financial assistance aggregating to ₹ 251.22 crore was sanctioned for various projects under Corporate Social Responsibility, including ₹ 190 crore for construction of toilets in schools under 'Swachh Vidyalaya Abhiyaan', out of which ₹ 67 crore is against allocation for financial year 2014-15 and ₹ 123 crore is against allocation for financial year 2015-16. Further, during the financial year 2014-15, REC has incurred expenditure for an amount of ₹ 103.25 crore (including ₹ 57.21 crore provided for in the books of accounts) towards approved CSR projects under implementation during the financial year. This amount of ₹ 57.21 crore provided for during the financial year 2014-15 has since been paid during the financial year 2015-16.

### 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 2013-14 has been rated as **"Excellent"**. This is the 21<sup>st</sup> 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 2014-15 also, the Company is poised to receive "Excellent" rating. During the year, your Company received **"Company of the Year"** award for 'Operational Performance Excellence' under PSE Excellence Awards 2014. Your Company also received Award for **"Excellence in Financial Services"** under India Pride Awards 2014-15 from Dainik Bhaskar & DNA.

### OTHER INITIATIVES

Your Company constantly reviews and revises its lending and operation policies / procedures from time to time, to suitably align with market requirements as also with its corporate objectives and applicable statutory requirements. During the year, the Company has reviewed policies relating to Funding against Regulatory Assets, Risk Management, Resource Planning, Premature Re-payment / Prepayment, Whistle Blower / Vigil Mechanism and CSR & Sustainability. The interest rates in respect of term-loan and short term loan were also reviewed/revised during the year.

In spite of 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 will strive 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 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, tweaked the interest rate policy and introduced integrated rating mechanism, to take care of risk assessment in different technologies.

Your Company has formed a "Strategic Business Group" comprising of senior officials to explore new business opportunities and look for new products with regard to the business development of the Company.

Your Company is committed to accelerate growth and will continue to achieve the best standards of Corporate Governance with emphasis on authority and freedom of management coupled with transparency, accountability and professionalism in their working with the aim of enhancing long term economic value of all the stakeholders and society at large.

### LOOKING AHEAD

In terms of electricity generation, India ranks among the top countries within the BRICS countries, however India has the lowest per capita electricity consumption amongst the BRICS nations. The low per capita electricity consumption suggests a large latent demand of power in the country. Estimated aggregate capacity addition of 180 GW during the XII and XIII five year plans put together (2012-2022) with estimated investments of over ₹ 34 lakh crore will 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.



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 and IPDS 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. I would like to assure you that with the help of committed workforce, your Company is fully equipped to move forward by delivering best services to customers. This reinforces our absolute commitment to customer service which is the essence of doing business. The Government's decisive shifts have created a reform oriented positive outlook. Steps like ramping up of investment, rationalizing subsidies and creating a competitive, predictable and clean tax policy environment are the need of the hour. Overall, the key to profitability and growth of the Company lies in judicious raising of resources at a low cost and ensuring most productive deployment of these funds.

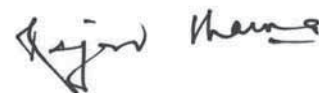
#### ACKNOWLEDGEMENTS

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), the Additional Secretaries, MoP, Joint Secretaries, MoP and other officials in the Ministry of Power. I am also grateful to the officials in the Ministry of Finance, NITI Aayog and the Reserve Bank of India, for their continued support and guidance. I also thank the Comptroller & Auditor General of India, the Joint Statutory Auditors of the Company and the Secretarial Auditor for their valued contribution. I also express my sincere gratitude to our lenders and investors for having reposed their trust in us.

I would like to express my thanks and appreciation to my esteemed colleagues on the Board and to all employees of REC for their unswerving commitment to their work. I convey my special thanks to all stakeholders of the Company for their support and goodwill and for their continuing confidence in the Company's performance.

I am confident that with a dedicated and committed resource of employees and support of our esteemed stakeholders, your Company will continue to deliver its responsibilities and steer ahead in the direction of excellent performance for yet another year in succession.

With best wishes,



(Rajeev Sharma)

Chairman & Managing Director

August 7, 2015

## NOTICE

Notice is hereby given that the Forty Sixth (46<sup>th</sup>) Annual General Meeting (AGM) of **Rural Electrification Corporation Limited ("REC" or "the Company")** will be held on **Wednesday, September 16, 2015 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 businesses:-

### 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, 2015 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 2014-15.
- 3) To appoint a Director in place of Shri Prakash Thakkar (DIN: 01120152), who retires by rotation and being eligible, offers himself for re-appointment.
- 4) To fix the remuneration of Auditors for the financial year 2015-16.

### SPECIAL BUSINESS

- 5) To consider and if thought fit, to pass, with or without modification(s), the following resolution(s) as **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, 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 ₹ 42,000 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 ₹ 42,000 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."

- 6) To consider and if thought fit, to pass, with or without modification(s), the following resolution(s) as **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) with Energy Efficiency Services Limited (EESL) or any other associate company(ies) of Rural Electrification Corporation Limited (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 2014-15.”

**“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) of REC within the overall limit of two percent (2 %) of the turnover of REC for the financial year 2014-15, 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 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.”

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



**(J. S. Amitabh)**  
**General Manager & Company Secretary**

**Registered Office:**

Core-4, SCOPE Complex,  
7, Lodhi Road,  
New Delhi-110003  
CIN : L40101DL1969GOI005095  
Dated : August 7, 2015

**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 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.gov.in](http://www.recindia.gov.in).  
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 Clause 49 of the Listing Agreement executed with the Stock Exchanges is annexed hereto and forms part of Notice.
4. The Register of Members and Share Transfer Books of the Company will remain closed from **Friday, September 11, 2015 to Wednesday, September 16, 2015 (both days inclusive)**.
5. The Final Dividend @ ₹ 2.70 per equity share, as recommended by the Board of Directors in its Meeting held on May 28, 2015, 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 **Wednesday, October 7, 2015** 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 Thursday, September 10, 2015**, 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 Thursday, September 10, 2015**.

Further, the Board of Directors in its Meeting held on February 13, 2015 had declared an interim dividend of ₹ 8.00 per equity share on the paid-up equity share capital of the Company which was paid on February 27, 2015. The Shareholders are also requested to confirm the same.

6. 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.
7. Members who have not received/ encashed their dividend warrants within its validity period may write to the Company at its Registered Office or 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 (corresponding provisions of Companies Act, 2013 yet to be notified), 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 18, 2014 (date of last Annual General Meeting) on the website of the Company ([www.recindia.gov.in](http://www.recindia.gov.in)) and also on the website of the Ministry of Corporate Affairs.

8. 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 Annual General Meeting, along with the Proxy Form/ Attendance Slip.
9. **Members are requested to:-**
  - a. **note that copies of Annual Report will not be distributed at the Annual General Meeting 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 Annual General Meeting.**
10. 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.
11. 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 16, 2015 to R&TA to enable them to print these details on the Dividend Warrant.
12. **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 Company/R&TA.**

13. 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.
14. 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 45<sup>th</sup> Annual General Meeting (AGM) of the Company held on September 18, 2014, 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/Joint Statutory Auditors of the Company for the financial year 2014-15, on the recommendation of the Audit Committee. Accordingly, the Board of Directors in its Meeting held on November 10, 2014 approved the payment of remuneration of ₹ 25,00,000/- (Rupees Twenty Five Lakh only) plus service tax as applicable to be shared equally by the Joint Statutory Auditors, M/s Raj Har Gopal & Co., Chartered Accountants and M/s P.K. Chopra & Co., Chartered Accountants, for the financial year 2014-15. 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 Joint Statutory Auditors of the Company for the financial year 2015-16 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 2015-16, 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/ Joint Statutory Auditors of the Company, as it deems fit, for the financial year 2015-16.**

15. 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.gov.in](http://www.recindia.gov.in). In case of shares held in dematerialized form, the nomination form has to be lodged directly with the respective Depository Participant (DP).
16. **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 the meeting.**
17. 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.**

18. 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.
19. Non-Resident Indian Members are requested to inform Karvy, immediately 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.

20. In compliance with provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, Clause 35B of the Listing Agreement entered with Stock Exchanges 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 Annual General Meeting. Those Shareholders who do not opt to cast their vote through e-voting, may cast their vote through ballot process 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 at the Meeting, in a fair and transparent manner.

Further, the Company has fixed **Thursday, the September 10, 2015** as the Cut-off date for determining the eligibility to vote by electronic means or in the general meeting. 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 12, 2015 (1000 Hours) to Tuesday, September 15, 2015 (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.

<b>User-ID</b>	<b>For Members holding shares in Demat form:-</b>
	a) For NSDL : 8 Character DP ID followed by 8 Digit Client ID
	b) For CDSL : 16 digit beneficiary ID
	<b>For Members holding shares in Physical form:-</b>
	EVENT no. followed by Folio Number registered with the Company.
<b>Password</b>	Your Unique password is printed on the Proxy form enclosed to the Notice/mentioned in the email as received from Karvy
<b>Captcha</b>	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](mailto:scrutinizer.recl@gmail.com) with a copy marked to [evoting@karvy.com](mailto: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](mailto:einward.ris@karvy.com) / [raju.sv@karvy.com](mailto:raju.sv@karvy.com) / [balaji.reddy@karvy.com](mailto:balaji.reddy@karvy.com).
21. 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.
  22. Once discussion on all the agenda items is completed in the Meeting, every Resolution will be put to vote through a ballot process 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 at the Meeting.
  23. The Scrutinizer shall, after the conclusion of the voting through ballot process at the Annual General Meeting, count the votes cast at the meeting through ballot paper, 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.
  24. 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.gov.in](http://www.recindia.gov.in)) 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.
  25. The Company is not providing Video Conferencing facility for this meeting.
  26. The entire Annual Report is also available on the Company's website [www.recindia.gov.in](http://www.recindia.gov.in).

#### 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

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 (45<sup>th</sup>) Annual General Meeting (AGM) of the Company held on September 18, 2014, to raise funds through Private Placement of Unsecured/Secured Non-Convertible

Bonds/Debentures upto ₹ 35,000 crore by way of issue of unsecured/secured non-convertible bonds/debentures of the Company, 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 17, 2015. 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 Annual General Meeting 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 ₹ 42,000 crore, during a period of **one year from the date of passing of this resolution, i.e. upto September 15, 2016**, 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 ₹ 42,000 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 7, 2015 has approved the above proposal and recommends the passing of the proposed Special 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.5 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.

#### Item No. 6

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) 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) 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 2014-15.

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) 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) of REC, within the overall limit of two percent (2 %) of the turnover of the REC for the financial year 2014-15.

The Board of Directors of the Company in its Meeting held on August 7, 2015 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. 6 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.

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



**(J. S. Amitabh)**

**General Manager & Company Secretary**

**Registered Office:**

Core-4, SCOPE Complex,

7, Lodhi Road,

New Delhi-110003

CIN : L40101DL1969GOI005095

**Dated: August 7, 2015**

**BRIEF RESUME OF THE DIRECTORS APPOINTED SINCE LAST ANNUAL GENERAL MEETING HELD ON SEPTEMBER 18, 2014.**

Since last Annual General Meeting held on September 18, 2014, no Director has been appointed on the Board of Rural Electrification Corporation Limited.

**BRIEF RESUME OF THE DIRECTORS SEEKING RE-APPOINTMENT AT THE 46<sup>TH</sup> ANNUAL GENERAL MEETING**

<b>Name</b>	Shri Prakash Thakkar (DIN: 01120152)
<b>Date of Birth</b>	October 20, 1955 (Age : 59 years)
<b>Date of Appointment</b>	May 2, 2011
<b>Qualifications</b>	Bachelor's degree in Electrical Engineering from Maharaja Sayajirao University, Baroda
<b>Expertise in specific Functional area</b>	Shri Thakkar has over 36 years of rich and diversified experience of power sector which includes Hydro Generation, Substation Engineering and Distribution. He has also served as Advisor to Government of Nepal for operation & maintenance of Devighat Hydro Electric Project during the year 1985-86. He is a member of AIMA and has also served as Nominee Director on the Boards of various companies. He is also the Chairman and Director of Energy Efficiency Services Limited. He has authored/co-authored various technical papers in National and International seminars.
<b>Directorship held in other Companies</b>	<ul style="list-style-type: none"> <li>• REC Transmission Projects Company Limited;</li> <li>• REC Power Distribution Company Limited; and</li> <li>• Energy Efficiency Services Limited.</li> </ul>
<b>Membership/Chairmanship of Committees across all Public Companies other than REC</b>	Nil
<b>Number of equity shares held in the Company</b>	4,030 equity shares of ₹ 10/- each.
<b>Remuneration paid</b>	Being a Government Company, the remuneration of Directors on the Board of the Company is fixed by the Government of India.

## DIRECTORS' PROFILE



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

Shri Rajeev Sharma, 55 years, is the Chairman & Managing Director (CMD) of our Company 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 30 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 Hydro-electric Project (1500 MW). During his stint 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).

Shri Rajeev Sharma was holding 60 Equity Shares in the Company as on March 31, 2015.

**Shri Prakash Thakkar, Director (Technical) (DIN: 01120152)**

Shri Prakash Thakkar, 59 years, is Director (Technical) of our Company since May 2, 2011. He holds a Bachelor's degree in Electrical Engineering from Maharaja Sayajirao University, Baroda. Shri Thakkar has over 36 years of rich and diversified experience of power sector which includes Hydro Generation, Substation Engineering and Distribution. He is in-charge of all technical and operational aspects of various projects financed by the Company in the generation, transmission and distribution sectors as well as rural electrification projects under the Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY).

Prior to taking over charge as Director (Technical), he was working in the Company as Executive Director (Transmission and Distribution/RGGVY). He joined our Company as General Manager (Technical) on deputation on September 19, 2005 and subsequently he was permanently absorbed in the Company on September 18, 2007. Prior to joining our Company, he has worked for about 11 years in NHPC (Installation of Hydrogenerators and Operation & Maintenance of Hydro Stations) and 15 years on different posts in Power Grid Corporation of India Limited. He was a member of India's first 400 kV Thyristor Controlled Series Compensation (TCSC) project implementation team. He was also a core member for switchgear equipment specifications for 800/400/220/132 kV. He has also served as Advisor to Government of Nepal for operation & maintenance of Devighat Hydro Electric Project during the year 1985-86.

He is a member of AIMA and also served as Nominee Director on the Boards of various companies. He is also the Chairman and Director of Energy Efficiency Services Limited. He has authored/co-authored various technical papers in National and International seminars.

Shri Prakash Thakkar was holding 4,030 Equity Shares in the Company as on March 31, 2015.





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

Shri Ajeet Kumar Agarwal, 55 years, is Director (Finance) of our Company 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 32 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. He is also a Nominee Director on the Board of Indian Energy Exchange Limited (IEX).

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.

Shri Ajeet Kumar Agarwal was holding 242 Equity Shares in the Company as on March 31, 2015.

**Shri B. N. Sharma, Government Nominee Director (DIN: 01221452)**

Shri B. N. Sharma, 56 years, is the Government Nominee Director of our Company since August 23, 2012. He holds a Bachelor's and Master's degree in Financial Management. He has been a part of the IAS since 1985 in the Rajasthan cadre and has been in the Civil Services for about 30 years. He is currently the Additional Secretary in the Ministry of Power, where he is in-charge of Rural Electrification and Distribution and also a Government Nominee Director on the Board of Power Finance Corporation Limited. Prior to joining Ministry of Power, Government of India, he has served as Principal Secretary in Medical & Health and Family Welfare Department, Rajasthan. He has also served as Commissioner, Commercial Taxes Department, Rajasthan, Managing Director of Rajasthan State Industrial and Investment Corporation Limited (RIICO), Chairman & Managing Director of Rajasthan Financial Corporation (RFC), Secretary of Finance (Expenditure) Department and Elementary, Secondary & Sanskrit Education Department in Rajasthan. Prior to that he has worked as Collector & District Magistrate of Jaipur, Alwar and Tonk districts in Rajasthan, Chairman & Managing Director of M/s Jaipur Vidhyut Vitran Nigam Limited, Jaipur, Secretary, Rajasthan State Electricity Board, Jaipur. Shri Sharma has also served as Director / Nominee Director on the Board of various companies. He was also Chairman of Rajasthan Drugs and Pharmaceuticals Limited, Rajasthan Medical Services Corporation Limited, Rajasthan Asset Management Company Private Limited, Rajasthan Trustee Company Private Limited and Rajasthan Electronics and Instruments Limited.



Shri B. N. Sharma was holding "Nil" Equity Shares in the Company as on March 31, 2015.



## BOARD'S REPORT

To

The Shareholders,

Your Directors have pleasure in presenting the Forty Sixth Annual Report together with the Audited Financial Statements of your Company for the financial year ended March 31, 2015.

### 1. PERFORMANCE HIGHLIGHTS

- 1.1** The highlights of performance of the Company for the financial year 2014-15 were as under with comparative position of previous year's performance :

	(₹ in crore)	
Parameter	FY 2014-15	FY 2013-14
Loans Sanctioned (excluding sanctions under DDUGJY-RE and DDG)	61,421.37	70,739.48
Disbursements (including subsidy under DDUGJY-RE and DDG)	46,446.82	37,969.99
Recoveries (including interest)	32,005.56	30,755.36
Total Operating Income	20,229.53	17,017.98
Profit Before Tax	7,427.04	6,531.12
Profit After Tax	5,259.87	4,683.70

### 1.2 Financial Performance

The total operating income of your Company for the financial year 2014-15 increased by 19% to ₹ 20,229.53 crore from ₹ 17,017.98 crore during the previous year. The profit after tax increased by 12% to ₹ 5,259.87 crore from ₹ 4,683.70 crore in the previous year.

Loan asset book of your Company as on March 31, 2015 has increased by a healthy 21% to reach a historic high of ₹ 1,79,647 crore from ₹ 1,48,641 crore in the previous year. The outstanding borrowings as on March 31, 2015 were ₹ 1,51,024 crore.

Earnings Per Share (EPS) for the financial year ended March 31, 2015 was ₹ 53.27 of ₹ 10/- each as against ₹ 47.43 in the previous year. Net worth of the Company as on March 31, 2015 has increased by 20% to ₹ 24,857 crore from ₹ 20,669 crore in the previous year.

### 1.3 Dividend

In addition to an interim dividend of ₹ 8.00 (Rupees Eight only) per share paid on February 27, 2015, the Board of Directors of your Company has recommended a final dividend of ₹ 2.70 (Rupees Two and Seventy paise only) per share (on the face value of ₹ 10/- each) for the financial year 2014-15, which is subject to approval of the Shareholders in the 46<sup>th</sup> Annual General Meeting. Accordingly, the total dividend for the financial year 2014-15 will work out to ₹ 10.70 (Rupees Ten and Seventy Paise only) per share (on the face value of ₹ 10/- each), representing 107% of the paid-up share capital of the Company, as against ₹ 9.50 (Rupees Nine and Fifty paise only) per share, representing 95% of the paid-up share capital of the Company, in the previous year. The total dividend pay-out for the financial year 2014-15 will amount to ₹ 1,056.58 crore (excluding dividend distribution tax of ₹ 212.17 crore).



Shri Rajeev Sharma, CMD, REC presenting interim dividend cheque of ₹ 518.53 crore to Shri Piyush Goyal, Hon'ble Minister of State for Power (Independent Charge), Government of India.

### 1.4 Share Capital

The issued and paid up share capital of the Company as on March 31, 2015 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 1,20,00,00,000 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 2014-15, there was no change in the shareholding of the Promoter. However, during the financial year 2015-16, the President of India acting through Ministry of Power, Government of India divested/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 date, the President of India holds 60.64 % of the paid up equity share capital of the Company.

## 2. LOANS SANCTIONED

The Company sanctioned loans worth ₹ 61,421.37 crore during the financial year 2014-15, as against ₹ 70,739.48 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 upto March 31, 2015 was ₹ 6,16,008.13 crore, including DDUGJY-RE and DDG project cost (capital subsidy and loan) upto XI five year plan. The cumulative state-wise position of sanctions upto the financial year 2014-15 is given in enclosed **Table - 3**.

## 3. DISBURSEMENTS

A total sum of ₹ 42,818.46 crore was disbursed during the financial year 2014-15 as against ₹ 35,546.02 crore in the previous year. Further, an amount of ₹ 4,002.73 crore under DDUGJY (including subsidy of ₹ 3,605.72 crore under RE component of DDUGJY and ₹ 22.64 crore under DDG subsidy) has been disbursed. The cumulative amount disbursed since inception up to March 31, 2015 was ₹ 2,83,512.55 crore excluding subsidy under DDUGJY-RE and DDG. The state-wise disbursements and repayment of loan by borrowers during the financial year 2014-15 together with cumulative figures and outstanding as on March 31, 2015 are given in enclosed **Table - 4**.

## 4. RECOVERIES

- 4.1** Your Company gives utmost priority to the timely realization of its dues towards principal, interest, etc. The amount due for recovery including interest during the financial year 2014-15 was ₹ 32,759.07 crore as compared to ₹ 31,312.57 crore during the previous year. The Company recovered a total sum of ₹ 32,005.56 crore during the financial year 2014-15 as against ₹ 30,755.36 crore during the previous year. The Company achieved recovery rate of 97.70 % for the financial year 2014-15. The overdues from defaulting borrowers as on March 31, 2015 were ₹ 1,549.18 crore.
- 4.2** Your Company's Non-Performing Assets (NPAs) continue to be at low levels. As on March 31, 2015, the Gross NPAs of the Company was ₹ 1,335.38 crore. The percentage of NPA as a percentage of Gross Loan Assets stood at 0.74 % as on March 31, 2015 as compared to 0.33 % as on March 31, 2014. The net NPA as on March 31, 2015 was ₹ 969.93 crore, which is 0.54 % of Gross Loan Assets.

The details of loans rescheduled during the financial year 2014-15 are as under:

		(₹ in crore)	
Particulars		FY 2014-15	FY 2013-14
Standard Loans Rescheduled*	No. of Borrowers	27	18
	Amount Outstanding	35,024.03	32,231.84

\*The Rescheduled loan amount includes ₹ 10,671.47 crore wherein the first repayment date was extended due to delayed commissioning of the respective project.

There were no loans rescheduled in respect of Sub-standard & doubtful loans during the financial year 2014-15.

## 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, 2015 is as under:

		(₹ in crore)			
Particulars		Standalone		Consolidated	
		FY 2014-15	FY 2013-14	FY 2014-15	FY 2013-14
Revenue from Operations		20,229.53	17,017.98	20,383.96	17,122.21
Other Income		158.52	102.82	165.90	106.73
<b>Total Income</b>		<b>20,388.05</b>	<b>17,120.80</b>	<b>20,549.86</b>	<b>17,228.94</b>
Finance Costs		11,844.61	10,038.46	11,839.72	10,034.74

Particulars	Standalone		Consolidated	
	FY 2014-15	FY 2013-14	FY 2014-15	FY 2013-14
Other Operating Expenses	313.44	239.20	353.33	264.90
Provisions and Contingencies	802.96	312.02	804.47	312.59
<b>Total Expenses</b>	<b>12,961.01</b>	<b>10,589.68</b>	<b>12,997.52</b>	<b>10,612.23</b>
Profit Before Tax	7,427.04	6,531.12	7,552.34	6,616.71
Provision for Taxation	2,167.17	1,847.42	2,207.92	1,875.46
<b>Profit After Tax</b>	<b>5,259.87</b>	<b>4,683.70</b>	<b>5,344.42</b>	<b>4,741.25</b>
<b>Less : Appropriations</b>				
Transfer to Special Reserve u/s 36(1)(viii) of the Income Tax Act, 1961	1,629.00	1,291.00	1,629.00	1,291.00
Transfer to Reserve for Bad & Doubtful Debts u/s 36(1) (viiia) of the Income Tax Act, 1961	353.00	288.00	353.00	288.00
<b>Dividend</b>	<b>1,056.58</b>	<b>938.09</b>	<b>1,056.58</b>	<b>938.09</b>
Dividend Distribution Tax	212.17	159.40	214.21	159.46
Transfer to Debenture Redemption Reserve	185.79	185.79	185.79	185.79
Transfer to General Reserve	526.00	470.00	530.76	490.30
<b>Surplus carried over to Balance Sheet</b>	<b>1,297.33</b>	<b>1,351.42</b>	<b>1,375.08</b>	<b>1,388.61</b>

### 5.1.1 Contribution to National Exchequer

During the financial year 2014-15, the Company contributed an amount of ₹ 3,134.24 crore as compared to ₹ 2,424.27 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 2014-15	FY 2013-14
Dividend paid to the Government of India	631.96	610.14
Dividend Distribution Tax*	187.26	155.20
Direct Taxes	2,285.04	1,640.42
Service Tax paid including CENVAT credit	29.98	18.51
<b>Total</b>	<b>3,134.24</b>	<b>2,424.27</b>

\*Includes Dividend Distribution Tax on final dividend for the previous year and on interim dividend for the current year.

### 5.1.2 Ratio Analysis

A comparative statement of important ratios of the Company for the financial year 2014-15 vis-à-vis 2013-14, is as under:

Particulars	FY 2014-15	FY 2013-14
Earnings Per Share (₹)	53.27	47.43
Return on Average Net Worth (%)	23.11	24.57
Book Value per Share (₹)	251.73	209.32
Debt Equity Ratio (times)	6.08	6.11
Price Earnings Ratio (times)*	6.25	4.84
Interest Coverage Ratio (times)	1.63	1.65

\*PE Ratio has been calculated on the basis of closing price of equity share of REC as on March 31, 2015 and March 31, 2014, respectively at NSE.

### 5.2 Resource Mobilization

The Company mobilized ₹ 41,189.82 crore from the market during the financial year 2014-15. This includes ₹ 5,337.78 crore by way of Capital Gain Tax Exemption Bonds, ₹ 29,200 crore by way of non-priority sector bonds, ₹ 6,409.03 crore (i.e USD 1,050 million) from External Commercial Borrowings (ECB) and ₹ 243.01 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 ₹ 5,894.25 crore was also raised through Commercial Paper (CP).

#### Cash Credit Facilities

The Company has an approved cash credit/WCDL limit of ₹ 5,000 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 REC 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 are “Baa3” and “BBB-” respectively.

### 5.4 Cost of Borrowing

The overall weighted average annualized cost of borrowing for the funds raised during the financial year 2014-15 was 8.07 % p.a. and Interest Coverage Ratio was 1.63. As a result, the Company was able to deliver debt financing at competitive rates.

### 5.5 Redemption and Pre-Payment

During the financial year 2014-15, the Company repaid a total sum of ₹ 20,833.10 crore. This includes repayment amounting to ₹ 4.86 crore to the Government of India, ₹ 7,491.68 crore to non-priority / priority sector bond holders, ₹ 5,239.36 crore worth of Capital Gain Tax Exemption Bonds and ₹ 307.80 crore of Official Development Assistance (ODA) loan. The Company also redeemed long term and short term loans from Banks and Financial Institutions of ₹ 1,689.40 crore and Commercial Paper of ₹ 6,100 crore.

### 5.6 Deployment of Resources at the close of the year

At the close of the financial year 2014-15, the total resources of your Company stood at ₹ 1,83,175.03 crore. Out of this, Equity Share Capital amounted to ₹ 987.46 crore, Reserves & Surplus stood at ₹ 23,869.57 crore, Loans from Financial Institutions, Commercial Banks and Market Borrowings through Bonds accounted for ₹ 1,51,024.12 crore, Deferred Tax Liabilities amounted to ₹ 107.32 crore and other liabilities & provisions stood at ₹ 7,186.56 crore. These funds were deployed as Long / Short Term Loans of ₹ 1,79,281.49 crore (net of allowances of ₹ 365.45 crore), Fixed Assets (net of depreciation) of ₹ 81.32 crore (including capital work-in-progress), Investments of ₹ 1,613.47 crore, Cash & Bank Balances of ₹ 522.90 crore and other assets of ₹ 1,675.85 crore.

### 5.7 Policy Initiatives

The Company constantly reviews and revises its lending and operation policies/ procedures from time to time, to suitably align with market requirements as also with its corporate objectives and applicable statutory requirements. During the year, the Company has reviewed policies relating to Funding against Regulatory Assets, Risk Management, Resource Planning, Premature Re-payment / Prepayment, Whistle Blower/Vigil Mechanism and CSR & Sustainability Policy. The interest rates in respect of term loan and short term loan were also reviewed/revised during the year.

In spite of 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 TRANSMISSION & DISTRIBUTION SCENARIO AND MAJOR CHALLENGES

The present scenario of Transmission and Distribution (T&D) industry is very challenging since the country has achieved highest ever Generation Capacity addition during the XI five year plan and further set a target for addition of 88,000 MW during the XII five year plan. The country is well on its course for achieving this target and the capacity of around 61,000 MW has already been added. This achievement shall pose an urgent requirement for creation of requisite T&D infrastructure 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.

Distribution has been identified as the weakest link in the power value chain and most difficult to deal with, due to ever increasing demand for affordable, reliable and quality power by various classes of consumers. 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 Distribution Companies (DISCOMs) to expedite various reform measures, adopt best practices including modernization and automation of systems/smart grid, IT enabled systems for metering & consumer services and helps them in improving their operational & financial performance.

Major challenges presently being faced by distribution sector includes high level of accumulated losses, high AT&C losses, limited capability to implement capital expenditure plans, delay in tariff order resulting in creation of regulatory assets, lack of tariff rationalisation leading to cross subsidy, delay in release of subsidy by State Government, delayed revenue collection cycle etc. which have caused a dent in DISCOMs' cash flows. Keeping in tune with the times and dynamic environment, your Company today finances entire gamut of distribution projects broadly with the objective of system improvement & augmentation, loss reduction measures, IT-enabling, consumer satisfaction and any special requirements of DISCOMs based on prudence and sound appraisal mechanism.

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 Deendayal Upadhyaya Gram Jyoti Yojana (DDUGJY) (Nodal Agency), Integrated Power Development Scheme (IPDS), National Electricity Fund (NEF) (Nodal Agency), Financial Restructuring Plan (FRP), Smart Grid Task Force etc. With all these major interventions, your Company is optimistic that distribution scenario would be much better in not too distant future.

### 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 has still to go a long way.

In the past decade, Government of India 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 households, 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 loans to enhance liquidity situation of the DISCOMs in joint participation with State Government by way of FRP scheme.

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, thus actively sensing and responding to changes. Further, Ministry of Power had approved 14 nos. Smart Grid Pilot Projects with 50 % Government of India funding to test various functionalities in Indian Environment. Also, Government of India is promoting development of 100 smart cities, which shall lead to plethora of opportunities in further adoption of technology and best practises in the distribution segment.

The results of these measures have already started to show effect 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. 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.

### 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, 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 of 3 % to 7 % is payable to the DISCOMs on achievement of reform based parameters outlined in NEF guidelines. Your Company during financial year 2012-13 & 2013-14 has already sanctioned projects as per provision of ₹ 25,000 crore to 25 DISCOMs in 14 states for taking benefits under NEF. The utilities from the states of Uttarakhand, Madhya Pradesh, Haryana and Rajasthan have already benefitted from the interest subsidy

of ₹ 7.51 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

Your 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 2014-15 are as under:

### 7.1 Generation

During the financial year 2014-15, your Company has sanctioned 34 nos. of Generation/R & M loans including 22 nos. of additional loan assistance with total financial outlay of ₹ 22,178.31 crore including consortium financing with other financial institutions and has disbursed ₹ 13,828.07 crore against the ongoing generation projects.

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

Particulars	No. of Loans	(₹ in crore) Loan Amount
<b>STATE SECTOR</b>		
Fresh Loan	10	15,405.68
Additional Loan	7	
<b>PRIVATE SECTOR</b>		
Fresh Loan	2	6,772.63
Additional loan	15	
<b>Total</b>	<b>34</b>	<b>22,178.31</b>

### 7.2 Renewable Energy

During the financial year 2014-15, your Company sanctioned loan assistance of ₹ 547.92 crore to 8 new grid-connected Renewable Energy projects with installed generation capacity aggregating to 193.86 MW which included 6 Solar photo-voltaic projects of 173.06 MW and 2 Wind projects aggregating to 20.8 MW.

The total cost of these projects aggregates to ₹ 1768.19 crore. Further, during the financial year 2014-15, total disbursement was ₹ 295.25 crore as detailed below:



50 MW Solar PV Project of M/s Kindle Engineering and Constructions Private Limited at Charanka Solar Park in District Patan, Gujarat financed by REC in consortium with other lenders

Assistance to Renewable Energy Projects (Grid-Connected)	Unit	FY 2014-15	FY 2013-14
No. of Projects Sanctioned	Nos.	8	6
Capacity of Sanctioned Projects	MW	193.86	98
Cost of Projects	₹ crore	1,768.19	993.08
Loan Sanctioned	₹ crore	547.92	295.48
Loan Disbursed	₹ crore	295.25	134.99

### 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.

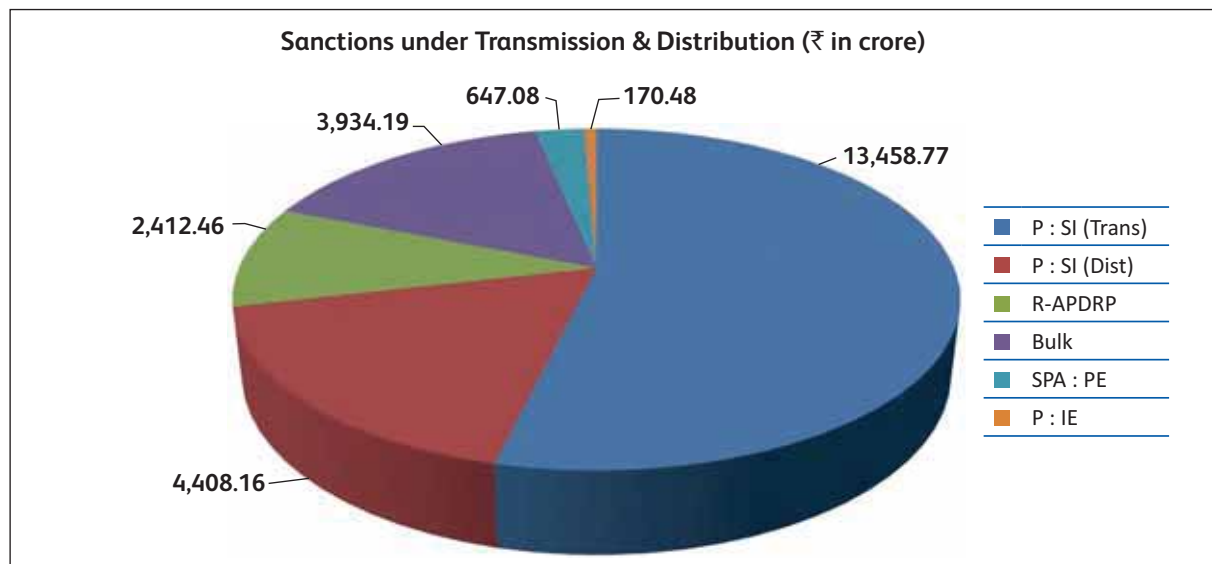


Switchyard of Sub-station of Maharashtra State Electricity Transmission Company Limited in District Nanded, Maharashtra, financed by REC.



During the financial year 2014-15, your Company sanctioned 552 nos. of Transmission & Distribution schemes involving a total loan assistance of ₹ 25,031.14 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.

The state-wise and category-wise details of the projects sanctioned are given in the 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, REC 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 financial year 2014-15, a total of 467 system improvement schemes and bulk loan schemes were sanctioned involving a loan outlay of ₹ 24,213.57 crore. This included: (i) 96 schemes involving a loan assistance of ₹ 3,934.19 crore for financing investment in the distribution system by way of installation of essential equipment like transformers, meters, capacitors, etc.; (ii) 161 schemes for ₹ 4,408.16 crore for improving the distribution system; (iii) 77 schemes involving loan assistance of ₹ 2,412.46 crore towards counterpart funding of Part-B of R-APDRP projects; and (iv) 133 schemes for loan assistance of ₹ 13,458.77 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 financial year 2014-15, a total of 23 intensive electrification schemes were sanctioned involving a loan outlay of ₹ 170.48 crore.

### 7.3.3 Pumpsets Energisation

REC's loan portfolio also includes extension of loan assistance for energisation of agricultural pumpsets. During the financial year 2014-15, under REC financed schemes, 2,56,026 nos. of electric irrigation pumpsets were reported to be energized. A loan assistance of ₹ 647.09 crore was sanctioned for 62 new schemes during the year under this category. The state-wise details and cumulative position of pumpsets energized up to March 31, 2015 are given in the enclosed **Table-5**.

## 7.4 Financing Activities in North Eastern States

During the financial year 2014-15, a loan assistance of ₹ 968 crore towards cost overrun was sanctioned for Generation schemes to M/s Teesta Urja Limited located in North Eastern region (Sikkim). A loan assistance of ₹ 39.88 crore was sanctioned to Manipur State Power Distribution Company Limited for R-APDRP projects under T&D.



A total sum of ₹ 418.99 crore was disbursed during the financial year 2014-15 as against ₹ 977.41 crore in the previous year for Generation projects in North Eastern states which include ₹ 287.01 crore to M/s Teesta Urja Limited, ₹ 43.82 crore to M/s Lanco Energy Private Limited, ₹ 88.16 crore to M/s Dans Energy Private Limited.

## 7.5 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.

## 8. INTERNATIONAL COOPERATION & DEVELOPMENT

REC had signed its third loan agreement with KfW, Germany on March 30, 2012 for availing ODA loan of EUR 100 million (approx ₹ 675 crore) for financing Renewable Energy Projects in the areas of Wind Power / Small Hydro Power / Biomass Cogeneration / Biomass Power / Solar PV / Solar Thermal & Energy Efficiency. The loan shall be drawn over five years i.e. upto December, 2017. Under KfW-III, approved renewable energy projects are under implementation and cumulative amount of EUR 77.68 million (approx. ₹ 597.07 crore) has been drawn as on March 31, 2015. Under JICA-II ODA loan, cumulative amount of JPY 10,923.90 million (approx. ₹ 591.68 crore), has been drawn as on March 31, 2015.

## 9. DEENDAYAL UPADHYAYA GRAM JYOTI YOJANA (DDUGJY)

The Government of India, in April 2005 had launched the "Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY) Scheme of Rural Electricity Infrastructure and Household Electrification" vide Office Memorandum dated March 18, 2005, for providing access to electricity to all rural households. REC was the Nodal Agency for implementation of the Scheme. Under the scheme, 90 % capital subsidy is being provided by Government of India which is released through REC to the respective Implementing Agencies of the State. Subsequently, RGGVY scheme has been subsumed in new 'Deendayal Upadhyaya Gram Jyoti Yojana' (DDUGJY) scheme which was approved by Government of India vide Office Memorandum dated December 3, 2014. REC is the Nodal agency for implementation of the DDUGJY Scheme. Under DDUGJY, 60 %



*Change in way of rural life through DDUGJY*

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. 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 consumer through the following project components:

- 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;
- Strengthening and augmentation of sub-transmission & distribution infrastructure in rural areas, including metering of distribution transformers/feeders/consumers; and
- Subsuming Rural Electrification component laid down under RGGVY for XII and XIII five year plans into DDUGJY.

Under DDUGJY, during financial year 2014-15, ₹ 8,853.12 crore have been approved by Monitoring Committee of Ministry of Power (Himachal Pradesh - ₹ 159.12 crore, West Bengal - ₹ 4,262.10 crore, Madhya Pradesh - ₹ 2,865.25 crore, Tamil Nadu - ₹ 924.12 crore, Uttar Pradesh - ₹ 313.93 crore and Andhra Pradesh - ₹ 328.60 crore) and ₹ 500 crore have been released by Government of India.

### 9.1 RE Component: Electrification of Villages and BPL Households

The initial approval was for implementation of the scheme for capital subsidy of ₹ 5,000 crore during X five year plan period. Continuation of the scheme in XI five year plan was conveyed by Ministry of Power vide Office Memorandum

dated February 6, 2008 with an outlay of ₹ 28,000 crore as capital subsidy. Further, an additional budgetary support of ₹ 6,000 crore outlay was also allotted by Ministry of Power in the XI five year plan.

Collectively in X & XI five year plans, 648 projects with the scope of electrification of 1,11,974 un-electrified villages, intensive electrification of 3,63,507 villages and electricity connections to 2.64 crore BPL households costing for ₹ 43,222 crore have been sanctioned upto March 31, 2015 by the Ministry of Power. The state-wise details thereof are given in the enclosed **Table-6**.

Continuation of the 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.

Under XII five year plan, 273 projects with the scope of electrification of 8,830 un-electrified villages, intensive electrification of 2,32,376 villages and electricity connections to 132.36 lakh BPL households with the project cost of ₹ 23,607 crore have also been sanctioned by the Ministry of Power. The state-wise details thereof are given in the enclosed **Table-7**.

During the financial year 2014-15, work in 15,660 villages (1,405 un-electrified villages and 14,255 intensive electrification of villages) have been completed and free electricity connections to 7,59,377 BPL households have been provided. Further, during the financial year 2014-15, subsidy of ₹ 2,874.41 crore was disbursed by the Ministry of Power, Government of India, to REC for RE component of DDUGJY. Cumulatively, works in 1,09,524 un-electrified villages & intensive electrification of 3,14,958 villages have been completed and electricity connections to 2.18 crore BPL households have been provided under the scheme up to March 31, 2015. The state-wise details thereof are given in the enclosed **Table-8**.

During the financial year 2014-15, an amount of ₹ 4,002.73 crore (including subsidy of ₹ 3,605.72 crore under RE component of DDUGJY and ₹ 22.64 crore under DDG subsidy) has been disbursed. Also, a total of 3,173 nos. of villages were energized and closure of 275 nos. of projects as sanctioned in X and XI five year plan has been achieved as against MoU target of 300 projects.

## 10. DDUGJY- DECENTRALISED DISTRIBUTED GENERATION (DDG)

Decentralized Distributed Generation (DDG) under DDUGJY is for providing electricity access to the un-electrified villages/habitations where grid connectivity is either not feasible or not cost effective. In the XII five year plan, DDG has also been extended to grid connected areas to supplement the availability of power in areas where power supply is less than 6 hours a day. DDG can be from conventional or renewable sources such as biomass, biofuels, biogas, mini-hydro, solar, etc. A provision of ₹ 900 crore has been kept as the subsidy under XII five year plan. However, the allocation under DDG would be flexible to meet any additional requirement within the overall cost of the scheme.

During the financial year 2014-15, 156 projects were awarded. REC has considered 505 DDG projects amounting to ₹ 128.66 crore with total capacity of about 3,119 KW in the states of Andhra Pradesh, Chhattisgarh, Rajasthan, Assam and Odisha. These projects have been recommended by Technical Committee to Monitoring Committee for sanction.

## 11. 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 five year plan schemes, REC Quality Monitors (RQM) under Tier-II have been appointed by REC covering 413 projects in 25 states. Further, during the financial year 2014-15, RQMs have undertaken inspections of 2,920 villages and 28 substations and also 93 nos. of material inspection at manufacturer premises were carried out in XI five year plan for ensuring quality of works.

## 12. 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. The Risk Management Policy of the Company was reviewed during the year and the revised policy was adopted with the approval of the Board of Directors.

### 12.1 Asset Liability Management

The Company has constituted an Asset Liability Management Committee (ALCO) under the chairmanship of CMD and comprises of Director (Finance), Director (Technical), one Part-time Non-official Independent Director, Executive Directors and General Managers from Finance and Operating Divisions as its members.

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

## 12.2 Enterprise-Wide Integrated Risk Management

The Company has constituted a Risk Management Committee (RMC) which functions under the chairmanship of Part-time Non-official Independent Director and comprises of Director (Finance) and Director (Technical) as its members for monitoring the integrated risks of the Company. After the completion of the tenure of the only Part-time Non-official Independent Director on March 15, 2015, this Committee is to be reconstituted.

The main function of RMC is to monitor various risks likely to arise and practices adopted by the Company and also to initiate 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 same 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, the Company periodically reviews its lending rates based on its cost of borrowing. We then determine our lending rates based on prevailing market rates, our weighted average cost of funding and our post tax margins.

### iii) Liquidity Risk:

Liquidity risk is the risk of our potential inability to meet our liabilities as they become due. We face liquidity risks, which could require us to raise funds or liquidate assets on unfavourable terms. We manage our liquidity risk through a mix of strategies, including through forward-looking resource mobilization based on projected disbursements and maturing obligations.

### 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 minimize the legal risk through legal documentation and forward-looking contractual provisions in the legal documents.

### vi) Operational Risk:

Operational risks are risks arising from inadequate or failed internal processes, people and systems or from external events. We have continually strengthened our systems and procedures to recognize and reduce operational risk in our business.

## 13. 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.

During the financial year 2014-15, under this Policy, participants from ten such preferred customers, mostly from the State Utilities viz. Maharashtra State Electricity Distribution Company Limited (MSEDCL), Maharashtra State Electricity Transmission Company Limited (MSETCL), Maharashtra State Power Generation Company Limited (MSPGCL), Tamil Nadu Generation and Distribution Corporation Limited (TANGEDCO), Bangalore Electric Supply Company Limited (BESCOM), Karnataka Power Corporation Limited (KPCL), Chhattisgarh State Power Distribution Company Limited (CSPDCL), Rajasthan Rajya Vidyut Prasaran Nigam Limited (RRVPL), Punjab State Power Corporation Limited (PSPCL) and Uttar Pradesh Power Corporation Limited (UPPCL) were sponsored by REC for 10 days training programme on “Global Best Practices in the Power Sector” held at Australia and New Zealand.

#### 14. INFORMATION TECHNOLOGY INITIATIVES

An Integrated ERP system has been in operation since 2009 covering major business functions of the Company. Benefits of ERP system are being extended to the borrowers also as part of better service. Implementation of HR-ERP solution for automation of HR functions including Employee Self Service Portal across the Company is at advanced stage. Also, a Disaster Recovery Setup has been established in the Company for HR-ERP solution in January, 2015. Towards achieving efficient e-governance and transparency, REC has implemented on-line ‘e-procurement’ system for procurement of goods and services of value above ₹ 5 lakh, as per CVC guidelines. In addition, to improve internal efficiency and transparency, REC has developed and implemented various internal systems viz. Annual Property Return System, Bill Payment & Tracking System in selective Divisions handling payments, Visitor Management System, Audit 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 are compliant with National Cyber Security Policy as notified by Department of Electronics and Information Technology (DeitY), Ministry of Communications and Information Technology, Government of India. REC is implementing suitable Video Conferencing (VC) solution across all offices of the Company. In Phase-I, VC solution will be implemented in Corporate Office and Zonal Offices.

To make employees IT enabled, desktop computers have been provided to nearly 100 % employees (other than Class-IV employees). Further, IT Division of the Company organizes and imparts various training programmes both for internal requirements as well as for external agency also, on request, on ERP.

#### 15. 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 and Energy Sector and other organisations concerned with Power and Energy. The programmes are conducted on state-of-the-art subjects of Power Generation, Transmission, Distribution and Renewable Energy sources. During the year, CIRE has been conferred with “Education Leadership Award” by Dewang Mehta Business School in the 22<sup>nd</sup> Business School Affaire in recognition of Leadership, Development, Innovation and Industry Interface of the Institute.

##### 15.1 National Training Programmes under DDUGJY

CIRE is designated as the Nodal agency by Ministry of Power for implementation of National Training Programmes (NTP) on Franchisee and employees of C&D category under the Human Resources Development component of DDUGJY programme. The programmes are continued during XII five year plan with a target of training 1,25,000 employees of C&D category and 25,000 existing franchisees. During the year, CIRE/REC has entered into MoAs with 33 Power Utilities/Training Institutes. 30,453 employees of C&D category were trained by various power utilities/institutions.

During the financial year 2014-15, CIRE under its banner, has conducted 47 Programmes for employees of C&D category with 1,187 participants at various locations of power utilities on their request and has conducted 8 programmes as Training-of-Trainers (ToT) with 204 participants.

##### 15.2 R-APDRP Programme

CIRE, as partner training institute, organized R-APDRP programmes sponsored by Ministry of Power. During the financial year 2014-15, CIRE has conducted 24 R-APDRP programmes (18 for employees of A&B category and 6 for employees of C&D category) on different themes viz. Efficiency Improvement Measures in Distribution System, Best Practices in Distribution Operation & Management System, Communication and Customer Relations in Post Go Live Scenario, Revenue Management & Loss Reduction in Post Go Live Scenario and O&M of Sub-stations for Linemen with 370 participants from different power utilities.

### 15.3 International Programmes

CIRE is empanelled by Ministry of External Affairs, Government of India to organise training programmes in the area of power sector under ITEC/SCAAP. During the year, CIRE has organised 9 International programmes with 153 participants on the topics, viz., Planning and Management of Power Transmission & Distribution Systems (8 weeks); Financial Management and Accounting System (including IFRS) for Power Companies (8 weeks); Best Practices in Power Distribution (5 weeks); Planning, Appraisal and Financial Management of Power Projects (8 weeks); Management of Power Utilities using IT/Automated Solutions (5 weeks); Design, Erection, O&M of EHV Sub-Stations (4 weeks); Solar Power Generation - Grid Enabling (4 weeks); Trends and Developments in Electric Power Generation (8 weeks) and Decentralised Distributed Generation & Rural Power Distribution Management (8 weeks).

The participants from various countries viz., Afghanistan, Algeria, Bangladesh, Bhutan, Ecuador, Egypt, Ethiopia, Gambia, Guyana, Indonesia, Iran, Jordan, Kenya, Kyrgyzstan, Laos, Lebanon, Liberia, Malawi, Mauritius, Myanmar, Namibia, Nigeria, Philippines, Rwanda, South Africa, Sri Lanka, Sudan, Syria, Tanzania, Thailand, Uganda, Ukraine, Vietnam, Zimbabwe, etc., have attended the above programmes.

### 15.4 Regular National Programmes

CIRE has organised 24 Regular Training Programmes with 400 participants for the personnel of various Power Utilities/ Distribution Companies, on different topics such as Technical Specifications and Construction Standards for Distribution System; Power Sector Accounting with reference to Indian Standards and IFRS; Pilferage of Electricity - Issues, Challenges and Remedial Measures; Protection System in Sub-Stations; Earthing Practices and Safety Measures in Electrical Installations; Open Access, Power Trading and Tariffs; Power and Distribution Transformers - Efficient Operation & Maintenance; High Voltage Distribution System Distribution Automation, Supervisory Control and Data Acquisition (SCADA) and Smart Grids; Solar Power Generation and Grid Enabling; Gas Insulated and Indoor Sub-stations including Power & Control Cables; Testing, Commissioning and Protection aspects in 33/11 KV Sub-stations; Design, O&M of Hydro Power Plants; Best Practices in Power Distribution Management; Power Factor Improvement and Reactive Power Management; Power Purchase Agreement; Tariff Policy & Submission of ARRs - Regulatory Compliance; Best Practices in O&M of EHV Lines and EHV Sub-stations; Efficiency Improvement Measures in Thermal Power Station; Technical Aspects for Non-Technical Executives; IT Applications for Distribution System Management and Latest Trends in Metering, Billing and Collection. In addition to the above, CIRE conducted a 1-day workshop on Ind-AS (IFRS) adoption in Indian power companies.

### 15.5 Programmes organised in collaboration

CIRE is organising training programmes in collaboration with a premier Management Institute i.e. Institute of Public Enterprise and conducted 4 programmes during the financial year 2014-15, viz., Best Practices in HR Management of Power Utilities; Materials Management, e-procurement & Contract Management; Companies Act, 2013 and Total Quality Management for Power Utilities with 47 participants.

### 15.6 Customized Programmes

During the financial year 2014-15, two induction programmes for Managers of Manipur Power Distribution Company Limited and two programmes for executives of Punjab State Power Corporation Limited on 'Power Distribution Management' were organized at CIRE campus.

### 15.7 In-house Training Programmes

CIRE has also organised 7 in-house programmes for the employees of REC and 104 employees have taken part in these programmes. The topics covered are e-procurement/ Reverse Auction; Solar Power Generation and Grid Enabling; Loan Documentation and Legal Issues; CSR and Sustainable Development; Companies Act, 2013 and IFRS; Employee Engagement, Motivation and Team Building and Hindi Workshop.

**15.8** In all, during the financial year 2014-15, in addition to coordinating and monitoring the National Training Programmes for Franchisees and employees of C&D category, CIRE has conducted 128 programmes on various themes and trained 2,539 personnel with 14,582 man-days of training.

## 16. ISO 9001:2008 QUALITY ASSURANCE CERTIFICATION

Your 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.

## 17. HUMAN RESOURCE MANAGEMENT

In order to professionalize the Executive strength of REC and also to infuse fresh blood, 24 executives were appointed through open advertisement during the financial year 2014-15. The total manpower of the Company as on March 31, 2015 was 601 employees which includes 427 executives and 174 non-executives.



### 17.1 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 the total strength as on March 31, 2015, are given below:

Group	Total No. of Employees	SC	ST
A	359(377)	33(35)	12(12)
B	121(122)	17(18)	2(2)
C	42( 45)	7(7)	0(0)
D	79(87 )	24(27)	1(1)
<b>Total</b>	<b>601(631)</b>	<b>81(87)</b>	<b>15(15)</b>

(Figures in brackets gives the corresponding position in the previous year)

As on March 31, 2015, 10 employees out of total employees are in the category of persons with disabilities which amounts to 1.66 % of total manpower of the Company.

### 17.2 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 & HRD continued to receive priority during the financial year 2014-15. Training and Human Resource Policy of the Company aims at sharpening business skills and competence required for better employee performance and also 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 the business of the Company is carried out. Training, which helped employees in spiritual, health and attitudinal change process, was also imparted.

In order to equip the employees professionally, the Company sponsored 380 employees to various training programmes, workshops etc. within the country and abroad. In addition, three training programmes were conducted in-house which were attended by around 60 employees. Taken together, these initiatives enabled the Company to achieve 1,083 training man-days and also achieve an 'Excellent' rating on the MoU target for this parameter. 24 officers were deputed for programmes in countries like USA, Japan, Taiwan, France, China, Singapore and Australia, etc.



Programme on Risk Management organized from 17- 20 February, 2015 in New Delhi

Further, in terms of MoU target, 93 man-days as against 80 man-days, were devoted to impart training to officers for "assessing various risks i.e foreign exchange risk/credit risk/interest risk facing the company and measures to minimize the risk" and 28 officials as against 25 officials, were imparted training on "Leadership Development" in order to achieve 'Excellent' rating for the financial year 2014-15.

### 17.3 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 8 hospitals. Further, part time services of 4 specialized doctors were engaged to provide on-site medical facilities to employees. The Company has also been funding sports & recreation equipment for use by employees and promoting well-being of employees.

#### Sports Activities

During the financial year 2014-15, the Company hosted an Inter-CPSU Table-Tennis Tournament and also sponsored its employees for various Inter-CPSU sports tournaments such as Badminton, Table Tennis, Carrom, Kabbadi and 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 quizzes, paper presentations and other simulation competitions conducted by reputed organizations like SCOPE, Power HR Forum and AIMA etc. Further, during the year Shri Vijay Behra, one of the employee, has won Gold Medal in Inter-CPSU Badminton Tournament (Singles Catogary) hosted by THDC India Limited.

#### 17.4 Representation of Women Employees

As on March 31, 2015, the Company had 99 permanent women employees, which represent 16.47% 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 falling on March 8, was celebrated by REC Women Cell.

#### 17.5 Industrial Relations

The Industrial Relations scenario in the Company continued to be cordial and harmonious in the financial year 2014-15. There was no loss of man-days on account of industrial unrest. Regular interactions were held with REC Employees' Union and REC Officers' Association on issues of employees' welfare. This has helped to build an atmosphere of trust and cooperation resulting in a motivated workforce and continued improvement in business performance. Further, no disciplinary case is pending in the Company.

#### 17.6 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 officers and staff. The scope of the Committee has further been enlarged to cover Public Grievance also. One day in a week has been fixed as a Meeting-less day to attend to grievances by the Heads of Departments.

### 18. CORPORATE SOCIAL RESPONSIBILITY AND SUSTAINABLE DEVELOPMENT

The 'REC Policy on Corporate Social Responsibility' aligned with the provisions of the Companies Act, 2013 and Rules made thereunder, effective from April 1, 2014, was approved by the Board of Directors of the Company in its 402<sup>nd</sup> meeting held on March 28, 2014. The CSR Policy was renamed as the 'REC Corporate Social Responsibility & Sustainability Policy' in line with the Guidelines for CSR and Sustainability for Central Public Sector Enterprises issued by Department of Public Enterprises, Ministry of Heavy Industries & Public Enterprises notified vide OM No. F.No. (13) 2013-DPE (GM) dated October 21, 2014 and updated to incorporate the amendments of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014 made thereunder, effective from April 1, 2014, in the 410<sup>th</sup> meeting of Board of Directors held on December 26, 2014. The 'REC Corporate Social Responsibility & Sustainability Policy' is available on the website of the Company.

Further, as per the provisions of the Companies Act, 2013 & Rules made thereunder and DPE Guidelines on Corporate Social Responsibility and Sustainability, the Company has a 'Corporate Social Responsibility (CSR) Committee' in place. The details related to composition and terms of reference of the CSR Committee is given in the Corporate Governance Report annexed to this report.

During the financial year 2014-15, 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 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 elderly persons and persons with disabilities, drinking water and sanitation facilities including, participation in 'Swachh Vidyalaya



CMD, REC, at the launch of 'Swachh Vidyalaya Abhiyaan' in Ballia, Uttar Pradesh on October 2, 2014

Abhiyaan', LED based solar street 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 2014-15, financial assistance aggregating to ₹ 251.22 crore was sanctioned for various projects under Corporate Social Responsibility, including ₹ 190 crore for construction of toilets in schools under 'Swachh Vidyalaya Abhiyaan', out of which ₹ 67 crore is against allocation for financial year 2014-15 and ₹ 123 crore is against allocation for financial year 2015-16. Further, during the financial year 2014-15, REC has incurred expenditure for an amount of ₹ 103.25 crore (including ₹ 57.21 crore provided for in the books of accounts) towards approved CSR projects under implementation during the financial year. This amount of ₹ 57.21 crore provided for during the financial year 2014-15 has since been paid during the financial year 2015-16.

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

## 19. VIGILANCE ACTIVITIES

Vigilance Division continued to play a key role in improving transparency and accountability in the work processes and promoting ethics and integrity among the employees of the Company. The extant policies and guidelines were reviewed and Vigilance Division intervened wherever streamlining/modification was required to enhance objectivity and transparency. The Division regularly pursued with all concerned to ensure that CVC's instructions were strictly implemented in the Company. In order to provide a comprehensive view of Vigilance Division's activities, the section on Vigilance available on REC intranet website was restructured and all circulars from CVC and circulars issued by Vigilance Division, from time to time were regularly placed on REC intranet for information of all employees. Regular/surprise inspections were also carried out by officers of Vigilance Division in field offices and employees were sensitized about the importance of Vigilance and made aware that carelessness in observance of rules and procedures may attract disciplinary actions. Audit Reports were scrutinized from vigilance point of view.

Further, pursuant to initiatives of the Vigilance Division, the new implementations during the year were (a) a computerized Visitors Records Management System was operationalized (b) a comprehensive policy and procedure for reconciliation and maintenance of fixed assets was formulated and implemented (c) policy for engagement of advocates was made more comprehensive (d) review of third party payments through Bill Tracking System was initiated (e) concerned officials were sensitized about the process of 'Reverse Auction' (f) File Movement System was implemented in Vigilance Division (g) sensitive posts were identified and intimated to HR Division for affecting rotation/transfer of officers working on these posts.

As per directives of CVC, REC observed Vigilance Awareness Week from October 27, 2014 to November 1, 2014. Various activities were organized in the Corporate Office as well as at field offices to enlist the participation of the people at large. At the Corporate Office, quiz and essay writing competitions were organized and dignitaries were invited for delivering lectures to sensitize the employees of the Company on various vigilance related topics. Further, a session on vigilance matters was included in all in-house training programmes for REC employees being conducted at Central Institute for Rural Electrification (CIRES), Hyderabad. The scrutiny of tendering procedure was carried out in some cases of contracts awarded during the period and suggestions were given to the concerned Divisions to improve/streamline the tendering mechanism for enhancing competitiveness and fairness. Security measures were taken to prevent any leakages/irregularities and improve the security system in the office premises. Training on e-procurement was also imparted to the concerned officials and compliance on resorting to e-procurement mode was monitored regularly by Vigilance Division.

With a view to enhance the knowledge of employees about vigilance related issues, a Vigilance Bulletin is being issued on a quarterly basis. The details of Immoveable Property Returns (IPR) 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. Periodical returns were sent to CVC/MoP on time. The performance of Vigilance Division was reviewed regularly by the CVC, Board of Directors and CMD, in addition to constant reviews undertaken by the CVO in accordance with the prescribed norms.

## 20. IMPLEMENTATION OF OFFICIAL LANGUAGE

The Company excelled in most of the targets fixed by the Department of Official Language, Ministry of Home Affairs, in its Annual Programme for the financial year 2014-15. In order to encourage employees, all incentive schemes introduced by the Government of India have been implemented in the Company. During the year, employees of the Company have shown keen interest in the usage of Hindi; as a result its usage has increased in day-to-day work. To promote use of Hindi in official work, 6 Hindi workshops were organized at Corporate office in which 55 executives and 59 non-executives participated. This

helped them to overcome the hesitation in using Hindi in their day-to-day work. Further, Hindi workshops were organized for “C” region during June 19-20, 2014 at CIRE, Hyderabad and during September 19-20, 2014 at Ayikudi Tirunavelli, Tamil Nadu, which were attended by 51 and 14 employees, respectively.

A Hindi Pakhwara was organized at REC Offices from September 14 - 28, 2014, in which nine Hindi competitions including Hindi Quiz and Sulekh Competition, etc. were organized for employees of the Company and the winners of these competitions & those who had done maximum original work in Hindi Scheme 2013-14, were awarded certificates of merit & cash prizes, at Prize Distribution Function which was organized on November 14, 2014. The said function was chaired by CMD, REC and reputed poets viz. Shri Hari Om Pawar, Dr. Dinesh Raghuvanshi and Shri Mahendra Ajnabi were invited who enthralled the audience with their Hindi poetry. Further, Dr. P.C.Tandon, Senior Reader in University of Delhi also addressed the audience and emphasized on the importance of usage of Rajbhasha in official work. The Zonal office - Panchkula and Project office - Shimla were also awarded third and second prizes by their respective Narakas for doing excellent work in Hindi. During the financial year 2014-15, the Company has been honoured with “Rajbhasha Shri Samman” and “Vishesh Rajbhasha Shri Samman” by Bharatiya Rajbhasha Vikas Sansthan, Dehradun for promoting Rajbhasha.

During the financial year 2014-15, four quarterly review meetings of Official Language Implementation Committee were held under the chairmanship of CMD, in which detailed discussions were held to review the progress and suggest measures to overcome the difficulties in order to achieve the targets. During the year, inspections were also carried out to assess the progressive use of Hindi in 11 Divisions at Corporate Office and 9 Project Offices and suggestions were given to employees to improve the shortcomings. The officials of Ministry of Power also inspected two Project Offices during the year. Further, as against the target of 25 % inspection of Divisions of Corporate Office & Project Offices, set out in the Annual Programme 2014-15 by the Official Language Department, the Company achieved double the target of inspections at Corporate Office as well as Project Offices.

The website of the Company is maintained both in Hindi and English and is regularly updated from time to time. Bilingual working facility has been made available on all computers. All publications, reports, memorandums, press releases, MoUs, tenders, annual reports etc. were issued bilingually. To give impetus to the correspondence in Hindi, standard formats have also been made available on intranet. Further, the Company’s library is equipped with large number of Hindi literary books, magazines & reference publications and the required ratio in purchase of Hindi & English books was also ensured.

## **21. PARTICULARS REGARDING CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS & OUTGO.**

### **21.1 Conservation of Energy**

There are no significant particulars relating to conservation of energy, technology absorption under the Companies (Accounts) Rules, 2014, as the Company does not own any manufacturing facility. However, the Company has made intensive use of technology in its operations during the year under review.

All civil, electrical installation & maintenance of “SCOPE Complex”, where the Company’s Registered Office is located is carried out by Standing Conference of Public Enterprises (SCOPE), an autonomous body. During the financial year 2014-15, SCOPE has saved around 4 lakh units of electricity consumption, resulting in saving of ₹ 40 lakh in terms of amounts mainly due to effective monitoring, controlling & scheduling the operations of chilling units, elevators, etc. & initiatives like installing energy efficient equipment, replacement of conventional light fittings/CFL, etc. with LED light fittings and maintaining power factor nearest to unity.

Further, during the financial year 2014-15, REC has also taken initiative to replace all conventional light fittings/CFL with energy efficient LED lights at its Registered office.

### **21.2 Foreign Exchange Earnings & Outgo**

No foreign exchange was earned during the financial year 2014-15. However, the foreign exchange outflow aggregating ₹ 513.09 crore was made during the financial year on account of interest, finance charges and other expenses.

## **22. 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 (CIN: U40101DL2007GOI165779); and
- (ii) REC Transmission Projects Company Limited (CIN: U40101DL2007GOI157558)



Further, in order to initiate development of each independent inter state transmission project allocated by Ministry of Power, Government of India, RECTPCL incorporates 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 date, the following project specific SPVs existed as Subsidiary Companies of RECTPCL:

- i. Nellore Transmission Limited (NTL) (CIN: U40104DL2012GOI245654)
- ii. Baira Siul Sarna Transmission Limited (BSSTL) (CIN: U40106DL2013GOI247564)
- iii. Maheshwaram Transmission Limited (MTL) (CIN: U40102DL2014GOI270446)
- iv. Vemagiri II Transmission Limited (V-II TL) (CIN: U40106DL2015GOI278746)#
- v. Alipurduar Transmission Limited (ATL) (CIN: U40109DL2015GOI278992)#
- vi. NER-II Transmission Limited (N-II TL) (CIN: U40106DL2015GOI279300)#

# Incorporated after March 31, 2015

## 22.1 REC Power Distribution Company Limited

During the financial year 2014-15, REC Power Distribution Company Limited (RECPDCL) has excelled in the area of Third Party Inspection (TPI) and also set its quality benchmark in preparation of Detailed Project Reports (DPRs) through Global Positioning System (GPS) based field survey. The new initiatives undertaken by RECPDCL during the year include:

- i. IT Implementation works under R-APDRP Part-A for Goa Electricity Department Detailed Project Report (DPR) preparation works;
- ii. Project Management Consultancy (PMC) services under R-APDRP Part-B/IPDS/DDUGJY/any other departmental scheme of Goa Electricity Department (GED);
- iii. PMC work under DDUGJY-RE XII five year plan in 17 districts for Purvanchal Vidyut Vitran Nigam Limited (PuVVNL) and 21 districts for Dakshinanchal Vidyut Vitran Nigam Limited (DVVNL);
- iv. Preparation of DPR for revamping the rural electrification under electric supply area (Jamshedpur, Dumla, Dhanbad), DPR preparation under Decentralized Distribution Generation (DDG) scheme of Government of India for Assam Power Distribution Company Limited (APDCL) and Electricity Department, Nagaland;
- v. Third Party Inspection of erection work and material of DDUGJY-RE XI five year plan for North Bihar Power Distribution Company Limited (NBPDC), South Bihar Power Distribution Company Limited (SBPDCL) through open tender;
- vi. Third Party Inspection works and workmanship of DDUGJY-RE XI five year plan in Solapur District under Maharashtra State Electricity Distribution Company Limited (MSEDCL);
- vii. Preparation of Cost Data Book for financial year 2014-15 for Delhi Electricity Regulatory Commission (DERC);
- viii. Load Research Analysis for South Bihar Power Distribution Company Limited (SBPDCL) and North Bihar Power Distribution Company Limited (NBPDC) under DSM scheme for Energy Efficiency Services Limited (EESL);
- ix. Besides these works, RECPDCL was engaged as a Project Management Agency (PMA) for DDUGJY and IPDS schemes of Government of India in the following DISCOMs:
  1. Paschimanchal Vidyut Vitran Nigam Limited (PsVVNL)
  2. Dakshinanchal Vidyut Vitran Nigam Limited (DVVNL)
  3. Madhya Pradesh Madhya Kshetra Vidyut Vitran Company Limited (MPMKVVCL)
  4. Madhya Pradesh Poorv Kshetra Vidyut Vitran Company Limited (MPPoKVCL)
  5. West Bengal State Electricity Distribution Company Limited (WBSEDCL)



During the financial year 2014-15, RECPDCL has prepared 61 Detailed Project Reports (DPRs) under DDUGJY-RE XII five year plan and 11 DPRs under RE works for Jharkhand DISCOMs and carried out Third Party Inspection (TPI) for various schemes.

Further, REC has engaged RECPDCL as Project Implementing and Monitoring Agency for construction of toilets in schools in Uttar Pradesh, Madhya Pradesh, Bihar, Telangana, Rajasthan and Punjab under its CSR initiative under 'Swachh Vidyalaya Abhiyaan' in response to Prime Minister's call to the nation. RECPDCL started the project by organizing Inaugural Event in 90 Schools in Ballia district of Uttar Pradesh on October 2, 2014.

RECPDCL has been conferred with ISO 14001:2004 Quality Assurance Certification, for implementing Quality Management Systems as per ISO 14001:2004 in the field of management of environmental aspects related to carrying out all the administrative and other allied activities through protection of environment in Corporate Office of the company.

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 has been rated as "Excellent" by the Department of Public Enterprise (DPE), Government of India. For the financial year 2014-15 also, the performance of RECPDCL is poised to receive "Excellent" rating.

The performance of RECPDCL has improved and the financial performance of the company is on the fast trajectory growth path. During the financial year 2014-15, the company's total revenue has increased by 16.75 % to ₹ 87.76 crore compared to the previous year income of ₹ 75.16 crore. The Profit Before Tax (PBT) has increased by 4.66 % to ₹ 52.52 crore as compared to ₹ 50.18 crore in the previous year. Further, the Profit After Tax (PAT) has also increased by 5.35 % to ₹ 34.77 crore from ₹ 33 crore during the previous year. The Board of Directors of RECPDCL has recommended a Dividend of ₹ 100/- per equity share of face value of ₹ 10/- each i.e 1,000 % for the financial year 2014-15 on paid up share capital of the company, subject to approval of shareholders of the company in the ensuing Annual General Meeting.

## 22.2 REC Transmission Projects Company Limited

During the financial year 2014-15, the Central Electricity Authority/ Ministry of Power, Government of India nominated REC Transmission Projects Company Limited (RECTPCL) as the Bid Process Coordinator for selection of developer for following eight inter state transmission systems with aggregate estimated cost of ₹ 21,040 crore:

- Transmission system associated with Gadawara STPS (2 X 800 MW) of NTPC (Part-A);
- Transmission system associated with Gadawara STPS (2 X 800 MW) of NTPC (Part-B);
- Connectivity lines for Maheshwaram (Hyderabad) 765/400 kV Pooling S/s;
- Transmission System Strengthening associated with Vindhyaachal-V;
- Transmission System for LTA of 400 MW for 2x500 MW Neyveli Lignite Corporation Ltd. TS-I (Replacement) (NNTPS) in Neyveli;
- Transmission System Strengthening in Indian System for transfer of power from new HEPs in Bhutan;
- NER System Strengthening Scheme-II; and
- Strengthening of transmission system beyond Vemagiri.

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. 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 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.

Details of transmission projects for which bidding process has been concluded during financial year 2014-15 and financial year 2015-16 (till April 30, 2015) is given below:

Sl. No.	Name of Transmission Project	Year of allocation	Name of project specific SPV	Name of Selected Bidder	Date of Transfer of project specific SPV to selected bidder
1.	Northern Region System Strengthening Scheme, NRSS - XXXI (Part-A)	2013-14	NRSS XXXI (A) Transmission Limited	Power Grid Corporation of India Limited	May 12, 2014

Sl. No.	Name of Transmission Project	Year of allocation	Name of project specific SPV	Name of Selected Bidder	Date of Transfer of project specific SPV to selected bidder
2.	Northern Region System Strengthening Scheme, NRSS - XXXI (Part-B)	2013-14	NRSS XXXI (B) Transmission Limited	Essel Infraprojects Limited	May 12, 2014
3.	Northern Region System Strengthening Scheme, NRSS - XXIX	2013-14	NRSS XXIX Transmission Limited	Sterlite Grid Limited	August 4, 2014
4.	Transmission System Strengthening associated with Vindhyachal-V	2014-15	Vindhyachal Jabalpur Transmission Limited	Power Grid Corporation of India Limited	February 26, 2015
5.	Transmission system associated with Gadawara STPS (2 X 800 MW) of NTPC (Part-A)	2014-15	Gadarwara (A) Transco Limited	Power Grid Corporation of India Limited	April 24, 2015
6.	Transmission system associated with Gadawara STPS (2 X 800 MW) of NTPC (Part-B)	2014-15	Gadarwara (B) Transmission Limited	Power Grid Corporation of India Limited	April 24, 2015

Further during the financial year 2015-16, three Wholly Owned Subsidiary companies have been incorporated as project specific Special Purpose Vehicles (SPVs) of RECTPCL viz. (i) Vemagiri II Transmission Limited (CIN: U40106DL2015GOI278746) on April 6, 2015; (ii) Alipurduar Transmission Limited (CIN: U40109DL2015GOI278992) on April 13, 2015; and (iii) NER-II Transmission Limited (CIN: U40106DL2015GOI279300) on April 21, 2015.

In respect of Transmission System for LTA of 400 MW for 2x500 MW Neyveli Lignite Corporation Ltd. TS-I (Replacement) (NNTPS) in Neyveli, considering the small size of project, CEA has recommended Ministry of Power to de-notify the project from tariff based competitive bidding process. During the year, Central Electricity Authority, Ministry of Power, Government of India vide Gazette Notification dated February 9, 2015 had de-notified one transmission project viz., Baira Siul HEP - Sarna 220 kV D/c line from tariff based competitive bidding process. Further, Ministry of Power vide Gazette Notification dated January 2, 2014 had earlier de-notified the transmission project for Transmission System for Connectivity for NCC Power Projects Limited (1320 MW) due to discovery of higher tariff as compared to CERC norms.

During the financial year ended March 31, 2015, RECTPCL has recorded an income of ₹ 72.44 crore. The Profit Before Tax and Profit After Tax for the year is ₹ 69.92 crore and ₹ 47.54 crore, respectively. The Net worth of the company is ₹ 105.01 crore against initial capital of ₹ 0.05 crore injected by REC in year 2007. The Board of Directors of RECTPCL has recommended a Dividend of ₹ 1,902/- per equity share of face value of ₹ 10/- each i.e 19,020 % for the financial year 2014-15 on paid up share capital of the company, subject to approval of shareholders of the company in the ensuing Annual General Meeting.

## 23. DETAILS OF JOINT VENTURE AND ASSOCIATE COMPANY

REC, along with three other PSUs, viz. Power Grid Corporation of India Limited, NTPC and PFC as equal partners, has formed a Joint Venture Company by the name of Energy Efficiency Services Limited (EESL) on December 10, 2009. Your Company has contributed ₹ 22.50 crore (being 25 % of paid-up capital of EESL) upto March 31, 2015. Further, during the financial year 2015-16, REC has infused an additional amount of ₹ 25.00 crore towards equity subscription in 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 Pumpsets in agriculture Sector, DSM Based 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 2014-15, has improved and the financial performance of the company is on the growth path. During the financial year 2014-15, the company's total revenue is ₹ 62.53 crore compared to the previous year income of ₹ 16.75 crore. The Profit Before Tax (PBT) is ₹ 13.57 crore as compared to ₹ 4.81 crore in the previous year. Further, the Profit After Tax (PAT) has also increased to ₹ 9.05 crore from ₹ 1.02 crore during the previous year. The Board of Directors of the company has recommended dividend of ₹ 2.71 crore i.e. 30 % of PAT for the financial year 2014-15, subject to approval of shareholders of the company in the ensuing Annual General Meeting.

## 24. 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 and RECPDCL and Joint Venture Company i.e EESL, which shall be laid before the members at the 46<sup>th</sup> Annual General Meeting along with the Standalone Financial Statements of the Company. However, those subsidiary companies which are incorporated 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.gov.in](http://www.recindia.gov.in). Further, these documents will be available for inspection during the business hours 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.

## 25. 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, 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, Chairman and Managing Director (CMD), Director (Technical), Director (Finance) and Company Secretary are 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. None of the Key Managerial Personnel has resigned or has been appointed, during the year under review.

Further, as on April 1, 2014, there were three Part-time Non-official Independent Directors on the Board of the Company viz. Dr. Devi Singh (DIN: 00015681), Shri Venkataraman Subramanian (DIN: 00357727) and Dr. Sunil Kumar Gupta (DIN: 00948089). All the Independent Directors had given declaration that they meet the criteria of independence as laid down under Section 149 of the Companies Act, 2013.

During the financial year 2014-15, the tenure of three years of Dr. Devi Singh and Shri Venkataraman Subramanian, Part-time Non-official Independent Directors was completed on June 9, 2014 and that of Dr. Sunil Kumar Gupta, Part-time Non-official Independent Director was completed on March 15, 2015. Consequently, they ceased to be Directors on the Board of the Company with effect from the respective dates. The Board places on record its appreciation of the valuable contribution and guidance provided by Dr. Devi Singh, Shri Venkataraman Subramanian and Dr. Sunil Kumar Gupta to the Company.

Further, 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 Prakash Thakkar (DIN: 01120152) shall retire by rotation at the 46<sup>th</sup> Annual General Meeting and being eligible, offers himself for re-appointment. The Board of Directors recommends his reappointment as Director, till the date of his superannuation. His brief resume is annexed to the Notice of the Annual General Meeting.

## 26. EVALUATION OF BOARD OF DIRECTORS/INDEPENDENT DIRECTORS

As per the provisions of the Companies Act, 2013 and Rules made thereunder, 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 and that of its Committees and Individual Directors. Further, as per the provisions of Listing Agreement entered with the Stock Exchanges, the criteria for performance evaluation of independent directors, as laid down by the Nomination and Remuneration Committee, is also required to be disclosed in the Annual Report.

REC, being a Government Company, the performance evaluation of Functional Directors is done by Chairman and Managing Director (CMD) of the Company and performance evaluation of CMD, the Company and its Board is done by Secretary (Power), Ministry of Power, Government of India. Further, the power of appointment and evaluation of performance of Independent Directors is also vested with the President of India, acting through administrative Ministry..

Further, Ministry of Corporate Affairs (MCA) vide Notification dated June 5, 2015, has prescribed that the requirement of carrying out formal annual evaluation by the Board of its own performance and that of its committees and individual directors is not applicable in case of Government Companies since the same is done by the Administrative Ministry.

## 27. 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 2013-14 has been rated as "Excellent". This is the 21<sup>st</sup> 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 2014-15 also, the Company is poised to receive "Excellent" rating. During the year, your Company received 'Company of the Year' award for 'Operational Performance Excellence' under PSE Excellence Awards 2014. Your Company also received Award for 'Excellence in Financial Services' under India Pride Awards 2014-15 from Dainik Bhaskar & DNA.



*Shri Rajeev Sharma, CMD, REC exchanging MoU 2015-16 documents with Shri P. K. Sinha, Ex-Secretary, Ministry of Power, Government of India.*

During the financial year 2014-15, the Company has received 13<sup>th</sup> ICSI National Award for Excellence in Corporate Governance from the Institute of Company Secretaries of India (ICSI), a statutory body constituted under the Company Secretaries Act, 1980, in recognition of the good Corporate Governance practices followed by REC.

## 28. 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 2014-15 are provided in the Corporate Governance Report annexed to this Report.

## 29. 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, 2015, 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 has been 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) proper systems have been devised to ensure compliance with the provisions of all applicable laws and such systems were adequate and operating effectively.

## 30. "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 year 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.

### 31. SWACHH BHARAT ABHIYAAN

'Swachh Bharat Abhiyaan' was celebrated in the Company from September 25, 2014 to October 2, 2014. On the birth anniversary of Mahatma Gandhi, Father of the Nation on October 2, 2014, 'Swachh Bharat Diwas' was celebrated with enthusiasm amongst employees at all offices of the Company and on this occasion, 'Swachhta Shapath' was administered by the CMD at Corporate Office wherein he emphasized that this Abhiyaan should be carried out as a 'continuous process' and appealed to the employees to carry forward this noble movement.

Cleanliness drive of neighbourhoods at all offices of REC was also carried out wherein the employees participated with immense enthusiasm and zeal. Further, to ensure wider dissemination of this message, posters were made and displayed at all REC offices to sensitize the employees on the issues of cleanliness. In furtherance of

this Abhiyaan, various initiatives were taken which include printing of logo of 'Swachh Bharat Mission' on all file covers and letterheads of the Company, weeding out of old records to make workstations clean & presentable, ease storage space constraints, proper stacking of records and files with indexing, proper clipping of wires/cables, phasing out the old IT hardware and furniture, clear access and cleanliness of passages etc. The Company is fully committed towards the cause of creating a clean India and will continue to improve the cleanliness in and around the premises.

Further, an essay Competition on 'Cleanliness is next to Godliness' was also organized in the Company in which many employees participated. A suggestion scheme for employees was organized on "How to improve cleanliness of our work place" and best suggestions were rewarded.

### 32. RIGHT TO INFORMATION ACT, 2005

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



*Directors and Senior officials of REC participated in cleanliness drive in and around the Corporate Office during the 'Swachh Bharat Abhiyaan' celebrated in the Company.*



The status of RTI applications and appeals during the financial year 2014-15 is as follows:

Sl. No.	Particulars	Nos.
1.	Applications received (upto March 31, 2015)	263
2.	Applications disposed of (upto March 31, 2015)	248
3.	Applications disposed of subsequently	15
4.	Appeals received by First Appellate Authority, REC	19
5.	Appeals disposed of by First Appellate Authority, REC	19
6.	Second Appeal notice received from Central Information Commission (CIC)	Nil
7.	Second Appeal disposed of by Central Information Commission (CIC)	Nil

### 33. ESTABLISHMENT OF VIGIL MECHANISM

In pursuance to the provisions of the Companies Act, 2013 and the Listing Agreement entered with the Stock Exchanges, the Company has 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 and the same is also available on the website of the Company at the link [http://www.recindia.nic.in/images/pdf-files/Whistle\\_Blower\\_Policy.pdf](http://www.recindia.nic.in/images/pdf-files/Whistle_Blower_Policy.pdf). For further details, please refer to the 'Report on Corporate Governance' annexed to this report.

### 34. REPORTING UNDER PUBLIC PROCUREMENT POLICY FOR MICRO & SMALL ENTERPRISES (MSES) ORDER, 2012

To encourage participation by Micro, Small and Medium Enterprises (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 and it has also been uploaded in REC's website at the link: [http://www.recindia.nic.in/images/pdf-files/Public\\_Procurement\\_Policy.pdf](http://www.recindia.nic.in/images/pdf-files/Public_Procurement_Policy.pdf).

REC, being a financial institution is not executing any project. Hence, only petty purchases i.e. stationery and office equipment from small vendors are being made.

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

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 level woman official of the Company and includes an NGO representative 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 2014-15, the Company did not receive any complaint of sexual harassment.

### 36. 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.

### 37. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

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

### 38. AUDITORS

#### STATUTORY AUDITORS

M/s Raj Har Gopal & Co., Chartered Accountants (Firm Reg. No.: 002074N), New Delhi and M/s P.K. Chopra & Co., Chartered Accountants (Firm Reg. No.: 006747N), New Delhi, were appointed as Joint Statutory Auditors of the Company for the financial year 2014-15 by the Comptroller and Auditor General (C&AG) of India. The Joint Statutory Auditors have audited the Financial Statements of the Company for the financial year ended March 31, 2015.

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 Joint Statutory Auditors of the Company for the financial year 2015-16 and the Joint 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 2015-16.

### SECRETARIAL AUDITORS

M/s Chandrasekaran Associates, Practicing Company Secretaries, New Delhi were appointed as Secretarial Auditors of the Company for carrying out Secretarial Audit for the financial year 2014-15. In terms of Section 204 of the Companies Act, 2013 and Rules made thereunder, they have issued Secretarial Audit Report for the financial year 2014-15 and the same is annexed to this Report.

### 38.1 Management's Comments on the Auditors' Report

The Joint Statutory Auditors of the Company have given an unqualified report on the financial statements of the Company for the financial year 2014-15. However, they have suggested that Internal Control System needs to be further strengthened. The Management's Reply to the observations / advice are submitted as under:

Observation of Joint Statutory Auditors	Management's Reply
<p><b>Point (iv) of Annexure to the Independent Auditors' Report referred in Paragraph 1 under 'Report on Other Legal and Regulatory Requirements' Section of Independent Auditors' Report on Standalone &amp; Consolidated Financial Statements</b></p> <p>In certain areas internal control needs further strengthening like monitoring and supervision of loans given to various SEBs/ DISCOMs/ TRANSCOs/ GENCOs including obtaining search reports for charges created against the loans given and physical verification of assets charged to REC as security after Commercial Operations Date.</p>	<p>Continuous efforts are being made to further strengthen the internal control in the said areas.</p>
<p><b>Emphasis of Matter Paragraph in Consolidated Financial Statements</b></p> <p>In respect of one of the subsidiaries in the Group, REC Power Distribution Company Limited, attention is drawn that adequate confirmations from receivables have not been obtained. However, our opinion is not modified in this respect.</p>	<p>The observation, as already referred to by the auditors, pertains to one of our subsidiaries, REC Power Distribution Company Limited. Efforts shall be made to streamline the process of obtaining confirmations from the receivables by the subsidiary. However, the proportion of receivables of the subsidiary to the total assets of the Group including its jointly controlled entity is just 0.0004 %.</p>

The Secretarial Auditors of the Company have given their report for the financial year 2014-15 and have made certain observations relating to composition of the Board and its Committees. The Management's Reply to the observations are submitted as under:

Observation of Secretarial Auditors	Management's Reply
<ol style="list-style-type: none"> <li>The Company has not complied with the provision of Section 149 of the Companies Act 2013, read with Clause 49 of the Listing Agreement in respect of appointment of requisite number of Independent Directors on the Board, including Woman Director.</li> <li>The Company has not complied with the provision of Section 177/178 read with the Clause 49 of the Listing Agreement in respect of composition of Audit Committee and Nomination and Remuneration Committee.</li> </ol>	<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. The Company has requested the Ministry of Power, Government of India to appoint requisite number of Independent Directors on the Board of the Company including a Woman Director and the same is under process.</p> <p>Once the requisite number of Independent Directors including a Woman Director is appointed by the President of India, the Company would be in compliance with the provisions of the Companies Act 2013, Listing Agreement and DPE Guidelines on Corporate Governance for CPSEs relating to composition of Board and its Committees.</p>

### 39. COMMENTS OF C&AG OF INDIA

The Comptroller and Auditor General (C&AG) of India, through letters dated July 30, 2015 has given 'Nil' Comments on the Audited Financial Statements (Standalone & Consolidated) of the Company for the year ended March 31, 2015 under Section 143 (6) (a) of the Companies Act, 2013. The Comments of C&AG for the financial year 2014-15 have been placed along with the report of Statutory Auditors of the Company elsewhere in this Annual Report.

### 40. DEBENTURE TRUSTEES

In compliance to the requirements of Debt Listing Agreement, 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.

### 41. STATUTORY DISCLOSURES

- a) There was no change in the nature of business of the Company during the financial year 2014-15.
- b) The Company has not accepted any public deposits during the financial year 2014-15.
- 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 Report' 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, 2015 and the date of this report.
- h) The Company has not issued any stock options to the Directors or any employee of the Company.

### 42. NEW CORPORATE OFFICE BUILDING AT GURGAON

As the activities of REC has increased manifold during the last decade, REC is facing acute shortage of office space in present office at SCOPE Complex. REC had requested Haryana Urban Development Authority (HUDA) & New Okhla Industrial Development Authority (NOIDA) in year 2004, to allot a plot for construction of its corporate office. Accordingly, HUDA, Gurgaon had allotted an Institutional plot measuring 4.21 acre in Sector-29, Gurgaon in the year 2006. Now, REC has taken up construction of its new Corporate HQ Building at the allotted institutional plot in Gurgaon since April, 2015, which is expected to be completed in next three years.



Proposed Office Building of REC has been designed as economical, well-engineered, Bio-Climatic Building that responds to the effects of climate on the building form to evolve its shape to reduce urban heat island effect. The building is planned to have open porous & bio-climatic façade, landscape integrated work environment and healthy workspaces which includes ergonomically designed furniture, re-adjustable partitions, finish free white concrete ceiling, high recycled content products and movable services in access floor system. Radiant cooling of slab is designed to reduce system load, power consumption, water consumption and carbon footprint.

The building is also designed for 100 % waste water recycling, full site rain water harvesting using 6 Million litre storage tank at 3<sup>rd</sup> basement and use of drip irrigation network for landscape. Building complex is also having provision for an auditorium having 400 seating capacity.

To comply with the directives of Government of India regarding GRIHA rated building and requirement of HUDA, a 964 kWp solar pergola will also be installed at roof top of the building to utilize renewable energy resources.

#### 43. STATUTORY AND OTHER INFORMATION REQUIREMENTS

Information required to be furnished as per the Companies Act, 2013, Listing Agreement executed with Stock Exchanges and other statutory provisions is annexed to this report as under:

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

#### 44. ACKNOWLEDGEMENTS

The Directors are grateful to the Government of India particularly the Ministry of Power and Ministry of Finance, 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.

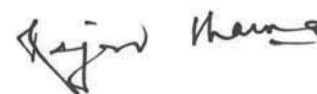
The Directors thank the State Governments, State Electricity Boards, State Power Utilities and other Borrowers for their continued support and trust in the Company.

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 P.K. Chopra & Co., Joint 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)

New Delhi  
August 7, 2015

**TABLE - I : SCHEMES SANCTIONED DURING 2014-15 UNDER REC FINANCED SCHEMES**

(₹ in Lakh)

Sl. No.	State	No. of Schemes/Projects	Loan Amount
<b>A.</b>	<b>T&amp;D Projects</b>		
1	Andhra Pradesh	53	5,72,972.80
2	Chhattisgarh	16	71,334.85
3	Haryana	90	1,65,516.11
4	Himachal Pradesh	25	10,181.92
5	Jammu and Kashmir	19	5,143.40
6	Karnataka	36	1,10,849.90
7	Kerala	2	7,094.46
8	Madhya Pradesh	1	15,470.00
9	Maharashtra	63	2,02,195.83
10	Manipur	13	3,988.00
11	Odisha	12	19,772.49
12	Punjab	46	1,30,628.42
13	Rajasthan	28	1,33,379.09
14	Tamil Nadu	34	2,18,657.93
15	Telangana	57	1,40,981.15
16	Uttar Pradesh	21	3,97,304.33
17	Uttarakhand	13	51,206.54
18	West Bengal	23	2,38,857.85
19	Private (T&D)	0	7,579.00
	<b>Sub-Total-(A)</b>	<b>552</b>	<b>25,03,114.07</b>
<b>B</b>	<b>Generation Projects</b>		
1	Andhra Pradesh/Telangana	0	1,15,200.00
2	Bihar	1	2,37,698.00
3	Chhattisgarh	0	1,50,521.00
4	Gujarat	0	11,674.00
5	Karnataka	1	1,87,300.00
6	Kerala	2	20,386.00
7	Maharashtra	0	1,32,018.00
8	Madhya Pradesh	1	61,600.00
9	Odisha	4	2,59,383.00
10	Sikkim	0	96,800.00
11	Tamil Nadu & Puducherry	2	4,84,074.00
12	Uttar Pradesh	1	4,52,395.00
13	Uttarakhand	0	8,782.00
	<b>Sub-Total-(B)</b>	<b>12*</b>	<b>22,17,831.00</b>
<b>C</b>	<b>Renewable Projects</b>		
1	Andhra Pradesh	1	2,445.00
2	Gujarat	3	21,658.00
3	Maharashtra	2	9,689.00
4	Odisha	1	11,200.00
5	Rajasthan	1	9,800.00
	<b>Sub-Total-(C)</b>	<b>8</b>	<b>54,792.00</b>
<b>D</b>	<b>STL and others</b>		
1	Delhi	1	50,000.00
2	Karnataka	9	1,31,000.00
3	Madhya Pradesh	5	2,05,000.00
4	Meghalaya	2	15,000.00
5	Punjab	9	1,32,000.00
6	Rajasthan	3	4,30,000.00
7	Telangana	1	1,00,000.00
8	Uttar Pradesh	5	2,73,400.00
9	West Bengal	2	30,000.00
	<b>Sub-Total-(D)</b>	<b>37</b>	<b>13,66,400.00</b>
	<b>Grand Total (A+B+C+D)</b>	<b>609</b>	<b>61,42,137.07</b>

\* This excludes 22 nos. loans sanctioned as additional loans for ongoing projects

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



**TABLE-2 : CATEGORY-WISE SCHEMES SANCTIONED DURING 2014-15 UNDER REC FINANCED SCHEMES**

(₹ in Lakh)

Sl. No.	Category	Category Code	No. of Schemes/Projects	Loan Amount
<b>A</b>	<b>T&amp;D</b>			
	<b>Distribution</b>			
1	Intensive Electrification	P:IE	23	17,048.19
2	Pumpset Energisation	SPA:PE	62	64,708.59
3	System Improvement	P:SI-Distribution	161	4,40,815.75
4	Bulk	BULK	96	3,93,418.76
5	R-APDRP	P:SI( R_APDRP)	77	2,41,245.88
	<b>Transmission</b>			
1	System Improvement	P:SI-Transmission	133	13,45,876.90
	<b>Sub-Total (A)</b>		<b>552</b>	<b>25,03,114.07</b>
<b>B</b>	<b>Generation</b>	P:Gen	<b>12*</b>	<b>22,17,831.00</b>
<b>C</b>	<b>Renewable Energy Projects</b>			
1	Solar PV	SPV	6	45,103.00
2	Wind	Wind	2	9,689.00
	<b>Sub-Total (C)</b>		<b>8</b>	<b>54,792.00</b>
<b>D</b>	<b>STL and Others</b>		<b>37</b>	<b>13,66,400.00</b>
	<b>Grand Total (A+B+C+D)</b>		<b>609</b>	<b>61,42,137.07</b>

\* This excludes 22 nos. loans sanctioned as additional loans for ongoing projects

**TABLE- 3: CUMULATIVE STATE WISE SANCTIONS UNDER REC PROJECTS UPTO 2014-15**

Sl. No.	STATE	Upto 2001-02		X Plan		XI Plan		XII Plan Upto 2014-15		Cumulative Upto 2014-15	
		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	1,104	12,09,532	558	13,00,954	350	23,41,363	6,822	52,92,113
2	Arunachal Pradesh	159	29,954	54	1,04,020	16	73,949	0	0	229	2,07,923
3	Assam	393	32,984	33	30,404	20	1,50,197	0	0	446	2,13,585
4	Bihar	1,664	55,272	73	1,89,857	78	16,71,582	2	3,73,646	1,817	22,90,357
5	Chhatisgarh	0	0	22	5,16,315	63	4,86,756	32	2,14,370	117	12,17,441
6	Delhi	2	817	6	47,323	1	3,63,707	2	60,000	11	4,71,847
7	Goa	16	2,007	0	0	0	0	0	0	16	2,007
8	Gujarat	1,784	2,53,470	124	5,27,966	42	7,26,832	2	46,224	1,952	15,54,492
9	Haryana	1,209	1,16,989	148	3,95,304	253	9,57,795	231	8,77,057	1,841	23,47,146
10	Himachal Pradesh	419	52,240	37	1,16,177	125	2,15,489	70	85,512	651	4,69,418
11	Jammu & Kashmir	500	67,243	34	93,792	69	1,62,057	41	1,04,199	644	4,27,291
12	Jharkhand	0	0	27	1,47,602	12	2,55,581	0	0	39	4,03,183
13	Karnataka	2,384	3,07,390	472	3,88,445	213	12,76,890	245	13,40,160	3,314	33,12,886
14	Kerala	1,454	2,42,741	297	2,41,884	20	1,04,897	83	3,41,104	1,854	9,30,626
15	Madhya Pradesh	5,111	2,36,175	133	2,35,711	255	9,71,789	12	3,22,332	5,511	17,66,008
16	Maharashtra	4,602	4,40,595	833	15,16,910	418	27,53,167	393	19,38,553	6,246	66,49,225
17	Manipur	146	20,696	3	9,463	2	9,169	13	3,988	164	43,316
18	Meghalaya	105	19,351	4	31,571	10	44,645	2	15,000	121	1,10,567
19	Mizoram	46	7,879	24	20,360	7	14,343	0	0	77	42,582
20	Nagaland	71	7,791	23	5,648	36	28,108	0	0	130	41,547
21	Odisha	1,624	77,691	21	1,20,627	55	4,08,199	25	6,73,354	1,725	12,79,871
22	Punjab	1,303	2,59,737	216	6,57,148	125	11,61,462	164	10,77,483	1,808	31,55,830
23	Rajasthan	3,012	3,82,940	597	5,56,042	449	29,02,506	153	17,88,316	4,211	56,29,803
24	Sikkim	36	2,910	4	5,626	2	3,101	0	0	42	11,637
25	Tamil Nadu	3,003	1,75,458	597	3,80,610	364	26,04,368	132	10,86,416	4,096	42,46,851
26	Telangana	0	0	0	0	0	0	58	2,40,981	58	2,40,981
27	Tripura	172	15,732	6	36,374	3	11,189	0	0	181	63,295
28	Uttar Pradesh	3,027	2,23,840	102	6,70,277	557	21,46,380	448	38,76,068	4,134	69,16,565
29	Uttarakhand	0	0	84	3,06,792	20	1,72,884	62	4,04,018	166	8,83,694
30	West Bengal	1,256	59,750	198	4,42,875	78	11,26,536	109	14,75,161	1,641	31,04,322
31	Puducherry - UT	0	0	0	0	2	12,507	1	6,358	3	18,865
32	T&D Private	0	0	9	4,955	10	1,07,085	7	2,92,907	26	4,04,947
33	Generation Private	6	3,347	19	6,02,003	64	50,66,680	17	20,66,922	106	77,38,952
34	Renewable Private	0	0	0	0	0	0	21	1,11,642	21	1,11,642
<b>TOTAL</b>		<b>38,314</b>	<b>35,35,262</b>	<b>5,304</b>	<b>96,11,613</b>	<b>3,927</b>	<b>2,72,90,804</b>	<b>2,675</b>	<b>2,11,63,134</b>	<b>50,220</b>	<b>6,16,00,813</b>

Note: The above figures include DDUGJY-RE and DDG project cost (capital subsidy and Loan) upto XI five year plan only.

**TABLE- 4: STATEMENT SHOWING STATE-WISE AND PROGRAMME-WISE DISBURSEMENTS AND REPAYMENT BY BORROWERS DURING THE YEAR 2014-15 AND OUTSTANDINGS AS ON MARCH 31, 2015**

Sl. No.	Name of State	Transmission & Distribution	Generation	DDUGJY-RE (including DDG)	STL/Debt Re-financing	TFL	MTL	Total disbursement for the year 2014-15	Disbursed Upto the end of the year	Repayments		Outstanding at the end of the year 2014-15
										During the year	Upto the end of the year	
												(₹ in Lakh)
1	ANDHRA PRADESH	2,47,910	1,79,182	206	50,000	-	-	4,77,298	29,29,223	1,15,849	12,74,178	16,55,045
2	ARUNACHAL PRADESH	46	-	-	-	-	-	46	24,394	1,408	20,023	4,371
3	ASSAM	-	-	1,280	-	-	-	1,280	52,229	591	27,462	24,767
4	BIHAR	3,850	1,63,800	17,023	-	-	-	1,84,673	4,57,104	4,460	45,633	4,11,471
5	CHHATTISGARH	28,336	2,17,248	-	-	-	-	2,45,584	10,15,102	37,660	1,92,827	8,22,275
6	DELHI	-	-	-	50,000	-	-	50,000	51,093	38,889	39,982	11,111
7	GOA	-	-	-	-	-	-	-	1,479	-	1,479	-
8	GUJARAT	-	66,235	148	-	-	-	66,383	7,51,542	8,125	6,37,943	1,13,599
9	HARYANA	58,163	830	-	-	15,000	-	73,993	14,14,825	1,18,262	5,66,235	8,48,590
10	HIMACHAL PRADESH	13,280	1,105	-	-	-	-	14,385	3,76,393	8,957	2,23,791	1,52,602
11	JAMMU & KASHMIR	122	1,408	-	-	-	-	1,530	1,27,931	7,899	84,137	43,794
12	JHARKHAND	-	-	112	-	-	-	112	2,30,925	7,730	97,701	1,33,223
13	KARNATAKA	75,416	47,573	248	60,000	-	50,000	2,33,237	10,82,523	96,439	5,05,160	5,77,363
14	KERALA	40,913	-	178	-	-	-	41,091	5,21,892	13,739	3,96,908	1,24,984
15	MADHYA PRADESH	52,042	70,970	3,643	50,000	-	1,55,000	3,31,655	10,79,663	18,552	2,11,711	8,67,952
16	MAHARASHTRA	1,37,806	1,27,140	-	-	-	-	2,64,946	39,82,836	2,03,143	13,09,841	26,72,996
17	MANIPUR	3,988	-	995	-	-	-	4,983	23,613	968	6,348	17,265
18	MEGHALAYA	-	-	-	-	-	12,431	12,431	58,706	185	12,686	46,020
19	MIZORAM	-	-	-	-	-	-	-	26,970	393	24,166	2,804
20	NAGALAND	786	-	-	-	-	-	786	24,013	1,346	11,947	12,066
21	ODISHA	1,842	45,225	16	-	-	-	47,083	3,91,604	3,748	1,37,628	2,53,976
22	PUDUCHERRY - UT	-	-	-	-	-	-	-	3,574	-	-0	3,574
23	PUNJAB	1,88,686	18,083	-	-	-	1,32,000	3,38,769	20,41,592	1,11,823	8,93,910	11,47,682
24	RAJASTHAN	1,87,960	1,06,228	-	-	3,52,500	30,000	6,76,688	31,50,601	1,43,065	11,88,089	19,62,512
25	SIKKIM	-	41,899	-	-	-	-	41,899	4,27,618	1,519	6,041	4,21,577
26	TAMIL NADU	2,37,684	1,87,348	-	-	-	-	4,25,032	32,09,218	97,360	7,95,618	24,13,601
27	TELANGANA	64,692	34,670	-	-	-	45,000	1,44,362	1,44,362	0	0	1,44,362
28	TRIPURA	-	-	-	-	-	-	-	12,792	128	11,183	1,609
29	UTTAR PRADESH	1,96,394	70,007	12,236	-	1,49,400	32,241	4,60,278	31,25,467	58,803	11,27,931	19,97,536
30	UTTARAKHAND	19,247	13,215	-	-	-	-	32,462	4,90,925	25,917	2,23,452	2,67,473
31	WEST BENGAL	74,343	20,165	1,352	15,000	-	-	1,10,860	11,18,034	54,305	3,11,263	8,06,771
32	WIND ENERGY	-	-	-	-	-	-	-	3,013	-	1,291	1,722
<b>TOTAL</b>		<b>16,33,506</b>	<b>14,12,331</b>	<b>37,437</b>	<b>2,25,000</b>	<b>5,16,900</b>	<b>4,56,672</b>	<b>42,81,846</b>	<b>2,83,51,255</b>	<b>11,81,263</b>	<b>1,03,86,561</b>	<b>1,79,64,694</b>
DDUGJY-RE SUBSIDY								3,60,572				
DDG SUBSIDY (under DDUGJY-RE)								2,264				
<b>GRAND TOTAL</b>		<b>16,33,506</b>	<b>14,12,331</b>	<b>37,437</b>	<b>2,25,000</b>	<b>5,16,900</b>	<b>4,56,672</b>	<b>46,44,682</b>	<b>2,83,51,255</b>	<b>11,81,263</b>	<b>1,03,86,561</b>	<b>1,79,64,694</b>

**TABLE-5 : PUMPSETS ENERGISED UNDER THE PROJECTS FINANCED BY REC DURING 2014-15 AND CUMULATIVE POSITION UPTO MARCH 31, 2015**

Sl. No.	State	Achievement during 2014-15 (Nos.)	Cumulative Achievement upto March 31, 2015 (Nos.)
1	Andhra Pradesh	55,048	23,50,045
2	Arunachal Pradesh	0	0
3	Assam	0	1,922
4	Bihar	0	1,13,354
5	Chhatisgarh	0	0
6	Delhi	0	0
7	Goa	0	0
8	Gujarat	0	4,20,456
9	Haryana	0	2,33,570
10	Himachal Pradesh	0	6,535
11	Jammu & Kashmir	210	15,761
12	Jharkhand	0	0
13	Karnataka	0	8,62,387
14	Kerala	0	3,40,882
15	Madhya Pradesh	0	10,54,106
16	Maharashtra	92,433	25,64,706
17	Manipur	0	29
18	Meghalaya	0	58
19	Mizoram	0	0
20	Nagaland	0	164
21	Odisha	0	63,015
22	Punjab	0	5,01,913
23	Rajasthan	5,840	5,16,412
24	Sikkim	0	0
25	Tamil Nadu	8,461	11,70,007
26	Telangana	94,034	94,034
27	Tripura	0	1,530
28	Uttar Pradesh	0	3,79,544
29	Uttarakhand	0	0
30	West Bengal	0	82,202
	<b>Total</b>	<b>2,56,026</b>	<b>1,07,72,632</b>

**TABLE-6 : DDUGJY-RE: PROJECTS SANCTIONED UNDER X & XI FIVE YEAR PLAN**

(As on March 31, 2015)

Sl. No.	State	Total Projects Sanctioned (X & XI Five Year Plan)					
		No. of Projects	No. of Districts	No. of Un-electrified Villages	No. of Intensive Electrification of partially electrified villages	No. of BPL Households	Project Cost (₹ in crore)
1	Andhra Pradesh	16	13	0	16,114	19,97,962	556.22
2	Arunachal Pradesh	16	16	2,089	1,306	51,723	1,030.87
3	Assam	23	23	8,349	12,852	12,11,535	2,822.20
4	Bihar	43	38	22,939	5,792	22,46,690	4,444.78
5	Chhattisgarh	16	14	1,608	15,014	11,65,262	1,212.39
6	Gujarat	25	25	0	16,144	8,42,945	314.98
7	Haryana	18	18	0	5,137	1,98,580	155.98
8	Himachal Pradesh	12	12	90	7,896	16,290	335.29
9	Jammu and Kashmir	14	14	238	2,915	69,353	954.06
10	Jharkhand	22	22	18,621	6,050	14,06,643	3,496.83
11	Karnataka	25	25	54	23,311	8,72,610	885.02
12	Kerala	7	7	0	594	1,18,361	147.76
13	Madhya Pradesh	32	32	695	32,842	13,04,520	1,884.14
14	Maharashtra	34	34	0	35,323	12,06,906	663.60
15	Manipur	9	9	882	1,378	1,07,369	437.34
16	Meghalaya	7	7	1,867	3,090	1,09,886	459.18
17	Mizoram	8	8	170	517	29,263	317.22
18	Nagaland	11	11	102	1,152	54,566	268.48
19	Odisha	32	30	14,380	27,192	27,81,614	3,948.21
20	Punjab	17	17	0	6,297	92,988	186.91
21	Rajasthan	40	33	4,163	33,218	11,17,820	1,278.18
22	Sikkim	4	4	25	413	13,601	217.92
23	Tamil Nadu	26	26	0	9,673	5,01,202	348.19
24	Telangana	10	9	0	9,176	7,08,865	196.88
25	Tripura	4	4	144	652	1,16,312	309.89
26	Uttar Pradesh	64	65	27,760	2,991	10,62,757	3,792.70
27	Uttarakhand	13	13	1,514	10,090	2,37,921	785.72
28	West Bengal	28	17	4,185	23,637	21,86,111	2,691.05
<b>Total</b>		<b>576</b>	<b>546</b>	<b>1,09,875</b>	<b>3,10,766</b>	<b>2,18,29,655</b>	<b>34,142.00</b>

**Projects sanctioned under Phase-II of XI Plan**

1	Bihar	11	11	1,149	12,828	30,04,884	2,994.11
2	Chhattisgarh	2	2	126	1,077	84,334	175.03
3	Haryana	3	3	0	625	21,432	17.00
4	Karnataka	2	2	0	587	27,782	119.38
5	Kerala	7	7	0	572	23,175	89.83
6	Madhya Pradesh	20	20	183	15,635	4,96,714	983.20
7	Maharashtra	1	1	0	1,139	19,279	33.64
8	Tamil Nadu	3	3	0	729	24,369	37.27
9	Uttar Pradesh	22	22	632	19,257	8,52,769	4,432.32
10	West Bengal	1	1	9	292	24,423	198.99
<b>Total</b>		<b>72</b>	<b>72</b>	<b>2,099</b>	<b>52,741</b>	<b>45,79,161</b>	<b>9,080.77</b>
<b>Grand Total</b>		<b>648</b>	<b>618</b>	<b>1,11,974</b>	<b>3,63,507</b>	<b>2,64,08,816</b>	<b>43,222.77</b>



**TABLE-7 : DDUGJY-RE: PROJECTS SANCTIONED UNDER XII FIVE YEAR PLAN**

Sl. No.	Name of State	No. of Projects	Villages			Total Habitations	Households		Sanctioned Cost (₹ in crore)
			No. of Un-electrified Villages	No. of Intensive Electrification of partially electrified villages	Total		Rural	BPL	
1	Assam	16	1,009	10,259	11,268	28,884	15,27,797	5,41,953	1,621.07
2	Bihar	27	2,927	21,833	24,760	76,929	1,03,89,254	54,00,947	5,220.65
3	Chhattisgarh	4	0	3,236	3,236	8,643	1,12,681	64,033	286.09
4	Jammu & Kashmir	3	45	352	397	1,324	42,911	26,233	101.28
5	Jharkhand	17	125	18,308	18,433	37,493	12,40,557	4,71,972	1,260.93
6	Karnataka	9	1	9,205	9,206	12,274	2,08,099	1,30,785	99.53
7	Madhya Pradesh	34	422	25,759	26,181	55,870	18,10,337	8,63,166	1,430.93
8	Manipur	6	205	1,590	1,795	2,107	47,478	24,362	204.73
9	Mizoram	8	0	0	0	0	0	0	77.03
10	Nagaland	11	36	797	833	1,270	47,385	39,314	92.31
11	Odisha	31	3,144	41,022	44,166	1,06,615	38,30,573	16,58,147	3,550.47
12	Rajasthan	28	0	25,397	25,397	59,127	13,35,791	4,43,757	1,453.91
13	Tripura	8	26	778	804	6,881	2,01,381	89,604	316.23
14	Uttar Pradesh	64	886	68,212	69,098	1,40,721	94,65,722	32,33,913	7,282.81
15	West Bengal	7	4	5,628	5,632	14,720	5,82,427	2,48,073	609.61
	<b>Total</b>	<b>273</b>	<b>8,830</b>	<b>2,32,376</b>	<b>2,41,206</b>	<b>5,52,858</b>	<b>3,08,42,393</b>	<b>1,32,36,259</b>	<b>23,607.58</b>

**TABLE-8 : DDUGJY-RE: STATE WISE CUMULATIVE ACHIEVEMENT**

Sl. No.	State	Achievement in FY 2014-15			Cumulative Achievement (As on March 31, 2015)		
		Un-electrified Villages	Intensive Electrification of Villages	BPL Households	Un-electrified Villages	Intensive Electrification of Villages	BPL Households
1	Andhra Pradesh	0	0	0	0	16,114	19,97,962
2	Arunachal Pradesh	107	47	4,200	2,089	1,306	51,723
3	Assam	190	222	79,004	8,328	12,852	11,88,127
4	Bihar	341	2,100	1,90,571	23,253	7,819	23,92,655
5	Chhattisgarh	67	1,135	62,172	1,302	15,337	10,98,655
6	Gujarat	0	22	1,726	0	16,144	8,42,945
7	Haryana	0	207	1	0	5,137	1,98,580
8	Himachal Pradesh	6	137	324	89	7,896	16,290
9	Jammu and Kashmir	9	47	5,260	212	2,905	68,015
10	Jharkhand	161	272	12,022	18,294	6,050	12,67,403
11	Karnataka	0	355	19,532	54	23,726	8,89,955
12	Kerala	0	500	12,329	0	1,109	1,25,551
13	Madhya Pradesh	86	4,385	1,73,281	780	33,092	13,13,452
14	Maharashtra	0	341	6,702	0	36,146	12,21,291
15	Manipur	192	737	40,649	808	1,322	70,307
16	Meghalaya	43	48	1,063	1,841	2,938	1,04,682
17	Mizoram	47	177	10,023	154	517	29,263
18	Nagaland	10	58	8,300	102	1,152	54,059
19	Odisha	13	474	22,149	14,380	26,767	27,81,614
20	Punjab	0	397	1,206	0	6,297	92,988
21	Rajasthan	70	386	16,755	4,162	33,218	11,17,412
22	Sikkim	0	16	1,622	25	405	11,751
23	Tamil Nadu	0	0	0	0	9,673	5,01,202
24	Telangana	0	0	868	0	9,176	7,08,865
25	Tripura	0	0	1,272	144	652	1,16,312
26	Uttar Pradesh	59	551	86,750	27,808	3,533	11,48,904
27	Uttarakhand	4	1,562	0	1,514	10,090	2,37,921
28	West Bengal	0	79	1,596	4,185	23,585	21,86,111
	<b>Total</b>	<b>1405</b>	<b>14,255</b>	<b>7,59,377</b>	<b>1,09,524</b>	<b>3,14,958</b>	<b>2,18,33,995</b>

## 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 2014-15.

### 1. BUSINESS ENVIRONMENT

Global economic recovery on the whole has not come out of the woods barring a few exceptions. The financial condition of major developed economies is still a major cause of concern. Among the developed economies, only US has shown signs of promise, while the ongoing recession in Europe in past few years has added Greece as a new member after Portugal and Italy to the financial contagion. Japan has resorted to quantitative easing for stemming the subdued growth and China is witnessing decreased economic activity of late. The prevailing situation has posed challenges before emerging and developing economies owing to subdued external demand from these markets. Protracted periods of credit expansion coupled with high leverages during good times present the risk of exposing emerging and developing markets to financial vulnerabilities. Managing the risks of transition while maintaining robust growth and financial stability will be a key challenge confronting the policymakers.

As far as India is concerned, the economy has bucked the global trends and shown clear signs of uptick in growth in financial year 2014-15. As per Central Statistical Office data, the Indian economy grew at 7.3 % in 2014-15 due to improvement in the performance of both services and manufacturing sectors. Further, the economy is expected to grow at a rate of 7.5 % in financial year 2015-16, which is even faster than the predicted growth rate of China as per the International Monetary Fund (IMF) estimates.

At present, the country is relatively better placed in terms of Current Account Deficit (CAD) and Balance of Payments (BoP). A major reason for this has been steep decline of crude price because of excess production of Shale gas in US, thereby drastically cutting down its crude requirement and subdued economic activity in Eurozone and Japan. The rise of crude price again is expected to be limited with the recent lifting of sanctions on Iran. The decrease in oil prices has brought the inflation down sharply from 8.3 % in March 2014 to 5.2 % in March 2015. Other important determinants viz., key economic indicators showing signs of recovery, exchange rates inching towards stabilization and reduced inflation, has helped RBI cut policy rates by 75 bps since January 2015 and ease liquidity.

The tangible improvement in the overall growth of the core sectors including growth in Coal and Electricity sectors during Fiscal 2015, 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 2014-15 saw the highest capacity addition of 22,566 MW in a financial year vis-à-vis addition of 17,825 MW in previous fiscal, i.e., a 26.6 % rise on year-on-year basis. The major contribution came from thermal stream having constituted 92 % of the total capacity addition. Of 22,566 MW, the private sector share was 59 % and around 64 % of the total thermal capacity addition came from the private developers. The electricity generation was 8.4 % higher than the achievement of 967 BUs in the year 2013-14. The actual electric energy generation during the Fiscal 2015 was 1,048 BUs against the generation of 967 BUs in the previous fiscal.

The total Power Supply Deficit as on March 2015 was 2.1 % whereas Peak Power Deficit stood at 3.2 %. In Fiscal 2014, total Power Deficit was 4.3 % which was 8.7 % and 10.2 % in Fiscal 2013 and Fiscal 2012 respectively. Similarly, Peak Power Deficit in Fiscal 2014 was 4.5 % compared to 9.0 % in Fiscal 2013 and 11.1 % in Fiscal 2012. 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, 2015, the total installed capacity of the country was 2,67,637 MW which was 10 % higher than that at the end of the previous fiscal. During the first three years of XII five year plan, 61,014 MW was added against the targeted capacity addition of 88,537 MW in the XII five year plan.

The capacity addition achievement vis-à-vis targets till X five year plan was low, barely crossing 50 % mark of the targets set for respective five year plans. 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 capacity. The capacity added during the first three years constitutes around 69 % of the planned capacity addition in XII plan. With the record capacity added in the past fiscal, the target of the XII five year plan seems achievable.

The overall requirement of funds for the power sector for XII five year plan period (2012-2017) has been estimated at around ₹ 14 lakh crore. For the XIII five year plan period, NITI Aayog estimates that in order to meet the projected demand requirement by 2022 at a GDP growth rate of 9 %, capacity addition of 94,000 MW would be required along with matching expansion in transmission and distribution systems.

## Industry Structure

### Generation

The installed generation capacity in the country stood at 2,67,637 MW as on March 31, 2015 with 96,963 MW (36.23 %) in the State Sector, 72,521 MW (27.1 %) in the Central Sector and 98,153 MW (36.67 %) 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, 2015, the installed thermal capacity was 1,88,898 MW (70.58 %), 41,267 MW (15.42 %) was in hydro and 31,692 MW (11.84 %) was in renewable energy sources. The nuclear capacity witnessed no new addition during the financial year 2014-15 which stood at 5,780 MW (2.16 %).

The installed Generation capacity has increased, but the sector is still to come out of the whirl gig of policy imbroglio which adversely affected the Power Sector development in the past 4-5 years. The major bottlenecks have been slippages of long-term coal linkages to the projects identified, 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.

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

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.

To support economic growth in the XII five year plan, the NITI Aayog has projected that about 88.5 GW of generation capacity needs to be added up by 2017. Further, to maintain a sustained economic growth of 8 % through to Fiscal 2032, as per the NITI Aayog, India needs to increase its electricity generation several times over for which the power generation capacity must increase to around 8,00,000 MW by Fiscal 2032.

## Transmission and Distribution

### Transmission

Till the recent past, Transmission system planning was based 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 centre 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. Transmission planning has therefore moved away from the earlier generation evacuation system planning to integrated system planning, keeping in view the long term power perspective.

In India, the transmission and distribution system is a three-tier structure comprising of regional grids, state grids and distribution networks. 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. Presently, these regional grids are operating as an integrated unit of National Grid with an inter-regional transfer capacity of more than 32,000 MW, 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 National Grid in the country is now one of the largest operating synchronous grids in the world.

All measures are being taken to provide unconstrained inter-regional power transfer, open access availability and adopt new EHV and HVDC technologies. Further, proper checks and balances are being put in place to strengthen the grid discipline to

avoid any major grid collapse. Efforts are on for making suitable amendments in the Electricity Act, 2003 thereby endowing special powers to RLDCs and NLDC for regulating the grid which may also include legal provisions for their empowerment. The RLDCs would then have the power to disconnect load to States not adhering to grid discipline.

At the end of Fiscal 2015, the total length of transmission lines aggregated to about 3.13 lakh cKm as compared to about 2.91 lakh cKm at the end of the previous year. A total of 22,101 cKms were added to the transmission capacity in the Fiscal 2015 which was around 32 % higher than the transmission capacity added in the previous fiscal. The transmission capacity added during the past fiscal has been the highest ever.

The breakup of installed transmission line system is as per the following table:

Transmission Lines	As on March 31, 2015 (cKm)	As on March 31, 2014 (cKm)	Increase (cKm)
765 kV	18,644	11,096	7,548
400 kV	1,35,949	1,25,957	9,992
220 kV	1,49,412	1,44,851	4,561
+/- 500 kV HVDC	9,432	9,432	0
<b>Total</b>	<b>3,13,437</b>	<b>2,91,336</b>	<b>22,101</b>

At the end of Fiscal 2015, the aggregated substation transformation capacity at 765 kV, 400 kV and 220 kV level stood at 5.95 lakh MVA. The aggregated capacity was 5.30 lakh MVA at the end of Fiscal 2014. The sub-station capacity addition of around 65,000 MVA is the highest jump in sub-station capacity addition in a year. Plans for bidding of transmission lines worth rupees one lakh crore are already in the process. 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 in to actively.

As per the NITI Aayog estimates for the XII five year plan, the funds requirement for transmission system development would be about ₹ 2-3 lakh crore including Central and State Sector share. The aim is to build a robust integrated grid network that will allow large transfers of power from one part of the country to another.

### Distribution

Distribution Sector, the revenue generating link in the Generation-Transmission-Distribution chain is clearly the weakest link in the power sector value chain and is threatening to derail the entire process of power sector reforms as also jeopardize India's growth story. While the power generation sector in the country is struggling to meet the rising demand, the Distribution Sector has been reeling under losses and has been in focus with various measures being taken by the Government of India to make the State DISCOMs/utilities viable.

The issues pertaining to the Distribution sector are not similar to Generation and Transmission sectors. Distribution provides the crucial last mile connectivity and has disparate, numerous and varied consumers. Though most of the SEBs have been unbundled, distribution is still largely under the control of Government utilities. Post unbundling, their operations on sound commercial principles under the regulatory supervision has not yielded the desired results. 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. The mechanism includes 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. Incentivization through technology interventions in Restructured Accelerated Power Development and Reforms Programme (R-APDRP) and National Electricity Fund (NEF), devising utility-wise turnaround plan and monitoring its implementation at the highest level are other important initiatives. Therefore, it is necessary that all the interventions are dovetailed and integrated to overcome the major challenges like exorbitantly high transmission and distribution losses, suboptimal internal functioning of regulatory institutions, mismatch in tariffs, etc., so as to help turnaround the power distribution sector.

On the policy front, an integrated rating methodology has been developed covering the State Power Distribution utilities. The objective is to rate all utilities on the basis of their performance and their ability to sustain commercially viable operations in the long run. The mechanism focuses on ranking and incentivizing/dis-incentivizing the entities in order to stimulate and improve their operational & financial performance and is expected to facilitate Banks/FIs to adopt a uniform and realistic assessment of the risks associated with funding needs of different utilities. It would also enable funding with appropriate loan covenants for stimulating and enhancing operational, financial and managerial performance.



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. The utilities/DISCOMs shall be eligible for discount on interest rates depending on performance.

To strengthen the power supply and availability, improve reach and 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. The initiative would go a long way in the Government of India (GoI)'s resolve of providing 24X7 power by 2019.

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 are the measures being undertaken, to ensure safe and reliable delivery of power with minimal losses and at reduced costs.

Harnessing intelligent smart-grid technologies for providing two way communications between the consumer and the utility would completely change the way electricity is used and delivered. Since Indian distribution sector is a weak link in the power value chain, the Smart-Grid projects to be implemented by the utilities for efficient, reliable and delivery of quality power would be a long term business opportunity.

To improve and turn around the power distribution sector in the country, the Company in coordination with MoP, GoI has initiated major initiatives by its involvement in programmes like NEF, DDUGJY, IPDS, Smart Grid Task Force etc. With all these major interventions, your Company is optimistic of a better and improved distribution scenario when the results and effect of these programmes in conjunction with the reform measures taken by the respective States start trickling in and transform the entire landscape of distribution.

For the XII five year plan, the NITI Aayog estimates investment of ₹ 3.14 lakh crore inclusive of investments planned 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 GoI has taken significant measures to restructure the power sector, increase capacity, improve transmission, and 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 more 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 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 each contracted capacity of 3,500 MW or above, was introduced by creating Special Purpose Vehicle (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. The Standard Bidding Guidelines pertaining to Case-I and Case-II bidding process have been revised recently.

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 the 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.

### National Electricity Fund (NEF)

National Electricity Fund (Interest Subsidy) scheme was set up by Ministry of Power to promote the 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.

### Renewable Energy Sources

To mitigate the challenges posed on climate, National Action Plan for Climate Change (NAPCC) was announced in June 2008. The effort was to increase the share of renewable energy in total electricity consumption in the country. To bring momentum to the initiative, purchase obligation of Renewable Energy Certificates (RECs) was made mandatory on the State utilities. The mechanism enables sale and purchase of renewable energy component across the State boundaries without being linked to carbon credits.

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. 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 transmit Renewable Energy. The Green Energy Corridor project would enable the grid stability by way of evacuating Renewable Power from the generation points to load centres 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 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 present solar capacity of India at present is 3,000 MW. 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 100 MW each have been planned. Also the "Off Grid and Decentralized Solar Applications" is seen as 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.

### Integrated Power Development Scheme (IPDS)

The Government of India approved a scheme called "Integrated Power Development Scheme (IPDS)" 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 existing scheme of R-APDRP and its targets have been subsumed in IPDS.

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, 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 & upfront release of revenue subsidy based on metered consumption, if any, by State Government.

In this regard, the earlier existing 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 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.

### **Deendayal Upadhyaya Gram Jyoti Yojana (DDUGJY)**

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.

The Government of India approved a new scheme “Deendayal Upadhyaya Gram Jyoti Yojana” (DDUGJY) vide Office Memorandum dated December 3, 2014. The objective of the policy is 24X7 power supply for non-agricultural consumers and adequate power supply for agricultural consumers by separation of agriculture and non-agriculture feeders, strengthening and augmentation of sub-transmission & distribution infrastructure in rural areas, including metering, reduction of AT&C losses and providing access to all rural households. For this purpose, the RGGVY scheme and its targets for XII & XIII plan have been subsumed in DDUGJY.

The financing pattern of the scheme is similar as that applicable for IPDS scheme and stated above. Out of the approved layout of ₹ 43,033 crore, Government of India shall provide a budgetary support of ₹ 33,453 crore. REC is the Nodal agency for DDUGJY scheme.

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. Plans are on for large scale substitution of existing Lighting Loads with Light Emitting Diode (LED) lighting devices. Being highly energy efficient as compared to conventional lighting devices (filament and incandescent bulbs, CFLs), the effort could save as much as 10,000 MW during peak hours.

In an attempt to tide over severe fuel shortage as well as funding issues hurting the power sector, a slew of steps for fast tracking the solution of issues obstructing the project progress as well as commissioning have been undertaken.

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

### **3. OPPORTUNITIES**

The investments in the power sector are estimated at around ₹ 14 lakh crore in the XII five year plan period (2012-2017) covering a capacity addition of 88,537 MW with associated transmission and distribution network. An addition of almost 94,000 MW in generation capacity with back-to-back expansion in T&D network for handling the increased capacity is envisaged in the XIII five year plan. In addition, capacity addition by way of green energy to the extent of 30,000 MW in each of the XII plan and XIII plan 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. Therefore the 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, the 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 ability to mobilize low cost funds. Since the Company has significant exposure to these 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, affecting the borrowers' capacity of servicing the loans.

Therefore, judicious raising of resources at a low cost and ensuring most productive deployment of these funds would be the key factor for the Company's profitability and growth.

#### 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 2014-15, the Company sanctioned loan assistance of ₹ 61,421.37 crore, excluding sanctions under DDUGJY-RE and DDG. This included sanction of loans of ₹ 22,178.31 crore for the Generation Sector, ₹ 547.92 crore for Renewable Energy Sector, ₹ 25,031.14 crore for Transmission & Distribution Sector, and ₹ 13,664.00 crore for Short Term & other Loans.

Aggregate disbursement of ₹ 46,446.82 crore was achieved during the financial year 2014-15 including subsidy under DDUGJY-RE and DDG, as against ₹ 37,969.99 crore disbursed in the previous financial year. This included ₹ 13,828.07 crore disbursed under Generation projects, ₹ 295.25 crore disbursed under Renewable Energy projects, ₹ 16,335.06 crore under T&D schemes, ₹ 2,250.00 crore under Short Term Loans, ₹ 9,735.72 crore under other Loans such as TFL and MTL and ₹ 4,002.73 crore under DDUGJY (including subsidy of ₹ 3,605.72 crore under RE component of DDUGJY and ₹ 22.64 crore under DDG subsidy).

#### 6. OUTLOOK

Considering the continued shortages in electricity generation in the country, low levels of per capita energy consumption, 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. Estimated aggregate capacity addition of 180 GW during the XII and XIII five year plans put together (2012-2022) with estimated investments of over ₹ 34 lakh crore will 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.

Demand, supply and consumption trends will be key in defining the future of Indian power sector and the current fall in power demand could be a short term issue, mainly arising from the industrial slowdown, lack of power procurement by utilities and seasonal fluctuations. The long-term outlook for power demand remains strong. Low per capita consumption and expected growth of economy are pointers to the long-term energy requirement.

India ranks among the top countries in terms of electricity generation and lags China in generation by almost 5 times within the BRICS countries. However, India has the lowest per capita electricity consumption among the BRICS nations. The low

per capita electricity consumption suggests a large latent demand in the country. With the exception of past two fiscals, the energy deficits and peak deficits during the past 10 years have remained generally in the range of 5 % to 17 %.

Further, the low per capita consumption of electricity in India compared to the world average presents significant potential for sustainable growth in the demand for electric power in India. With the country poised for a long term growth prospect, the total energy consumption in India is estimated to grow rapidly creating huge potential for investments in energy sector in India.

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 and IPDS 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.

## 7. MoU RATING & AWARDS

The performance of your Company in terms of MoU signed with the Ministry of Power, Government of India for the financial year 2013-14 has been rated as "Excellent". This is the 21<sup>st</sup> 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 2014-15 also, the Company is poised to receive "Excellent" rating. During the year, your Company received "Company of the Year" award for 'Operational Performance Excellence' under PSE Excellence Awards 2014. Your Company also received Award for "Excellence in Financial Services" under India Pride Awards 2014-15 from Dainik Bhaskar & DNA.

## 8. INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

The Company maintains an adequate system of Internal Control including suitable monitoring procedures which ensures accurate and timely financial reporting of various transactions, efficiency of operations and compliance with statutory laws, regulations and Company policies. Suitable delegations of power and guidelines for accounting have 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 and for some selected Project Offices by experienced firms of Chartered Accountants. The Internal Audit Division covers all the major areas of operations including identified critical/risk areas as per the Annual Internal Audit Programme. Audit Committee of Board of Directors periodically reviews the significant findings of different Audits as prescribed in the Companies Act and in the Listing Agreement.

## 9. FINANCIAL AND OPERATIONAL PERFORMANCE

The loans sanctioned during the financial year 2014-15 was ₹ 61,421.37 crore as compared to ₹ 70,739.48 crore during the previous financial year 2013-14 (excluding sanctions under DDUGJY-RE and DDG). The disbursement during the financial year 2014-15 was ₹ 46,446.82 crore as compared to ₹ 37,969.99 crore during the previous financial year 2013-14 (including subsidy under DDUGJY-RE and DDG).

The amount due for recovery including interest during the financial year 2014-15 was ₹ 32,759.07 crore as compared to ₹ 31,312.57 crore during the previous year. The overdues from defaulting borrowers as on March 31, 2015 were ₹ 1,549.18 crore. The Company recovered a total sum of ₹ 32,005.56 crore during the year 2014-15 as against ₹ 30,755.36 crore during the previous year.

During the financial year, on standalone basis the Company registered an increase of ₹ 3,211.55 crore in Operating Income which went up to ₹ 20,229.53 crore, from ₹ 17,017.98 crore during the financial year 2013-14. Profit Before Tax was at ₹ 7,427.04 crore in 2014-15 in comparison to ₹ 6,531.12 crore in 2013-14. Net Profit of the Company in financial year 2014-15 was ₹ 5,259.87 crore, i.e., an increase of ₹ 576.17 crore over the previous year. Net Worth of the Company as on March 31, 2015 has increased by 20 % to ₹ 24,857.03 crore from ₹ 20,669.46 crore in the previous year.

## 10. HUMAN RESOURCES / INDUSTRIAL RELATIONS

In order to professionalize the Executive Cadre of REC and also to infuse fresh blood, 24 Executives were appointed during the financial year. The total manpower of the Company as on March 31, 2015 was 601 employees which includes 427 Executives and 174 Non-executives.

In order to equip the employees professionally, the Company sponsored 380 employees to various training programmes, workshops etc. within the country and abroad. In addition, three training programmes were conducted in-house which were attended by around 60 employees. Taken together, these initiatives enabled the Company to achieve 1,083 training man days and also achieve an 'Excellent' rating on the MoU target for this parameter. 24 Officers were deputed for programmes in countries like USA, Japan, Taiwan, France, China, Singapore and Australia, etc.



## 11. CORPORATE SOCIAL RESPONSIBILITY & SUSTAINABLE DEVELOPMENT

Corporate Social Responsibility and Sustainable Development (CSR & SD) initiatives were pursued actively. Accordingly, CSR budget (@ 2% of average net profit for previous three financial years, calculated in accordance with the provisions of Section 198 of the Companies Act, 2013) was allocated for the financial year 2014-15, amounting to ₹ 103.25 crore. 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 elderly persons and persons with disabilities, drinking water and sanitation facilities including participation in 'Swachh Vidyalaya Abhiyaan', LED based solar street lights in select un-electrified / poorly electrified villages etc. During the financial year 2014-15, financial assistance aggregating to ₹ 251.22 crore was sanctioned for various projects under Corporate Social Responsibility, including ₹ 190 crore for construction of toilets in schools under 'Swachh Vidyalaya Abhiyaan', out of which ₹ 67 crore is against allocation for financial year 2014-15 and ₹ 123 crore is against allocation for financial year 2015-16. Further, during the financial year 2014-15, REC has incurred expenditure for an amount of ₹ 103.25 crore (including ₹ 57.21 crore provided for in the books of accounts) towards approved CSR projects under implementation during the financial year. This amount of ₹ 57.21 crore provided for during the financial year 2014-15 has since been paid during the financial year 2015-16.

### 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. 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.

Besides adhering to the provisions of Listing Agreement, 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.

During the financial year 2014-15, the Company has received 13<sup>th</sup> ICSI National Award for Excellence in Corporate Governance from the Institute of Company Secretaries of India (ICSI), a statutory body constituted under the Company Secretaries Act, 1980, in recognition of the good Corporate Governance practices followed by REC.



CMD, REC receiving "13<sup>th</sup> ICSI National Award for Excellence in Corporate Governance" from Shri Arun Jaitley, Hon'ble Minister for Finance, Defence and Corporate Affairs at an award ceremony held in Kolkata on August 24, 2014.

#### 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 2014-15 was within the limits prescribed as per 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

The Company is a Government Company within the meaning of Section 2 (45) of the Companies Act, 2013. As on March 31, 2015, the President of India held 65.64% of the total paid-up share capital of the Company. Being a Government Company, 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.

The Listing Agreement entered with Stock Exchanges 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. 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, 2015 was as follows:

Sl. No.	Name of the Director	Director Identification Number (DIN)	Position
<b>Whole Time Directors (Executive Directors)</b>			
1	Shri Rajeev Sharma	00973413	Chairman and Managing Director
2	Shri Prakash Thakkar	01120152	Director (Technical)
3	Shri Ajeet Kumar Agarwal	02231613	Director (Finance)
<b>Government Nominee Director (Non-Executive Director)</b>			
4	Shri Badri Narain Sharma	01221452	Government Nominee Director

During the financial year 2014-15, the tenure of three years of Part-time Non-official Independent Directors namely Dr. Devi Singh (DIN: 00015681) and Shri Venkataraman Subramanian (DIN: 00357727), was completed on June 9, 2014 and the tenure of three years of Dr. Sunil Kumar Gupta (DIN: 00948089) was completed on March 15, 2015 and all of them ceased to be Directors of the Company from the respective dates. Hence, in the absence of adequate number of Independent Directors on the Board of the Company, the composition of the Board of Directors is not in conformity with the provisions of Companies Act 2013, sub-clause (II) (A) of Clause 49 of the Listing Agreement and Clause 3.1.4 of Guidelines on Corporate Governance for CPSEs, 2010 issued by DPE. Hence, as on date there are no Independent Directors against the requirement of four Independent Directors including one Woman Director.

The Company has already requested the Ministry of Power, Government of India, the appointing authority, for appointment of four Independent Directors including one 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 2014-15

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 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 Institute of Company Secretaries of India, effective from July 1, 2015, in respect of Board Meetings and General Meetings.

During the financial year 2014-15, ten (10) meetings of Board of Directors of the Company were held on (i) April 28, 2014; (ii) May 26, 2014; (iii) July 15, 2014; (iv) August 12, 2014; (v) September 18, 2014; (vi) October 16, 2014; (vii) November 10, 2014; (viii) December 26, 2014; (ix) February 13, 2015; and (x) March 13, 2015.

The minimum and maximum interval between any two Board Meetings was twenty five (25) days and fifty (50) days, respectively. The quantum and quality of information supplied by the Management to the Board goes well beyond the minimum requirement stipulated in Clause 49 of the Listing Agreement.

### (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. 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.
8. Show cause, demand, prosecution notices and penalty notices, if any, which are materially important.
9. Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems, if any.
10. Any material default in financial obligations to and by the Company or substantial non-payment for goods sold by the Company.
11. 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.
12. Details of any joint venture or collaboration agreement.
13. Transactions that involve substantial payment towards goodwill, brand equity, or intellectual property.
14. 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.
15. Sale of material nature of investments, subsidiaries, assets, which is not in normal course of business.
16. Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material.
17. 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.
18. Investments, formation of Subsidiaries and Joint Ventures, Strategic Alliances, etc.
19. Quarterly Report on Investment of Funds.
20. Quarterly compliance on Reconciliation of Share Capital Audit.
21. Quarterly report on compliance of applicable laws.
22. Action Taken Report on all pending matters.
23. 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 2014-15 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 18, 2014)	As on March 31, 2015		
		Held during the tenure	Attended	Percentage of Attendance		No. of other Directorships	No. of other Committee Memberships <sup>\$</sup>	
							As Chairman	As Member
1.	Shri Rajeev Sharma	10	10	100	Present	2	Nil	Nil
2.	Shri Prakash Thakkar	10	10	100	Present	3	Nil	Nil
3.	Shri Ajeet Kumar Agarwal	10	10	100	Present	2	Nil	1
4.	Shri Badri Narain Sharma	10	9	90	Present	1	Nil	Nil
5.	Dr. Devi Singh (upto June 9, 2014)	2	2	100	N.A	N.A	N.A	N.A
6.	Shri Venkataraman Subramanian (upto June 9, 2014)	2	2	100	N.A	N.A	N.A	N.A
7.	Dr. Sunil Kumar Gupta (upto March 15, 2015)	10	9	90	Present	N.A	N.A	N.A

<sup>§</sup> In line with Clause 49 of Listing Agreement, 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.

**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 Prakash Thakkar, Director (Technical) shall retire by rotation at the 46<sup>th</sup> Annual General Meeting of the Company and, being eligible, offers himself for re-appointment.
2. 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.
3. There is no *inter-se* relation 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, 2015, the Board had the following Committees:

1. Audit Committee;
2. Nomination and Remuneration Committee (formerly Remuneration Committee);
3. Stakeholders Relationship Committee (formerly Shareholders' / Investors' Grievance 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. Sub-Committee for Borrowings other than Debentures; and
10. Committee on Investment of Surplus Funds.

Further, as the HR Policies are currently being developed/ examined at length by the HR Division and recommended by the Functional Directors to the Board for approval, therefore the Sub-Committee of Directors for review and updation of HR Policies, was dissolved with the approval of the Board of Directors of the Company on March 13, 2015.

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 2014-15, the composition of the Audit Committee was as under:**

Sl. No.	Name of the Committee Members	Position in the Committee	Number of Meetings			Attendance at last AGM
			Held during tenure of Director	Attended	Percentage of attendance	
1	Dr. Devi Singh Independent Director	Chairman (upto June 9, 2014)	1	1	100.00	NA
2	Dr. Sunil Kumar Gupta Independent Director	Chairman (from July 15, 2014 till March 15, 2015)	5	5	100.00	Yes
3	Shri Venkataraman Subramanian Independent Director	Member (upto June 9, 2014)	1	1	100.00	NA
4	Shri Badri Narain Sharma Government Nominee Director	Member (from July 15, 2014)	5	0	0.00	Yes
5	Shri Prakash Thakkar Director (Technical)	Member	6	6	100.00	Yes

**Notes:**

1. Upto June 9, 2014, the Committee comprised of Dr. Devi Singh as Chairman and Shri Venkataraman Subramanian and Shri Prakash Thakkar as Members of the Committee.



2. Due to cessation of tenure of office of Dr. Devi Singh and Shri Venkataraman Subramanian on June 9, 2014, the Board reconstituted the Audit Committee in its 405<sup>th</sup> Meeting held on July 15, 2014 to comprise Dr. Sunil Kumar Gupta as Chairman and Shri Badri Narain Sharma and Shri Prakash Thakkar as Members of the Committee;
3. After the cessation of tenure of Dr. Sunil Kumar Gupta on March 15, 2015, the Board reconstituted the Committee on May 15, 2015 to comprise of Shri Badri Narain Sharma as Chairman and Shri Rajeev Sharma and Shri Prakash Thakkar as Members of the Committee;

Director (Finance), Head of Internal Audit and representatives of Joint Statutory Auditors are invitees 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:**

- a) 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;
- b) to comply with the requirements relating to Audit Committee as envisaged in Clause 49 of the Listing Agreement, as amended from time to time;
- c) to comply with the Guidelines on Corporate Governance for Central Public Sector Enterprises, 2010, as notified by the DPE, as amended from time to time; and
- d) to comply with any other applicable provisions, as amended from time to time, relating to the Audit Committee.

During the financial year 2014-15, six (6) meetings of the Audit Committee were held on (i) May 26, 2014; (ii) August 12, 2014; (iii) October 16, 2014; (iv) November 10, 2014; (v) February 13, 2015; and (vi) March 13, 2015. The maximum gap between the two Meetings was not more than 4 months.

Dr. Sunil Kumar Gupta, Chairman of the Audit Committee was present at the Annual General Meeting held on September 18, 2014 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 (formerly Remuneration Committee)**

- (i)** REC, being a Central Public Sector Undertaking, the appointment, tenure and remuneration of Chairman & Managing Director, Functional Directors and other Directors, are decided by the President of India as per the Articles of Association of the Company. 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.

As per the provisions of Guidelines on Corporate Governance for CPSEs, 2010 issued by DPE, the Company had constituted a Remuneration Committee comprising of Independent Directors. Further, in accordance with the provisions of the Companies Act, 2013, rules made thereunder and the Listing Agreements entered with Stock Exchanges, the Board of Directors of the Company in its 404<sup>th</sup> Meeting held on May 26, 2014 had changed the name of the Remuneration Committee to 'Nomination and Remuneration Committee' and revised its terms of reference.

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

- (a) 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;
- (b) to comply with the requirements relating to Nomination and Remuneration Committee as envisaged in Clause 49 of the Listing Agreement, as amended from time to time; and
- (c) 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 and independence of Directors and policy relating to remuneration of Directors.

During the financial year 2014-15, the constitution of Nomination and Remuneration Committee was as under:

Sl. No.	Name of the Committee Members	Position in the Committee	Meeting		
			Held during tenure of Director	Attended	Percentage of attendance
1.	Dr. Devi Singh Independent Director	Chairman (upto June 9, 2014)	1	1	100.00
2.	Shri Venkataraman Subramanian Independent Director	Member (upto June 9, 2014)	1	1	100.00
3.	Dr. Sunil Kumar Gupta Independent Director	Member (upto March 15, 2015)	1	0	0.0

The Committee will be reconstituted once the Independent Directors are appointed on the Board of the Company.

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 2014-15, one Meeting of the Nomination and Remuneration Committee was held on May 26, 2014.

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 2014-15 are given below:

(Amount in ₹)

Sl. No.	Name	Salary & Allowances	Other Benefits	Performance Linked Incentive*	CPF contribution	Pension Fund Contribution	Leave Encashment	Total
1.	Shri Rajeev Sharma CMD	25,84,222	10,12,091	20,51,480	2,46,711	1,85,034	1,66,354	62,45,892
2.	Shri Prakash Thakkar Director (Technical)	25,24,837	7,28,152	15,09,189	2,41,030	1,80,772	3,84,991	55,68,971
3.	Shri Ajeet Kumar Agarwal Director (Finance)	25,96,311	1,24,776	14,36,008	2,20,780	1,65,590	-	45,43,465
4.	Shri J. S. Amitabh Company Secretary	23,01,952	1,94,575	5,53,782	2,05,050	1,53,786	-	34,09,145

\* 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, GoI.

The Company has not issued any Stock Options during the financial year 2014-15.

#### Remuneration of Independent and Government Nominee Directors

Independent Directors are paid only 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 395<sup>th</sup> 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 2014-15 is as under:

(Amount in ₹)

Sl. No.	Name of Part-time Non-official Independent Director	Sitting Fees		Total
		Board Meetings	Committee Meetings	
1.	Dr. Devi Singh (upto June 9, 2014)	40,000	1,00,000	1,40,000
2.	Shri Venkataraman Subramanian (upto June 9, 2014)	40,000	60,000	1,00,000
3.	Dr. Sunil Kumar Gupta (upto March 15, 2015)	1,80,000	2,60,000	4,40,000
	<b>Total</b>			<b>6,80,000</b>

The Government Nominee Director is not entitled to any remuneration/ sitting fee from the Company.

### 3.3 Stakeholders Relationship Committee (formerly Shareholders' / Investors' Grievance Committee)

#### (i) Constitution of Stakeholders Relationship Committee

The Company had constituted the Shareholders' / Investors' Grievance Committee in accordance with the requirements of Listing Agreements entered with the Stock Exchanges. Further, in accordance with the provisions of the Companies Act, 2013, Rules made thereunder and the Listing Agreements executed with Stock Exchanges, the Board of Directors of the Company in its 404<sup>th</sup> Meeting held on May 26, 2014 had changed the name of the Shareholders' / Investors' Grievance Committee to 'Stakeholders Relationship Committee' and the terms of reference of the Committee were revised as per the statutory provisions.

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 2014-15, 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 Venkataraman Subramanian Independent Director	Chairman (upto June 9, 2014)	1	1
2.	Dr. Sunil Kumar Gupta Independent Director	Chairman (from July 15, 2014 till March 15, 2015)	3	3
3.	Shri Prakash Thakkar Director (Technical)	Member	4	4
4.	Shri Ajeet Kumar Agarwal Director (Finance)	Member	4	4

#### Notes:

1. Shri Venkataraman Subramanian was Chairman of the Committee till June 9, 2014.
2. After the cessation of tenure of Shri Venkataraman Subramanian, Independent Director on June 9, 2014, the Committee was reconstituted by the Board of Directors in its 405<sup>th</sup> Meeting held on July 15, 2014 to comprise of Dr. Sunil Kumar Gupta as Chairman and Shri Prakash Thakkar and Shri Ajeet Kumar Agarwal as members of the Committee.
3. After the cessation of tenure of Dr. Sunil Kumar Gupta on March 15, 2015, the committee was again reconstituted with Shri Badri Narain Sharma as Chairman and Shri Prakash Thakkar and Shri Ajeet Kumar Agarwal as members of the Committee.

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 2014-15, four (4) Meetings of Stakeholders Relationship Committee were held on (i) May 26, 2014 (ii) August 12, 2014; (iii) November 10, 2014; and (iv) February 13, 2015 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 Clause 47(a) of the Listing Agreement.

The Chairman of the Stakeholders Relationship Committee was present at the Annual General Meeting held on September 18, 2014.

#### (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 Clause 49 of the Listing Agreement for the period from April 1, 2014 to March 31, 2015 relating to Equity Shares/Listed Debt Securities is as follows:-

Pending at the beginning of the financial year	0
Received during the financial year	3188
Disposed during the financial year	3187
Remaining unresolved as on March 31, 2015	1*

\* The complaint pending as on March 31, 2015 pertains to Equity Shares and Action Taken Report on the complaint has already been submitted on April 2, 2015 and this complaint has also been resolved since then.

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.

Securities and Exchange Board of India has a web based complaints redressal system viz. 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 2014-15, 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.	Dr. Devi Singh Independent Director	Chairman (upto June 9, 2014)	1	1
2.	Dr. Sunil Kumar Gupta Independent Director	Chairman (from July 9, 2014 to March 15, 2015)	1	1
3.	Shri Prakash Thakkar Director (Technical)	Member	2	2
4.	Shri Ajeet Kumar Agarwal Director (Finance)	Member	2	2

#### Notes:

- After the cessation of tenure of Dr. Devi Singh on June 9, 2014, the Committee was reconstituted on July 9, 2014 to comprise Dr. Sunil Kumar Gupta as Chairman and Shri Prakash Thakkar and Shri Ajeet Kumar Agarwal as members of the Committee. Further, the tenure of Dr. Sunil Kumar Gupta was also completed on March 15, 2015.
  - The Committee will be reconstituted once the Independent Directors are appointed on the Board of the Company.
- 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 2014-15, two (2) Meetings of the Risk Management Committee were held on June 9, 2014 and March 13, 2015.

### 3.5 Corporate Social Responsibility Committee

As per the provisions of Section 135 of the Companies Act, 2013 and Rules made thereunder and Guidelines on Corporate Social Responsibility and Sustainability for CPSEs, issued by DPE, the Board of Directors of the Company in its 402<sup>nd</sup> Meeting held on March 28, 2014, changed the name of earlier CSR and Sustainability Committee constituted as per DPE requirement to 'Corporate Social Responsibility Committee' and the terms of reference of the Committee has also been revised.

The terms of reference of the Corporate Social Responsibility Committee include the following:

- 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 / programmes / proposals, falling within the purview of Schedule VII of the Companies Act, 2013;

- e. to institute a transparent monitoring mechanism for implementation of the CSR projects / programmes / activities undertaken by the Company;
- f. to assist the Board of Directors to formulate strategies on CSR initiatives of the Company;
- g. 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;
- h. to periodically submit the reports to the Board of Directors for their information, consideration and necessary directions; and
- i. to comply with the other requirements on Corporate Social Responsibility Policy as amended from time to time.

During the financial year 2014-15, 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.	Dr. Devi Singh, Independent Director	Chairman (upto June 9, 2014)	1	1
2.	Shri Rajeev Sharma, CMD	Chairman (from September 18, 2014)	4	4
3.	Shri Prakash Thakkar, Director (Technical)	Member	5	5
4.	Shri Ajeet Kumar Agarwal, Director (Finance)	Member (upto September 18, 2014 and from November 10, 2014)	3	3
5.	Dr. Sunil Kumar Gupta, Independent Director	Member (from September 18, 2014 till March 15, 2015)	4	4

**Notes:**

1. Dr. Devi Singh was Chairman of the Committee till June 9, 2014.
2. The Committee was reconstituted by the Board of Directors in its 407<sup>th</sup> Meeting held on September 18, 2014 after the cessation of tenure of Dr. Devi Singh on June 9, 2014, to comprise of Shri Rajeev Sharma as Chairman of the Committee and Dr. Sunil Kumar Gupta and Shri Prakash Thakkar as members of the Committee.
3. The Committee was again reconstituted by the Board of Directors in its 409<sup>th</sup> Meeting held on November 10, 2014 to include Shri Ajeet Kumar Agarwal as member of the committee.

The quorum of the meeting of the Corporate Social Responsibility Committee is two Members including Chairman of the Committee. During the financial year 2014-15, five (5) meetings of Corporate Social Responsibility Committee were held on (i) May 26, 2014; (ii) October 16, 2014; (iii) November 10, 2014; (iv) December 26, 2014 and (v) February 13, 2015.

Further, in the 410<sup>th</sup> Meeting of the Board of Directors held on December 26, 2014, CSR Policy of the Company was revised by aligning it with revised Guidelines on Corporate Social Responsibility & Sustainability issued by DPE and after incorporating all the provisions and amendments pertaining to CSR and Sustainability aspects issued by Ministry of Corporate Affairs and the policy was renamed as "REC Corporate Social Responsibility and Sustainability Policy".

### 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



As on March 31, 2015, 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 Prakash Thakkar	Director (Technical)	Member
3.	Shri Ajeet Kumar Agarwal	Director(Finance)	Member
4.	Shri Badri Narain Sharma	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 2014-15, nine (9) meetings of Loan Committee were held on (i) April 28, 2014; (ii) May 26, 2014; (iii) July 15, 2014; (iv) September 18, 2014; (v) December 2, 2014; (vi) December 26, 2014; (vii) January 20, 2015; (viii) February 13, 2015; and (ix) March 11, 2015. Further, all members of the Committee were present in 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	Upto ₹ 150 crore for individual scheme/project	20,000
Private Sector Power utilities	Upto ₹ 100 crore for individual scheme/project	5,000

As on March 31, 2015, 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 Prakash Thakkar	Director (Technical)	Member
3.	Shri Ajeet Kumar Agarwal	Director(Finance)	Member

The quorum of the Executive Committee of the Board of Directors is two Members including CMD. During the financial year 2014-15, eighteen (18) meetings of the Executive Committee were held on (i) April 1, 2014; (ii) April 28, 2014; (iii) May 21, 2014; (iv) June 3, 2014; (v) June 12, 2014; (vi) July 1, 2014; (vii) July 25, 2014; (viii) August 11, 2014; (ix) August 26, 2014; (x) September 5, 2014; (xi) October 8, 2014; (xii) October 27, 2014; (xiii) December 2, 2014; (xiv) December 10, 2014; (xv) January 9, 2015; (xvi) February 9, 2015 ; (xvii) February 20, 2015 and (xviii) March 11, 2015. Further, all members of the Committee were present in the meetings.

### 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.

As on March 31, 2015, 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 Prakash Thakkar	Director (Technical)	Member
3.	Shri Ajeet Kumar Agarwal	Director (Finance)	Member

The quorum for the meeting of Sub-Committee for review of lending rates for Short Term Loans/ Term Loans is two Members including CMD. During the financial year 2014-15, twenty two (22) meetings of Sub-Committee for review of lending rates for Short Term Loans/ Term Loans were held on (i) April 2, 2014; (ii) April 16, 2014; (iii) May 1, 2014; (iv) June 18, 2014; (v) July 2, 2014; (vi) July 8, 2014; (vii) August 11, 2014; (viii) August 21, 2014; (ix) August 26, 2014; (x) September 5, 2014; (xi) September 29, 2014; (xii) October 16, 2014; (xiii) November 3, 2014; (xiv) December 1, 2014; (xv) December 9, 2014 (xvi) December 19, 2014 (xvii) January 7, 2015 (xviii) January 20, 2015 (xix) February 12, 2015 (xx) March 10, 2015 (xxi) March 23, 2015 and (xxii) March 31, 2015. Further, all members of the Sub-Committee were present in the meetings.

### 3.9 Sub-Committee for Borrowings other than Debentures

The Sub-Committee of Directors for Borrowings other than Debentures was constituted by the Board of Directors to decide pricing, timing, mode, source of borrowing and marketing in respect of borrowings otherwise than on debentures such as term loans etc. from Life Insurance Corporation, Commercial Banks etc. depending upon prevailing market conditions within the overall size of market borrowings programme.

As on March 31, 2015, the Sub-Committee for Borrowings other than Debentures 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 Prakash Thakkar	Director (Technical)	Member
3.	Shri Ajeet Kumar Agarwal	Director (Finance)	Member

The quorum of the meeting of the Sub-Committee for Borrowings other than Debentures is two Members including CMD. During the financial year 2014-15, no Meeting of the Sub-Committee of Directors for Borrowings other than Debentures was held.

### 3.10 Committee on Investment of Surplus Funds

The Committee for investment of Surplus Funds has been constituted for the purpose of investments of surplus funds. As on March 31, 2015, the composition of "Committee on Investment of Surplus Funds" was as under:

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

The quorum of the meeting of the Committee is two Directors including CMD. The Committee is empowered to approve the investment of surplus funds within the maximum outstanding limit at any time, upto ₹ 1,000 crore in mutual funds and upto ₹ 2,000 crore in fixed deposit.

During the financial year 2014-15, no Meeting of the Committee on Investment of Surplus Funds was held.

## 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 Officials constituted to consider and approve requests received from shareholders for splitting/ consolidation/ issue of duplicate share certificates and transfer of physical shares exceeding 500 equity shares per individual in each case.

As on March 31, 2015, 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 Rajesh Kumar	Deputy 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 non-listed Indian subsidiary" as defined in Clause 49 of the Listing Agreement in the immediately preceding financial year. The Minutes of Board Meetings of all unlisted Subsidiary Companies are placed before the Board of Directors of the Company for information. 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. 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 Company has devised a "Policy on Materiality of Subsidiaries" as required under the Listing Agreement entered with Stock Exchanges and the same is available on its website at [www.recindia.gov.in](http://www.recindia.gov.in).

The Company had following unlisted Wholly Owned Subsidiary Companies as on March 31, 2015:

- (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 inter state transmission project allocated by Ministry of Power, Government of India, RECTPCL incorporates project specific Special Purpose Vehicle (SPV) as Wholly Owned Subsidiary Company and after selection of successful bidder through Tariff Based Competitive Bidding Process, the respective project specific SPV along with all its assets and liabilities is transferred to the selected bidder. As on March 31 2015, 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. Maheshwaram Transmission Limited (MTL) (CIN: U40102DL2014GOI270446)
- iv. Gadawara (A) Transco Limited (GATL) (CIN: U40300DL2014GOI269918)\*
- v. Gadawara (B) Transmission Limited (GBTL) (CIN: U40109DL2014GOI269652)\*

\* Transferred to selected bidder i.e. Power Grid Corporation of India Limited after March 31, 2015.

Further, RECTPCL also had following Wholly Owned Subsidiary Companies during the financial year 2014-15, which were transferred to the successful bidder on completion of Tariff Based Competitive Bidding Process:

1. NRSS XXIX Transmission Limited (CIN: U40106DL2013GOI256050)
2. NRSS XXXI (A) Transmission Limited (CIN: U40106DL2013GOI256048)
3. NRSS XXXI (B) Transmission Limited (CIN: U40106DL2013GOI256049)
4. Vindhychal Jabalpur Transmission Limited (CIN: U40300DL2014GOI270433)

After March 31, 2015, the following Wholly Owned Subsidiary companies have been incorporated as project specific Special Purpose Vehicles (SPVs) of RECTPCL:

1. Vemagiri II Transmission Limited (CIN: U40106DL2015GOI278746)
2. Alipurduar Transmission Limited (CIN: U40109DL2015GOI278992)
3. NER-II Transmission Limited (CIN: U40106DL2015GOI279300)

The Audited Financial Statements and related information of all Subsidiary Companies of REC is available on the website of the Company [www.recindia.gov.in](http://www.recindia.gov.in) under the head "Subsidiary Companies". A statement containing the financial data of the subsidiaries 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 Standard-21 (AS-21) prescribed under Section 133 of the Companies Act, 2013 read with 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
43 <sup>rd</sup>	2011-12	September 20, 2012	11.00 A.M.	Air Force Auditorium, Subroto Park, Dhaula Kuan, New Delhi-110010	Yes
44 <sup>th</sup>	2012-13	September 13, 2013	11.00 A.M.	Manekshaw Centre, Parade Road, Delhi	No
45 <sup>th</sup>	2013-14	September 18, 2014	11.00 A.M.	Cantonment, New Delhi-110010	Yes

During the financial year 2014-15, the shareholders of the Company passed three Special Resolutions related to borrowings, as detailed in the table below, through Postal Ballot on June 10, 2014. The details of voting results are as under:

Item no.	Brief Particulars of the Special Resolutions	Number of shares and % age of total votes cast in favour of the Resolution		Number of shares and % age of total votes cast against the Resolution	
		Number of shares	% age of total votes	Number of shares	% age of total votes
1.	Issue of Unsecured/ Secured Non-Convertible Bonds/ Debentures through Private Placement as per the provisions of the Companies Act, 2013 and Rules thereunder.	76,26,94,998	96.33	2,77,90,800	3.51
2.	Increase in the overall Borrowing Limit to ₹ 200,000 crore in Indian Rupees and in any foreign currency equivalent to USD 6 billion.	78,52,18,294	99.18	52,64,011	0.66
3.	Creation of mortgage and / or charge on all or any of the movable and / or immovable properties of the Company, in respect of enhanced borrowing limit as proposed above.	78,52,01,710	99.18	52,79,218	0.67

For the above Postal Ballot Process, Ms. Savita Jyoti, Practicing Company Secretary, Hyderabad was appointed as Scrutinizer and M/s Karvy Computershare Private Limited, R&TA of the Company was appointed as the agency for providing e-voting facility to shareholders of the Company.

All the aforesaid resolutions were passed by the shareholders with overwhelming majority. Further, none of the business proposed to be transacted in the 46<sup>th</sup> Annual General Meeting require passing a Special Resolution through Postal Ballot.

In accordance with provisions of Section 108 of the Companies Act, 2013 read with Companies (Management and Administration) Rules, 2014 and Clause 35B of the Listing Agreement, as amended from time to time, the Company had provided e-voting facility to enable the shareholders to exercise their right to vote through electronic means in respect of resolutions passed through Postal Ballot and at the time of Annual General Meeting (AGM) of the Company held on September 18, 2014. In respect of shareholders who did not have access to e-voting, the Company provided facility to the shareholders to send their assent or dissent in writing on a postal ballot form within stipulated period. Further, those shareholders who could not exercise their vote through e-voting process at the time of AGM were provided facility to vote at the Annual General Meeting through Poll conducted at the AGM venue.

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 per statutory requirements.

## 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 implementation of 'Green Initiative' of Ministry of Corporate Affairs (MCA) 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, after April, 2011, was also 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 2014-15 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 Clause 49 of the Listing Agreements entered with the Stock Exchanges and the same is available on the website of the Company [www.recindia.gov.in](http://www.recindia.gov.in). 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 the Listing Agreement entered with Stock Exchanges 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 and constitution of its committees.
- (ii) 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.
- (iii) 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.).
- (iv) There were also no instances of non-compliance on any matter related to the Capital Markets during the last three years. There were no penalties imposed or strictures imposed on the Company by any statutory authorities in this regard. All returns/ reports were filed within stipulated time with Stock Exchanges/ other authorities.
- (v) There are no materially significant transactions with related parties i.e. Promoters, Directors or the Management, conflicting with the Company's interest.
- (vi) 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.
- (vii) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement for the financial year 2014-15 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.
- (viii) The Company affirms that a Whistle Blower Policy/ Vigil Mechanism is in place and no personnel has been denied access to the Audit Committee.
- (ix) The Company has adopted all mandatory items and some of the non-mandatory items on Corporate Governance.
- (x) During the financial year 2014-15, no Presidential Directives were issued by the Central Government to the Company.
- (xi) 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.
- (xii) The administrative and office expenses for the financial year 2014-15 have increased to ₹ 172.74 crore as compared to ₹ 105.47 crore, mainly on account of higher CSR expenditure of ₹ 103.25 crore during 2014-15 as against ₹ 38.40 crore during 2013-14. Administrative and office expenses as a percentage of total expenses for the financial year 2014-15 is 1.33 % (Previous year 1.00 %) and as a percentage of financial expenses for the financial year 2014-15 is 1.46 % (Previous year 1.05 %). Under various other heads, there is a marginal increase in the expenses.
- (xiii) In pursuance of Guidelines on Corporate Governance for Central Public Sector Enterprises (CPSEs), 2010, issued by



DPE 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, 2014	July 8, 2014
September 30, 2014	October 9, 2014
December 31, 2014	January 6, 2015
March 31, 2015	April 8, 2015

Also the Report containing Annual Score (consolidated score of four quarters) was submitted to Ministry of Power on April 30, 2015 against the due date of May 31, 2015.

- (xiv) There are no audit qualifications pertaining to financial year 2014-15. However, there are certain observation(s) made by Statutory Auditors, Management's Reply of which has been given in the Board's Report. The Company will be submitting the requisite form duly signed by Chairman & Managing Director, Director (Finance), Joint Statutory Auditors and Chairman of the Audit Committee of the Company as per the provisions of Clause 31(a) of the Listing Agreement.
- (xv) 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, three training programmes were attended by the Directors of the Company.

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. The details of the same are available at [http://www.recindia.gov.in/download/familiarization\\_programmes.pdf](http://www.recindia.gov.in/download/familiarization_programmes.pdf)

- (xvi) A separate meeting of Independent Directors was held on December 24, 2013 without the attendance of non-Independent Directors and members of management. As on March 31, 2014, there were three (3) Part-time Non-official Independent Directors on the Board of the Company. During the financial year 2014-15, the tenure of Dr. Devi Singh and Shri Venkataraman Subramanian, Part-time Non-official Independent Directors, was completed on June 9, 2014 and both of them ceased to be directors from that date. Since then, there was only one Independent Director viz. Dr. Sunil Kumar Gupta on the Board, whose tenure was also completed on March 15, 2015. In view of the above, separate meeting of the Independent Directors could not be convened.

## 11. COMPLIANCE WITH APPLICABLE LAWS

The Company has a robust system in place for monitoring of various statutory and procedural compliances. The Board periodically reviews the status of statutory, policy and related procedural compliances periodically 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 318<sup>th</sup> Meeting held on July 10, 2007, had approved Code of Business Conduct for Board Members and Senior Management. Thereafter, the Board of Directors of REC in its 367<sup>th</sup> Meeting held on September 8, 2010 had revised the Code in line with DPE Guidelines and adopted "Code of Business Conduct and Ethics for Board Members and Senior Management" in supersession of the existing Code of Conduct. Subsequently, the Board of Directors of the Company in its 413<sup>th</sup> Meeting held on May 28, 2015 has revised the Code by incorporating the duties of Directors including Independent Directors, in line with Companies Act, 2013 and revised Listing Agreements entered with Stock Exchanges 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.gov.in](http://www.recindia.gov.in). Based on the affirmation received from the Board Members and Senior Management

Personnel, declaration regarding Compliance of Code of Conduct from Chairman and Managing Director of the Company is as under:

#### Declaration under Clause 49 of the Listing Agreement

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, 2015.

Sd/-

(Rajeev Sharma)

Chairman and Managing Director

(DIN: 00973413)

Date: July 15, 2015

Place: New Delhi

### 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 of 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.gov.in](http://www.recindia.gov.in).

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:-

- All members of the Board of Directors of the Company, Key Managerial Personnel and Chief Vigilance Officer.
- All employees working in the offices of Chairman and Managing Director and Whole-time Directors of the Company.
- All employees working in Corporate Office.
- 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.
- The Directors and Employees of the subsidiary companies.
- Immediate relatives of (a) to (e) above.
- Any other employee, whether permanent or contractual, as may be notified by the Compliance Officer, with the approval of CMD.
- 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:-

- 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;
- 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;
- to conduct investigations into fraudulent activities; and
- 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, in terms of Clause 49 of the Listing Agreement and Clause 8 of Guidelines on Corporate Governance for CPSEs issued by DPE, the Board of Directors of the Company, in its 380<sup>th</sup> Meeting held on November 10, 2011 had approved the Whistle Blower Policy of the Company, to support "The Code of Business Conduct and Ethics for Board Members and Senior Management". Further, in terms of Section 177 of the Companies Act, 2013 and Rules made thereunder, the Board of Directors of the Company in its 405<sup>th</sup> Meeting held on July 15, 2014, has adopted the "Revised Whistle Blower Policy", which came into effect from July 31, 2014. The Revised 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 Revised 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, 2015 is as under:

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

During the financial year 2014-15, 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.

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

Date: May 15, 2015  
Place: New Delhi

#### 16. FEE PAID/PAYABLE TO JOINT STATUTORY AUDITORS

The details of fee paid/payable to Joint Statutory Auditors during the financial year 2014-15, are as under:

		(₹ in crore)
Sl. No.	Particulars	Amount
1.	Audit Fees (includes annual & half-yearly audit fees)	0.40
2.	Tax Audit Fees	0.06
3.	Limited Review Fees	0.09
4.	Payment for other services	0.04
5.	Reimbursement of expenses	0.03
	<b>Total</b>	<b>0.62</b>

## 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), Directors' 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. 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, Times of India, Hindustan Times, Mint, The Financial Express, Business Standard (English & Hindi), Jansatta (Hindi), etc. These results are also made available on Company's website at [www.recindia.gov.in](http://www.recindia.gov.in).
- 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.

## 18. CEO/CFD CERTIFICATION

In terms of Clause 49 of the Listing Agreement, 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 413<sup>th</sup> Meeting held on May 28, 2015 while considering the Annual Audited Financial Statements of the Company for the financial year ended March 31, 2015.

## 19. GENERAL SHAREHOLDERS' INFORMATION

### i. Annual General Meeting for the financial year 2014-15

Day and Date	Time	Venue
Wednesday, September 16, 2015	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 2015-16 vis-à-vis financial year 2014-15

Particulars	Financial Year 2014-15		Financial Year 2015-16	
Accounting Period	April 1, 2014 to March 31, 2015		April 1, 2015 to March 31, 2016	
Announcement of Financial Results	1 <sup>st</sup> Quarter	August 12, 2014	First three Quarters	Announcement within 45 days from the end of the each quarter.
	2 <sup>nd</sup> Quarter	November 10, 2014		
	3 <sup>rd</sup> Quarter	February 13, 2015		
	4 <sup>th</sup> Quarter & Annual Financial Results	May 28, 2015	4 <sup>th</sup> Quarter & Annual Financial Results	Announcement within 60 days from the end of financial year.
Annual General Meeting	Wednesday, September 16, 2015		September 2016	

### iii. Payment of Dividend

#### A. Dividend for the financial year 2014-15

##### (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 ₹ 8.00 per Equity Share (on the face value of ₹ 10/- each) on February 27, 2015 for the financial year 2014-15.

##### (2) Final Dividend Details:

The Board of Directors of the Company in its 413<sup>th</sup> Meeting held on May 28, 2015 has recommended a Final Dividend of ₹ 2.70 per Equity Share (on the face value of ₹ 10/- each) for the financial year 2014-15 for approval of the shareholders in the 46<sup>th</sup> Annual General Meeting to be held on September 16, 2015. The total dividend (including Interim Dividend) for the financial year 2014-15 will be ₹ 10.70 per Equity Share (on the face value of ₹ 10/- each) i.e. 107 % of the paid up share capital of the Company.

## B. 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
2009-10	987.46	603.21	65.00	January 12, 2010	September 15, 2010
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

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

Pursuant to applicable provisions of the Companies Act, 1956 (corresponding provisions of Companies Act, 2013, yet to be notified), 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 Unpaid/Unclaimed amount, relating to share application money received at the time of Initial Public Offer (IPO) in February/ March 2008, amounting to ₹ 84,18,515 has been transferred to Investor Education and Protection Fund in April 2015 on remaining unpaid/unclaimed for a period of seven years. Further, the Unpaid/Unclaimed amount of Final Dividend for the financial year 2007-08 and Interim Dividend for the financial year 2008-09 will be due for transfer to IEPF in the financial year 2015-16. 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 advised 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 Friday, September 11, 2015 to Wednesday, September 16, 2015 (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 46<sup>th</sup> Annual General Meeting, will be paid on Wednesday, October 7, 2015 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 Thursday, September 10, 2015, 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 Thursday, September 10, 2015.

### 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: <a href="mailto:cmist@nse.co.in">cmist@nse.co.in</a> Website: <a href="http://www.nseindia.com">www.nseindia.com</a>	RECLTD
BSE Limited (BSE) Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001.	Telephone: (022) 22721233/4 Fax: (022) 22721919 E-mail ID: <a href="mailto:corp.relations@bseindia.com">corp.relations@bseindia.com</a> Website: <a href="http://www.bseindia.com">www.bseindia.com</a>	532955



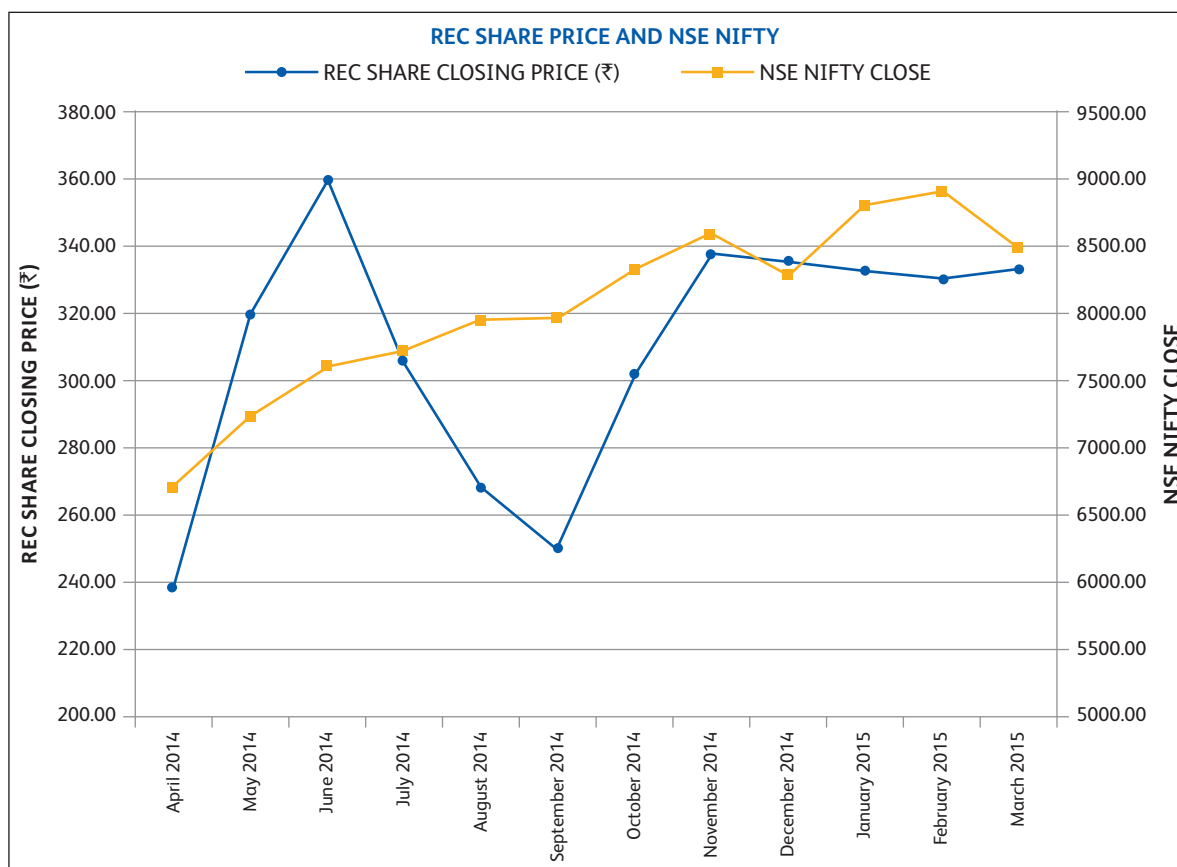
**vii. International Securities Identification Number (ISIN)**

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 2014-15**

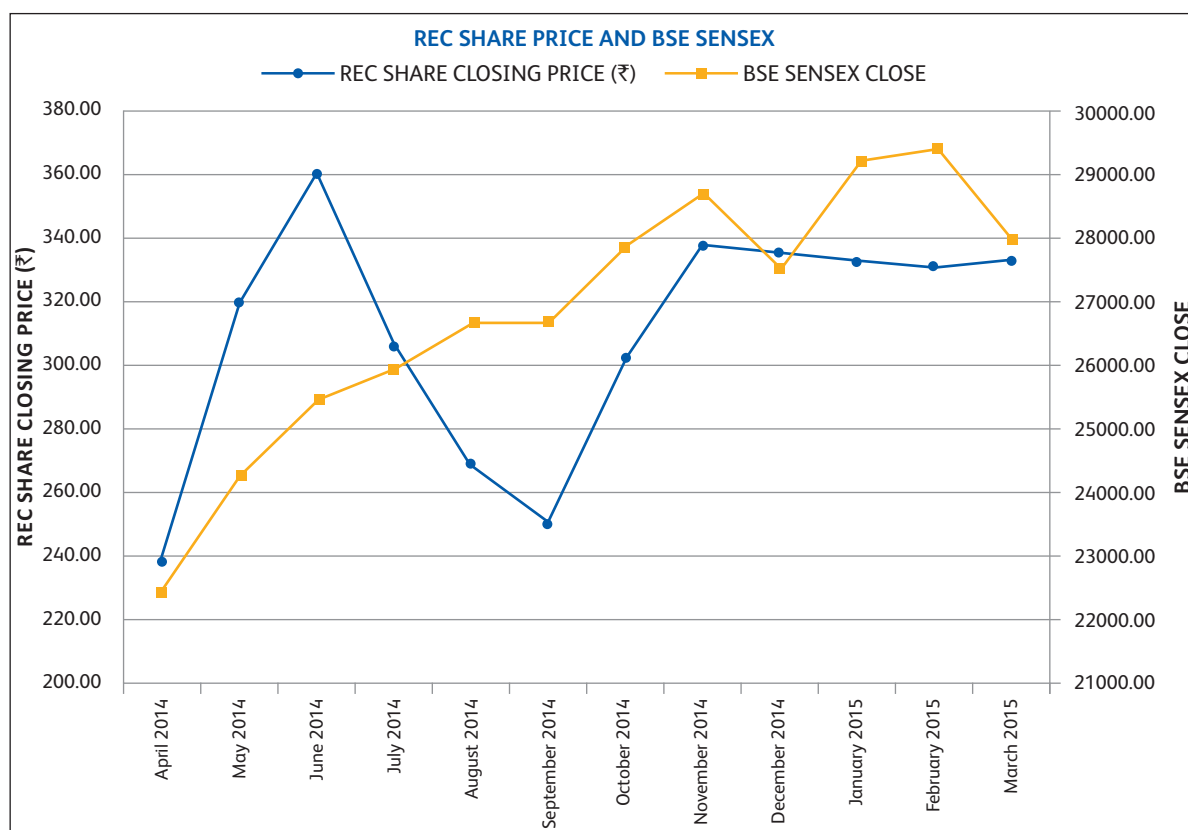
Performance of REC Share vis-à-vis NSE NIFTY

Performance of REC Share at NSE				Movement of NSE NIFTY		
Month	High (₹)	Low (₹)	Month Close (₹)	High	Low	Month Close
April, 2014	252.50	222.55	237.90	6869.85	6650.40	6696.40
May, 2014	380.60	236.70	319.70	7563.50	6638.55	7229.95
June, 2014	380.50	321.50	359.30	7700.05	7239.50	7611.35
July, 2014	383.40	296.90	306.00	7840.95	7422.15	7721.30
August, 2014	312.00	257.10	268.35	7968.25	7540.10	7954.35
September, 2014	289.80	233.10	249.95	8180.20	7841.80	7964.80
October, 2014	303.95	235.60	302.00	8330.75	7723.85	8322.20
November, 2014	351.50	285.60	337.30	8617.00	8290.25	8588.25
December, 2014	352.80	293.70	335.15	8626.95	7961.35	8282.70
January, 2015	349.90	309.90	333.10	8996.60	8065.45	8808.90
February, 2015	351.65	307.50	330.55	8941.10	8470.50	8901.85
March, 2015	371.75	318.00	333.20	9119.20	8269.15	8491.00



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, 2014	252.30	222.50	238.40	22939.31	22197.51	22417.80
May, 2014	380.65	237.10	319.55	25375.63	22277.04	24217.34
June, 2014	380.00	321.00	359.20	25725.12	24270.20	25413.78
July, 2014	383.35	297.10	305.75	26300.17	24892.00	25894.97
August, 2014	311.70	257.55	268.55	26674.38	25232.82	26638.11
September, 2014	289.70	234.00	249.70	27354.99	26220.49	26630.51
October, 2014	303.90	235.70	301.75	27894.32	25910.77	27865.83
November, 2014	351.50	285.70	337.00	28822.37	27739.56	28693.99
December, 2014	352.40	293.00	335.05	28809.64	26469.42	27499.42
January, 2015	349.80	310.00	332.75	29844.16	26776.12	29182.95
February, 2015	351.65	307.75	330.50	29560.32	28044.49	29361.50
March, 2015	371.05	318.15	332.65	30024.74	27248.45	27957.49



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](mailto:einward.ris@karvy.com) ; [raju.sv@karvy.com](mailto:raju.sv@karvy.com) ; [balaji.reddy@karvy.com](mailto:balaji.reddy@karvy.com)  
Website: [www.karvycomputershare.com](http://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.

Pursuant to Clause 49 of the Listing Agreement, 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.

Further pursuant to Clause 47(c) of the Listing Agreements with the Stock Exchanges, 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, 2015

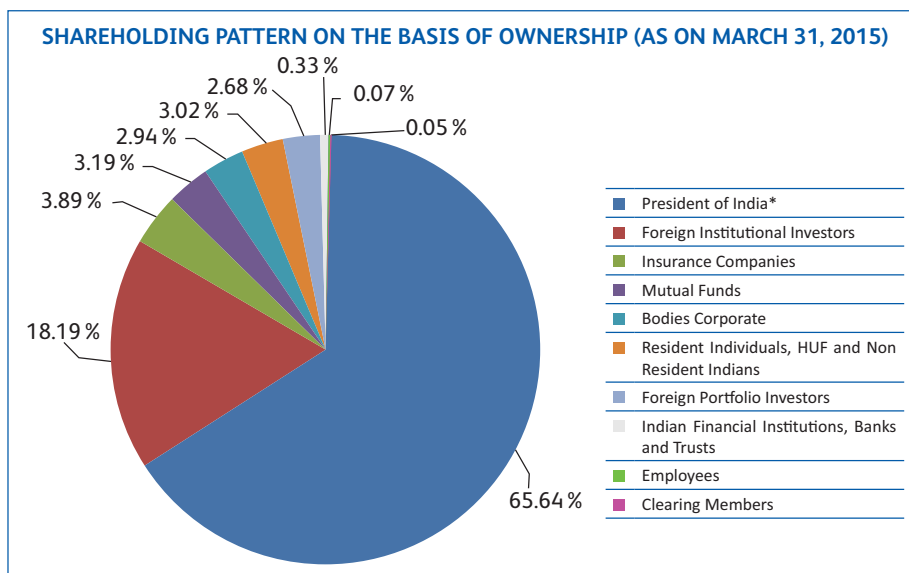
Number of shares	Number of shareholders	Percentage of shareholders	Total Shares	Amount (₹)	Percentage of shares
1-5000	2,07,373	96.89	1,83,83,403	18,38,34,030	1.86
5001- 10000	3,740	1.75	27,02,520	2,70,25,200	0.27
10001- 20000	1,193	0.56	17,40,571	1,74,05,710	0.18
20001- 30000	408	0.19	10,33,980	1,03,39,800	0.10
30001- 40000	185	0.09	6,50,751	65,07,510	0.07
40001- 50000	149	0.07	6,91,968	69,19,680	0.07
50001- 100000	251	0.12	17,61,038	1,76,10,380	0.18
100001 & Above	722	0.34	96,04,94,769	9,60,49,47,690	97.27
<b>Total</b>	<b>2,14,021</b>	<b>100</b>	<b>98,74,59,000</b>	<b>9,87,45,90,000</b>	<b>100</b>

##### SHAREHOLDING PATTERN ON THE BASIS OF OWNERSHIP

Category	As on March 31, 2015		As on March 31, 2014	
	Number of Shares	Percentage of total	Number of Shares	Percentage of total
President of India*	64,81,68,218	65.64	64,81,68,218	65.64
Foreign Institutional Investors	17,95,83,870	18.19	18,44,92,738	18.68
Insurance Companies	3,84,14,283	3.89	5,63,88,536	5.71
Mutual Funds	3,15,15,282	3.19	3,41,35,283	3.46
Bodies Corporate	2,90,72,645	2.94	2,69,38,990	2.73
Resident Individuals	2,77,68,025	2.81	2,62,55,532	2.66
Foreign Portfolio Investors	2,64,37,401	2.68	0.00	0.00
Indian Financial Institutions	21,53,767	0.22	55,35,285	0.56
H U F	11,99,657	0.12	12,11,477	0.12
Non Resident Indians	8,73,596	0.09	6,18,401	0.06
Clearing Members	5,26,860	0.05	13,10,192	0.13
Employees	6,61,054	0.07	8,15,923	0.08
Banks	5,92,295	0.06	12,76,714	0.13
Trusts	4,92,047	0.05	3,11,711	0.03
<b>Total</b>	<b>98,74,59,000</b>	<b>100</b>	<b>98,74,59,000</b>	<b>100</b>

\* 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 an off-market transaction under Central Public Sector Enterprises Exchange Traded Fund (CPSE ETF) on April 10, 2015.

Accordingly, as on date, the President of India holds 60.64 % of the paid up equity share capital of REC as against 65.64 % as on March 31, 2015.



\* During the financial year 2015-16, after the Offer for Sale and divestment of shares through CPSE ETF by the President of India, the shareholding of the President of India has reduced to 60.64 % of the paid up equity share capital of REC.

#### 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:

<b>National Securities Depository Limited</b> Trade World, 4 <sup>th</sup> Floor, Kamala Mills Compound Senapathi Bapat Marg, Lower Parel, Mumbai-400 013	<b>Central Depository Services (India) Limited</b> Phiroze Jeejeebhoy Towers 28 <sup>th</sup> Floor, Dalal Street, Mumbai-400 023
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The Details of number of shares held in dematerialized and physical mode as on March 31, 2015 was as under:

Category	Number of Shareholders	Number of Shares	Percentage of total Shares issued
Physical	8,465	13,046	Negligible
NSDL (Demat)	1,45,619	97,87,09,453	99.11
CDSL (Demat)	59,937	87,36,501	0.89
<b>Total</b>	<b>2,14,021</b>	<b>98,74,59,000</b>	<b>100.00</b>

#### xiii. Reconciliation of Share Capital Audit Report

For every quarter of the financial year 2014-15, M/s Savita Jyoti Associates, Practicing Company Secretaries, Hyderabad 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 2014-15. 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.

As per Clause 5A of the Listing Agreement, the details of unclaimed shares as on March 31, 2015 in the Demat Suspense Account is given as under:-

Sl. No.	Particulars	April 1, 2014 to March 31, 2015			
		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, 2014.	275	22,591	5	450
2.	Number of shareholders who approached the Company for transfer of unclaimed shares from the Suspense account during the financial year.	10	979	1	60
3.	Number of shareholders to whom unclaimed shares were transferred from the Suspense Account during the financial year.	10	979	1	60
4.	Aggregate number of shareholders and the outstanding unclaimed shares in the Suspense Account as on March 31, 2015.	265	21,612	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 2015-16 to NSE and BSE.

**xvii. Annual Custodial Fee to Depositories**

The Company has timely paid the annual custodian fee for financial year 2014-15. The Annual Custodial Fee for the financial year 2015-16 will be paid upon receipt of invoice from the respective Depositories.

**xviii. Plant Locations**

As the Company is a Public Financial Institution, it does not have any plant. However, the Company has 5 Zonal Offices, 18 Project 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

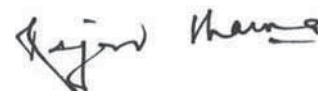
**xx. Corporate Identification Number (CIN)**

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: [jsamitabh@recl.nic.in](mailto:jsamitabh@recl.nic.in)

For and on behalf of the Board of Directors



(Rajeev Sharma)  
Chairman & Managing Director  
(DIN: 00973413)

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, 2015 as stipulated in Clause 49 of the Listing Agreement 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 Clause 49 of the Listing Agreement executed by the Company with the Stock Exchanges and Guidelines on Corporate Governance for CPSEs, 2010 issued by DPE. However, during the financial year 2014-15, in the absence of requisite number of Independent Directors/Woman Director on the Board of the Company, the composition of the Board of Directors and Committees thereof is not as per the requirement of the provisions of Clause 49 of the Listing Agreement, 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

**(Gopal Krishan)**  
Partner  
M. No. 081085

Place: New Delhi  
Date: August 7, 2015

**For P. K. Chopra & Co.**  
Chartered Accountants  
Firm Regn No. 006747N

**(K.S. Ponnuswami)**  
Partner  
M. No. 070276



## ANNEXURE-IV TO BOARD'S REPORT

**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.gov.in](http://www.recindia.gov.in)
5. **E-mail id :** [complianceofficer@recl.nic.in](mailto:complianceofficer@recl.nic.in)
6. **Financial year reported :** 2014-15
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 product includes 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, Bhubaneswar, 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 (₹):** 20,388.05 crore
3. **Total Profit after Tax (₹):** 5,259.87 crore
4. **Total spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%):**

During the financial year 2014-15, REC has incurred expenditure for an amount of ₹ 103.25 crore (including ₹ 57.21 crore provided for in the books of accounts towards approved CSR projects under implementation during the financial year) which is more than 2 % of Profit After Tax of previous financial year. Further, the amount of ₹ 57.21 crore provided for, during the financial year 2014-15 has since been paid during the financial year 2015-16.

**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:

- Job-oriented Skill Development Programmes;
- Education;
- Environmental Sustainability;
- Promotion of health care including for elderly persons and persons with disabilities;
- Drinking water and sanitation facilities including participation in 'Swachh Vidyalaya Abhiyaan';
- Installation of LED based solar street lights in select un-electrified / poorly electrified villages etc.

**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, 2015:

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

Further, in order to initiate development of each independent inter state transmission project allocated by Ministry of Power, Government of India, RECTPCL incorporates 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 all its assets and liabilities is transferred to the selected bidder. As on March 31 2015, following project specific Special Purpose Vehicles (SPVs) were in existence as Wholly Owned Subsidiary Companies of RECTPCL:

- Nellore Transmission Limited (NTL) (CIN: U40104DL2012GOI245654)
- Baira Siul Sarna Transmission Limited (BSSTL) (CIN: U40106DL2013GOI247564)
- Maheshwaram Transmission Limited (MTL) (CIN: U40102DL2014GOI270446)
- Gadarwara (A) Transco Limited (GATL) (CIN: U40300DL2014GOI269918)\*
- Gadarwara (B) Transmission Limited (GBTL) (CIN: U40109DL2014GOI269652)\*

\* Transferred to selected bidder i.e. Power Grid Corporation of India Limited after March 31, 2015

Further, RECTPCL also had the following Wholly Owned Subsidiary Companies which were transferred to the successful bidder on completion of Tariff Based Competitive Bidding Process during the financial year 2014-15:

- NRSS XXIX Transmission Limited (CIN: U40106DL2013GOI256050)
- NRSS XXXI (A) Transmission Limited (CIN: U40106DL2013GOI256048)
- NRSS XXXI (B) Transmission Limited (CIN: U40106DL2013GOI256049)
- Vindhyachal Jabalpur Transmission Limited (CIN: U40300DL2014GOI270433)

After March 31, 2015, the following Wholly Owned Subsidiary Companies have been incorporated as project specific Special Purpose Vehicles (SPVs) of RECTPCL:

- Vemagiri II Transmission Limited (CIN: U40106DL2015GOI278746)
- Alipurduar Transmission Limited (CIN: U40109DL2015GOI278992)
- NER-II Transmission Limited (CIN: U40106DL2015GOI279300)

**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. Towards this end, REC has engaged its wholly owned subsidiary, RECPDCL, as Project Implementing and Monitoring Agency for building of toilets in schools under 'Swachh Vidyalaya Abhiyaan', under its CSR initiatives.

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 takes up sustainability projects under its CSR initiatives, through various implementing agencies.

#### 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:** 01120152

**Name:** Shri Prakash Thakkar

**Designation:** Director (Technical)

- b) Details of the BR Head

Sl. No.	Particulars	Details
1.	DIN (if applicable)	01120152
2.	Name	Shri Prakash Thakkar
3.	Designation	Director (Technical)
4.	Telephone number	011-24367479
5.	e-mail id	thakkar@recl.nic.in

##### 2. Principle-wise (as per NVGs) BR Policy/policies (Reply in Y/N)

The Ministry of Corporate Affairs, Government of India, in July 2011, came out with the 'National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business'. These guidelines contain the following nine Principles which need to be adopted by companies as part of their business practices and a structured business responsibility reporting format requiring certain specified disclosures, demonstrating the steps taken by companies to implement the said principles.

- 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.

The principle wise responses on the above are mentioned below:

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

Sl. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
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 BR 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 2014-15 is <http://www.recindia.gov.in/download/ar2014-15.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.

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 2014-15, the Company did not receive any complaint under the Whistle Blower Policy and Fair Practices Code. Further, 13 general complaints (other than anonymous/pseudonymous complaints) were received during the financial year 2014-15. Out of these, four complaints were relating to ethics, bribery and corruption issues and were scrutinized/investigated. As on March 31, 2015, two complaints (i.e. 50 %) were disposed/resolved and two complaints are under scrutiny/investigation.

In addition, the Company had received 581 and 3,614 complaints from Equity Shareholders and Bondholders (Listed/Un-listed Debt Securities) respectively. All complaints of Equity Shareholders and Bondholders received during the financial year 2014-15 have been satisfactorily resolved, except one equity shareholder complaint which has also been resolved since then.

## 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 also taken up construction of toilets in schools under ‘Swachh Vidyalaya Abhiyaan’ under its CSR initiatives. Further, the Company has taken up the initiative of replacing 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. Further, the offices of REC have been made more energy-efficient by replacement of all conventional light fittings / CFL with energy efficient LED lights.

**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.

**3. Does the Company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably?**

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, 2015, the Company had 601 employees.

2. **Please indicate the Total number of employees hired on temporary/contractual/casual basis.**

During the financial year 2014-15, the Company had not hired any employee on temporary/ contractual/ casual basis. However, the 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, 2015, the Company had 99 permanent women employees.

4. **Please indicate the Number of permanent employees with disabilities**

As on March 31, 2015, the Company had 10 permanent employees with disabilities.

5. **Do you have an employee association that is recognized by management?**

Eligible employees of the Company are Members of the two representative bodies i.e. REC Employees Union or REC Officers Association.

6. **What percentage of your permanent employees are members of this recognized employee association?**

All regular employees of the Company are members of either non-supervisory 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, 2015. 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 level woman official of the Company and includes an NGO representative as one of its members. Anti-sexual harassment stance of the Company is also outlined in REC (Conduct, Discipline and Appeal) Rules.

8. **What safety & skill up-gradation training was provided in the last year?**

**Permanent Employees**

**Permanent Women Employees**

**Casual/Temporary/Contractual Employees**

**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 73.21 % permanent employees, 78.78 % permanent women employees and 100 % permanent employees with disabilities, received technical skill up-gradation, spiritual, health and attitudinal training during the financial year 2014-15, which amounts to 1,083 training man days.



The Company also has a training institute viz. “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.

Further, under Corporate Social Responsibility (CSR) and Sustainability initiatives, the Company has laid emphasis on providing job-oriented Skill Development Training to youth from economically weaker sections of society, programmes for improving access to education to under-privileged students, setting up/ up-gradation of infrastructure / facilities in select health care institutions and distribution of assistive aids, appliances and artificial limbs to select persons with disabilities from weaker sections of society.

**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 2014-15, are as under:

1. Supporting special education and employment enhancing vocation skills, especially among children, women, elderly and differently-abled and livelihood enhancement projects;
2. Programmes for providing coaching to select underprivileged students for entrance to engineering institutes, development of infrastructure in schools, including school for differently-abled children;
3. Setting up of solar PV smart mini grids, solar micro-grids, LED based solar street lights and distribution of solar lanterns in select un-electrified/ poorly electrified villages in select districts etc;
4. 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,

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 & Development and United Nations Convention against Corruption.

Considering the nature of business of the Company, human rights cover the Company and its subsidiary companies only 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, which endeavors to provide a congenial working environment for its employees.

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 & 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 conducts 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 2014-15, RECTPCL, a wholly owned subsidiary of REC, has made contribution to Clean Ganga Fund set up by the Central Government for rejuvenation of River Ganga, under its 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. In furtherance of the same, the Company has taken initiative for replacement of all conventional light fittings / CFL with energy efficient LED lights in its offices and awareness is created amongst its employees on conserving energy. Further, the Company has also contributed funds for setting up solar micro grids and LED based solar street lighting systems under its CSR initiatives.

**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. The Company 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 special scheme for financing to promote 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. REC is the Nodal agency for Deendayal Upadhyaya Gram Jyoti Yojana (DDUGJY) - Scheme of Rural Electricity Infrastructure and Households Electrification which also provides grants for Decentralized Distributed Generation (DDG) projects from conventional or renewable non-conventional sources such as Biomass, Biogas, Micro Hydro, Wind, Solar etc. for villages where grid connectivity is either not feasible or not cost effective.

Further, the Company has also contributed funds for setting up solar micro grids and LED based solar street lighting systems 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, Federation of Indian Chambers of Commerce and Industry (FICCI), Central Board of Irrigation & Power (CBIP), Standing Conference of Public Enterprises (SCOPE), 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 UN Global Compact.

Further, 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 on different platforms of above associations from time to time.

Further, the Company is also working on several CSR and Sustainability initiatives for setting up of sanitation, water & hygiene facilities in select schools and villages, safe drinking water facilities in select rural areas in select states, setting up/ up-gradation of infrastructure / facilities in select health care institutions, setting up of girls hostel in technical institute, livelihood enhancing women-empowerment programmes, setting up of solar PV smart mini grids, solar micro-grids and LED based solar street lights and distribution of solar lanterns in select un-electrified/ poorly electrified villages in select districts and programme for farmer-centric integrated watershed development for improving rural livelihoods.

#### Principle 8- INCLUSIVE GROWTH AND EQUITABLE DEVELOPMENT

1. **Does the Company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.**

REC is the Nodal Agency for overseeing the implementation of Government of India's flagship programme i.e. Deendayal Upadhyaya Gram Jyoti Yojana (DDUGJY) with the objective of providing 24x7 Power Supply for non-agricultural consumers, reduction in AT&C Losses and providing access to electricity to all rural households. Further, REC also extends financial assistance for intensive electrification of villages and energization of agricultural pumpsets.

Further, DDUGJY also provides grants for Decentralized Distributed Generation (DDG) projects from conventional or renewable non-conventional sources such as Biomass, Biogas, Micro Hydro, Wind, Solar etc. for villages where grid connectivity is either not feasible or not cost effective. In XII five year plan, DDG will also be extended to grid connected areas to supplement the availability of power in areas where power supply is less than six hours a day.

REC also takes up programmes/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 programmes and initiatives undertaken during the financial year 2014-15 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 programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/any other organization?**

REC is the Nodal Agency for overseeing the implementation of Deendayal Upadhyaya Gram Jyoti Yojana (DDUGJY) - Scheme of Rural Electricity Infrastructure and Households Electrification. The implementation of DDUGJY involves various agencies like Distribution Utilities, Central Public Sector Undertakings, Turn-key contractors, Panchayati Raj institutions, franchisees, DDG developers and various districts level committees.

Further, most of the CSR projects/initiatives of the Company are being carried out with the help of specialized agencies in line with their focus areas of operations, which are either Government Organization/Semi-Government/PSU/Autonomous Organization/Section 8 Companies or empaneled Agencies with Indian Institute of Corporate Affairs (IICA)/The 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, REC continuously seeks feedback to understand the impact of its initiatives which also includes visits by its own teams to the various projects funded by the Company. Further, impact assessment of RGGVY programme (subsumed in DDUGJY) - Scheme of Rural Electricity Infrastructure and Households Electrification was conducted through various specialized agencies to assess the impact and the outcome of the programme on the socio-economic fabric of rural development across the nation. Also, 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?**

REC, being a Financial Institution, contributes to community development projects primarily by way of providing financial assistance for intensive electrification of villages & energization of agricultural pumpsets. During the financial year 2014-15, a total of 23 intensive electrification schemes were sanctioned by the Company involving a loan outlay of ₹ 170.48 crore. Further, 2,56,026 nos. of electric irrigation pumpsets were reported to be energized and loan assistance of ₹ 647.09 crore was sanctioned for 62 schemes, during the year.

Further, during the financial year 2014-15, the Board of Directors of the Company approved a budget of ₹ 103.25 crore, i.e. 2% of the net profit of the Company for the last three financial years towards CSR and Sustainability activities. During the year, the Company has undertaken various CSR & Sustainability initiatives in the fields of job-oriented skill development programmes, development of infrastructure in schools, setting up of sanitation, water & hygiene facilities in select schools and villages including participation in 'Swachh Vidyalaya Abhiyaan', safe drinking water facilities, setting up/ up-gradation of infrastructure / facilities in select health care institutions, setting up of girls hostel in technical institute, livelihood enhancing women-empowerment programmes, setting up of solar PV smart mini grids, solar micro-grids and LED based solar street lights and distribution of solar lanterns in un-electrified/ poorly electrified villages and programme for farmer-centric integrated watershed development for improving rural livelihoods.

During the financial year 2014-15, REC has incurred expenditure for an amount of ₹ 103.25 crore (including ₹ 57.21 crore provided for in the Books of Accounts) towards approved CSR projects under implementation during the financial year. Further, the amount of ₹ 57.21 crore provided for, during the financial year 2014-15 has since been paid during the financial year 2015-16.

For details of projects undertaken, please refer to 'Report on Corporate Social Responsibility Activities', which forms part of this Annual Report.

**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.**

Yes, steps are taken by the Company to gauge the impact of the community development projects and to ensure that community development initiative is successfully adopted by the community.

Further, the Company, under its CSR initiatives, encourages the active engagement of key 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 programmes. Feedback of the community is suitably incorporated in further developing such programmes 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, except one equity shareholder complaint which has been resolved since then. 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 behaviour 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 financial year 2014-15, upon an information filed by an informant (name not disclosed) against RECPDCL, a wholly owned subsidiary of REC, the Competition Commission of India (CCI) vide its prima-facie order dated January 13, 2015 has ordered an investigation against the Company and RECPDCL, for allegedly protecting RECPDCL's market for consultancy services in power projects in India for DPR preparation. The proceedings are pending before CCI.

**4. Did your Company carry out any consumer survey/ consumer satisfaction trends?**

Yes. In terms of the Memorandum of Understanding (MoU) signed with Ministry of Power, Government of India, REC was given a parameter "Conduct of Customer Satisfaction Survey" for the financial year 2014-15. The Company engaged M/s Administrative Staff College of India, Hyderabad for conducting Customer Satisfaction Survey of its esteemed Customers across the country comprising Central and State Government Power entities and Private Power Entities in the year 2014-15. The overall Customer Satisfaction Index (CSI) score of the Survey conducted is 85.7, which by average American Customer Satisfaction Index (ACSI) is among the best in Banking Services.

Further, 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. Feedbacks received from customers are implemented to further enhance quality of service.

## ANNEXURE TO BUSINESS RESPONSIBILITY REPORT

P1	<p>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 the Listing Agreement, 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.</p> <p>Sl. No. 6 - The links of relevant Policies approved by the Board of Directors of the Company are given below:-</p> <table border="1"> <thead> <tr> <th>Name of the Policy</th><th>Weblink</th></tr> </thead> <tbody> <tr> <td>Policy for Prevention of Fraud</td><td><a href="http://recindia.gov.in/download/prevention_fraud_policy.pdf">http://recindia.gov.in/download/prevention_fraud_policy.pdf</a>.</td></tr> <tr> <td>Whistle Blower Policy</td><td><a href="http://recindia.nic.in/images/pdf-files/Whistle_Blower_Policy.pdf">http://recindia.nic.in/images/pdf-files/Whistle_Blower_Policy.pdf</a>.</td></tr> <tr> <td>Code of Business Conduct and Ethics</td><td><a href="http://recindia.nic.in/download/Code_Business_Conduct_Ethics.pdf">http://recindia.nic.in/download/Code_Business_Conduct_Ethics.pdf</a>.</td></tr> <tr> <td>Fair Practice Code</td><td><a href="http://recindia.nic.in/download/fair_practice_code.pdf">http://recindia.nic.in/download/fair_practice_code.pdf</a>.</td></tr> <tr> <td>Policy on Materiality of Related Party Transactions and Dealing with Related Party Transactions</td><td><a href="http://recindia.nic.in/images/pdf-files/Policy_Related_Party_Transactions_&amp;_Dealing_with_RPT.pdf">http://recindia.nic.in/images/pdf-files/Policy_Related_Party_Transactions_&amp;_Dealing_with_RPT.pdf</a>.</td></tr> <tr> <td>Policy on Materiality of Subsidiaries</td><td><a href="http://recindia.nic.in/download/Policy_Determining_Material_Subsidiaries.pdf">http://recindia.nic.in/download/Policy_Determining_Material_Subsidiaries.pdf</a>.</td></tr> </tbody> </table> <p>The other policies are internal documents and accessible only to employees of the organization.</p>	Name of the Policy	Weblink	Policy for Prevention of Fraud	<a href="http://recindia.gov.in/download/prevention_fraud_policy.pdf">http://recindia.gov.in/download/prevention_fraud_policy.pdf</a> .	Whistle Blower Policy	<a href="http://recindia.nic.in/images/pdf-files/Whistle_Blower_Policy.pdf">http://recindia.nic.in/images/pdf-files/Whistle_Blower_Policy.pdf</a> .	Code of Business Conduct and Ethics	<a href="http://recindia.nic.in/download/Code_Business_Conduct_Ethics.pdf">http://recindia.nic.in/download/Code_Business_Conduct_Ethics.pdf</a> .	Fair Practice Code	<a href="http://recindia.nic.in/download/fair_practice_code.pdf">http://recindia.nic.in/download/fair_practice_code.pdf</a> .	Policy on Materiality of Related Party Transactions and Dealing with Related Party Transactions	<a href="http://recindia.nic.in/images/pdf-files/Policy_Related_Party_Transactions_&amp;_Dealing_with_RPT.pdf">http://recindia.nic.in/images/pdf-files/Policy_Related_Party_Transactions_&amp;_Dealing_with_RPT.pdf</a> .	Policy on Materiality of Subsidiaries	<a href="http://recindia.nic.in/download/Policy_Determining_Material_Subsidiaries.pdf">http://recindia.nic.in/download/Policy_Determining_Material_Subsidiaries.pdf</a> .
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Fair Practice Code	<a href="http://recindia.nic.in/download/fair_practice_code.pdf">http://recindia.nic.in/download/fair_practice_code.pdf</a> .														
Policy on Materiality of Related Party Transactions and Dealing with Related Party Transactions	<a href="http://recindia.nic.in/images/pdf-files/Policy_Related_Party_Transactions_&amp;_Dealing_with_RPT.pdf">http://recindia.nic.in/images/pdf-files/Policy_Related_Party_Transactions_&amp;_Dealing_with_RPT.pdf</a> .														
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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 : <a href="http://recindia.nic.in/images/pdf-files/CSR_Sust_Policy.pdf">http://recindia.nic.in/images/pdf-files/CSR_Sust_Policy.pdf</a>.</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 &amp; 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 : <a href="http://recindia.nic.in/images/pdf-files/CSR_Sust_Policy.pdf">http://recindia.nic.in/images/pdf-files/CSR_Sust_Policy.pdf</a>.</p>														



P5	<p>Sl. No. 3 - The Code of Business Conduct &amp; 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 &amp; diversity, fair competition, prohibition of harassment &amp; 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 link : <a href="http://recindia.nic.in/download/Code_Business_Conduct_Ethics.pdf">http://recindia.nic.in/download/Code_Business_Conduct_Ethics.pdf</a>.</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 &amp; 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 2014-15, 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 in select states, setting up of solar PV smart mini grids, solar micro-grids and LED based solar street lights, programme for farmer-centric integrated watershed development for improving rural livelihoods and distribution of solar lanterns 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 : <a href="http://recindia.nic.in/images/pdf-files/CSR_Sust_Policy.pdf">http://recindia.nic.in/images/pdf-files/CSR_Sust_Policy.pdf</a>.</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 <a href="http://recindia.gov.in/download/fair_practice_code.pdf">http://recindia.gov.in/download/fair_practice_code.pdf</a> and <a href="http://recindia.gov.in/download/griev_redressal_form_loans.pdf">http://recindia.gov.in/download/griev_redressal_form_loans.pdf</a>; respectively.</p>
	<p>All policies and processes are subject to audits and reviews done internally in the Company from time to time.</p>

ANNEXURE-V TO BOARD'S REPORT

## SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED MARCH 31, 2015

### The Members, Rural Electrification Corporation Limited

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, 2015 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 Rural Electrification Corporation Limited ("the Company") for the financial year ended on March 31, 2015, 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, 1992;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999: 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
  - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998: Not Applicable
- (vi) The other laws, as informed and certified by the Management of the Company which are specifically applicable to the Company based on their sector/ industry are:
  1. 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 of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India: Not applicable for financial year 2014-15
- (ii) The Listing Agreements entered into by the Company with The National Stock Exchange of India Limited and BSE Limited:

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 observations:

1. The Company has not complied with the provisions of Section 149 of the Companies Act, 2013, read with Clause 49 of the Listing Agreement in respect of appointment of requisite number of Independent Directors on the Board, including Woman Director.
2. The Company has not complied with the provision of Section 177/178 of the Companies Act, 2013, read with Clause 49 of the Listing Agreement in respect of composition of Audit Committee and Nomination & Remuneration Committee.

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 the above mentioned observations. The changes 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 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.

All decisions at Board Meetings and Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.

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 following specific events / actions that having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.:

- The Company has under different debt instruments mobilized long term funds for a total amount of ₹ 41,190 crore during the financial year 2014-15, for various business operations of the Company.

**Rupesh Agarwal**  
Partner

**For Chandrasekaran Associates**  
Company Secretaries  
Membership No. A16302  
Certificate of Practice No. 5673

**Date: July 17, 2015**

**Place: New Delhi**

Note: This report is to be read with our letter of even date which is annexed as **Annexure-A** and forms an integral part of this report.

## ANNEXURE-A TO THE SECRETARIAL AUDIT REPORT

The Members,  
Rural Electrification Corporation Limited,  
Core 4, SCOPE Complex,  
7, Lodi Road, New Delhi-110003

Our Report of even date is to be read along with this letter.

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. Wherever 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 17, 2015  
Place: New Delhi

## ANNUAL REPORT ON CSR ACTIVITIES

### 1.a. BRIEF OUTLINE OF THE COMPANY'S CSR POLICY:

The 'CSR Policy' of the Company formulated in line with the provisions of the Companies Act, 2013, and Companies (Corporate Social Responsibility Policy) Rules, 2014 made thereunder w.e.f. April 1, 2014, was approved by the Board of Directors of the Company by passing a resolution in their 402<sup>nd</sup> Meeting held on March 28, 2014, based on the recommendations of the CSR Committee of Directors.

The 'CSR Policy' was renamed as the 'CSR and Sustainability Policy' w.e.f. October 21, 2014 and modified in line with the 'DPE Guidelines on CSR and Sustainability for CPSEs' effective from April 1, 2014 notified on October 21, 2014, and the amendments in the Companies Act, 2013 (the Act) notified up to October 24, 2014, with approval of the Board of Directors of the Company in their 410<sup>th</sup> Meeting held on December 26, 2014, based on the recommendations of the CSR Committee of Directors.

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 said Act.

**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) 1<sup>st</sup> 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) 2<sup>nd</sup> 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, subject to financial concurrence, 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 empanelled 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 CSR & Sustainability Policy, please refer REC website as detailed at (c) below.

#### 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/ programmes undertaken/ on-going during the financial year is as under:

#### i. Eradicating hunger, poverty and malnutrition, promoting preventive health care & sanitation and making available safe drinking water, including participation in the 'Swachh Vidyalaya Abhiyaan' (SVA)

By supporting Government of India programmes 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 institutions, distribution of assistive aids, appliances and artificial limbs to select persons with disabilities from weaker sections of societies etc.



CMD, REC inaugurating safe drinking water plant in select rural areas in district Nalgonda, Telangana



CMD, REC distributing assistive aids, appliances to persons with disabilities in the presence of senior officials of REC





Toilet blocks constructed under 'Swachh Vidyalaya Abhiyaan' in District Rangareddy, Telangana, being handed over in the presence of Director (Finance) and senior officials of REC

Under this thematic area BoD REC, has approved participation in 'Swachh Vidyalaya Abhiyaan', the flagship initiative of the Government of India, being steered by Ministry of Human Resource Development and Ministry of Power, for building of 10,989 nos. of toilets in schools in 32 districts in six States in India. BoD, REC has also approved the appointment of REC Power Distribution Company Limited (REC PDCL), as Project Implementing & Monitoring Agency for implementation of the program. RECPDCL took up the process for identification of agencies /contractors for construction of toilets through e-tendering and awarded works to various agencies/contractors for construction of the toilets in various Districts/States.

Construction of 7,095 nos. of toilets is being taken up by REC directly and implementation is being monitored by RECPDCL (the Project Implementing and Monitoring Agency) and also by the State Nodal Officers of REC. The estimated cost of construction for 7,095 nos. of toilets is expected to be around ₹ 110 crore. Against this, amounts are being released linked to progress based milestones. An amount of about ₹ 11 crore plus service tax, shall be payable to RECPDCL towards their Project Implementing & Monitoring charges. The construction of all the 7,095 nos. of toilets has been completed. The school-wise data, along with stage-wise photographs, pertaining to construction of toilets, and progress is being uploaded by REC PDCL on the common web Portal of Ministry of Power for 'Swachh Vidyalaya Abhiyaan' for CPSEs from Power, Coal and New & Renewable Energy Ministries implementing the programme, and also on the MoHRD web portal on regular basis.

Construction of approximately 4,123 nos. of toilets is being taken up by the States under REC funding; and amount of ₹ 46.55 crore has been released to the concerned State Education Authorities on deposit basis, at the respective schedule rates of the States.

## ii. Promoting education, employment enhancing vocation skills 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, supporting residential academic programme for select girl students from economically weaker sections of society from remote districts, supporting English medium education for students in classrooms in select government schools, programme for providing coaching to select underprivileged students for entrance to engineering institutes, setting up libraries in select government



Participants of Skill development training programme conducted under REC CSR initiatives



Director (Finance) exchanging MoA for Skill Development programmes for persons with disabilities with National Handicapped Finance Development Corporation in presence of CMD, Director (Technical) and senior officials of REC

schools, development of infrastructure in schools, including school for differently-abled children, supporting job-oriented skill development training programmes in various trades for select youth from economically weaker sections of society including women.

**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 programmes, setting up of old age home for elderly widows, enhancing health care facilities in select old age homes etc.

**iv. Ensuring environmental sustainability, etc.:**

By supporting projects for setting up of solar PV smart mini grids, solar micro-grids, LED based solar street lights and distribution of solar lanterns in select un-electrified/ poorly electrified villages in select districts etc.

**v. Protection of national heritage, art and culture, promotion and development of traditional art and handicraft:**

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 Sustainable Policy and programmes:**

In line with the Companies Act, 2013, the Corporate Social Responsibility and Sustainable 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.gov.in](http://www.recindia.gov.in).

The updated status of the ongoing CSR projects is also being uploaded periodically on the website of the Company.

**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. November 20, 2014 is as under:

- i. Shri Rajeev Sharma, CMD - Chairperson of the Committee
- ii. Dr. Sunil Kumar Gupta, Independent Director - Member (upto March 15, 2015)
- iii. Shri Prakash Thakkar, Director (Technical) - Member
- iv. Shri Ajeet Kumar Agarwal, Director (Finance) - 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 2011-12	3,792.58
Financial Year 2012-13	5,163.55
Financial Year 2013-14	6,530.59
<b>Total</b>	<b>15,486.72</b>
Average net profit	5,162.24

**4. PRESCRIBED CSR EXPENDITURE (TWO PERCENT OF THE AMOUNT AS IN ITEM NO. 3 ABOVE) - ₹ 103.25 crore**

**5. DETAILS OF CSR AMOUNT SPENT DURING THE FINANCIAL YEAR**

- (a) Total amount to be spent for the financial year : ₹ **103.25 crore**
- (b) Total amount spent during the financial year : ₹ **46.04 crore**
- (c) Amount provided towards CSR expenditure during the financial year; works awarded and in progress, mainly under 'Swachh Vidyalaya Abhiyaan', likely to be released during financial year 2015-16 : ₹ **57.21 crore\***
  - \* Amount provided during financial year 2014-15 towards CSR expenditure of ₹ 57.21 crore has since been released during financial year 2015-16.
- (d) Total CSR expenditure during the financial year (b + c) : ₹ **103.25 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 IT'S BOARD'S REPORT :**

Please refer to information provided at (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.

**Director (Finance)**

**Chairman of CSR Committee**

## ANNEXURE 'A' TO CSR REPORT

## CSR AMOUNT SPENT DURING THE FINANCIAL YEAR 2014-15

(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) or project 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)			
1 A. Sanitation								
1	Construction of 234 toilets, 1 Mid day meal shed and 5 handpumps units with sensitization and awareness creation	Eradicating hunger, poverty and malnutrition, promoting health care 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	*	32,23,000	1,68,981	33,91,981	Through implementing agency
2	Sanitation facilities in 3 schools of Bihar		Muzaffarpur and Vaishali District, Bihar	*	21,87,000	1,14,664	23,01,664	
3	Setting up of sanitation facilities in Government Schools under 'Swachh Vidyalaya Abhiyaan'		Gopalganj, Patna, Gaya, Nalanda, Muzaffarpur, Lakhisarai, Bhagalpur, Shekhpura, Nawada, Begusarai, Kishanganj, Madhepura, Munger & Jamui Districts in Bihar, Dhar, Jhabua, Ratlam & Vidisha Districts in Madhya Pradesh, Gurdaspur & Pathankot Districts in Punjab, Ajmer, Bharatpur, Jodhpur & Udaipur Districts in Rajasthan, Nalgonda, Khammam, Adilabad, Rangareddi, Warangal & Mehbubnagar Districts in Telangana, Ballia & Jalaun Districts in Uttar Pradesh	1,90,00,00,000	19,03,69,291	99,81,017	20,03,50,308	
4	Water, Sanitation and Hygiene in Schools for Improving Health & Education outcomes		Unakoti District, Tripura	49,26,000	25,03,118	1,31,238	26,34,356	
			Sub-total (A)		19,82,82,409	1,03,95,900	20,86,78,309	

(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) or project programs wise	Amount spent on projects or programs (A)	Overheads (B)	Cumulative expenditure up to the reporting period (6A + 6B)**	Amount spent : Direct or through implementing agency	
1 B. Health care									
1	Mobile Medical unit with basic medical facilities	Eradicating hunger, poverty and malnutrition, promoting 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	*	17,85,650	93,621	18,79,271	Through implementing agency	
2	Mobile Medical unit with basic medical facilities		Ashok Nagar District, Madhya Pradesh	*	18,18,152	95,325	19,13,477		
3	Ambulance & Physiotherapy equipment for physically disabled		Hyderabad, Andhra Pradesh	*	3,69,746	19,386	3,89,132		
4	Corrective Surgery and distributing calipers with crutches for Polio disabled children		Udaipur, Rajasthan	*	1,50,000	7,864	1,57,864		
5	Surgical Microscope and Plantech Operation Table at ICARE Eye Hospital & Post Graduate Institute		Noida, Uttar Pradesh	*	-16,332		-16,332		
6	Construction of Rehabilitation Centre (AANCHAL)		New Delhi	*	94,50,000	4,95,461	99,45,461		
7	Mobile Medical Unit to improve Primary Health Care Services		Sonbhadra District, Uttar Pradesh	*	24,00,000	1,25,831	25,25,831		
8	Distribution of Aids & Appliances to person with disabilities		Madhya Pradesh, Assam, Bihar, Jharkhand, Uttar Pradesh, Jammu & Kashmir and Odisha	*	69,80,481	3,65,985	73,46,466		
9	Corrective Surgery for Polio disabled children		Udaipur, Rajasthan	*	17,00,000	89,131	17,89,131		
10	Improvement in Infrastructure for Hostel Block		Bengaluru, Karnataka	*	11,23,786	58,920	11,82,706		
11	Support for Cataract Diagnosis and Surgeries of 450 people		Udaipur, Rajasthan	*	9,00,000	47,187	9,47,187		
12	Upgrading infrastructure and Medical equipments		Cuttack, Odisha	*	2,32,32,000	12,18,048	2,44,50,048		
13	Providing Artificial Limb to Persons with disability		Jaipur and Delhi		60,00,000	30,00,000	1,57,289		31,57,289
			Sub-total (B)		5,28,93,483	27,74,049	5,56,67,532		
1 C. Safe Drinking Water									
1	Safe Drinking Water facility	Eradicating hunger, poverty and malnutrition, promoting prevention health care.	Nalgonda District, Andhra Pradesh	*	0	0	0	Through implementing agency	
2	Safe Drinking Water facility		Andhra Pradesh, Rajasthan & Punjab		2,49,60,000	36,96,000	1,93,780		38,89,780
			Sub-total (C)		36,96,000	1,93,780	38,89,780		
			Sub-total for Category 1		25,48,71,892	1,33,63,729	26,82,35,621		

(Amount in ₹)						
(1)	(2)	(3)	(4)	(5)	(6)	(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 were undertaken (2) Specify the State and district where projects or programs were undertaken #	Amount outlay (budget) or project 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)**
<b>2 A. Education</b>						
1	Parents Participation in children's education	Promoting special education including employment enhancing and vocation skills, especially among children, women, elderly and differently-abled and livelihood enhancement projects.	Kondhwa and Maharashtra, Pune, New Delhi	*	-1,77,300	-1,77,300
2	Free Residential Coaching for preparing for entrance examinations for IIT/NIT and other leading engineering institutes			*	6,60,000	6,94,604
3	Providing computers, furniture, sewing machines etc.		Bokaro District, Jharkhand	*	4,84,500	5,09,902
4	Infrastructure support in schools in Nayagarh District		Nayagarh District, Odisha	*	54,96,000	57,84,154
5	Construction of 4 nos. Classrooms in school for poor children		Mahoba District, Uttar Pradesh	*	9,24,000	9,72,445
6	Setting up of 25 Libraries in Government Schools		Guntur and Nalgonda Districts, Andhra Pradesh	*	11,13,497	11,71,877
7	Setting up of 13 Libraries in Government Schools		Guntur and Nalgonda Districts, Andhra Pradesh	*	20,26,500	21,32,749
8	Supporting one year residential academic programme		Uttarakhand & Sikkim	*	18,90,000	19,89,092
9	Providing Education in English medium in 10 class rooms in Government Schools in North and East Delhi		New Delhi	*	30,48,075	32,07,885
10	PADHO aur BADHO - Improving Access, Retention and Learning Outcomes		Jhabua in Madhya Pradesh and Gonda and Uttar Pradesh	*	66,68,047	70,17,651
11	Furniture for Govt. fisheries school, Kuzuthura		Kuzuthura, Kerala	*	4,86,960	5,12,491
12	Development works in Veerkheda Inter School, Bulandshahar		Bulandshahar District, Uttar Pradesh	*	39,95,500	42,04,983
13	Supporting 11-month free residential coaching programme leading to selection in engineering examinations		Noida	55,82,000	44,66,000	2,34,151
14	Supporting 11-month free residential coaching programme leading to selection in engineering examinations		Srinagar, Jammu & Kashmir	44,66,000	35,73,000	1,87,332
15	Parents Participation in children's education		Kondhwa and Maharashtra, Pune, Basti and Ambedkarnagar Districts, Uttar Pradesh	43,96,000	31,55,625	1,65,449
16	Improvement in children's learning levels			45,09,000	18,03,600	94,562
			<b>Sub-total (A)</b>		<b>3,96,14,004</b>	<b>4,17,00,253</b>



(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) or project programs wise	Amount spent on projects or programs (A)	Overheads (B)	Cumulative expenditure up to the reporting period (6A + 6B)**	Amount spent : Direct or through implementing agency	
2 B. Skill Development Training Projects									
1	Job Oriented Skill Development/Upgradation Training Programme	Promoting special education including employment and vocation skills, especially among children, women, elderly and differently-abled and livelihood enhancement projects.	Ashok Nagar and Shivpuri Districts, Madhya Pradesh	*	20,20,238	1,05,921	21,26,159	Through implementing agency	
2	Job Oriented Skill Development/Upgradation Training Programme		Hoshiyarpur District, Punjab	*	4,87,236	25,546	5,12,782		
3	Job Oriented Skill Development/Upgradation Training Programme		Nagapattinam District, Tamil Nadu	*	10,30,340	54,020	10,84,360		
4	Job Oriented Skill Development/Upgradation Training Programme		Banswara and Dungarpur Districts, Rajasthan	*	6,40,030	33,557	6,73,587		
5	Job Oriented Skill Development/Upgradation Training Programme		Katni and Dhar Districts, Madhya Pradesh	*	5,05,620	26,510	5,32,130		
6	Job Oriented Skill Development/Upgradation Training Programme		Odisha		1,56,50,000	92,88,275	4,86,982		97,75,257
7	Job Oriented Skill Development/Upgradation Training Programme		Uttar Pradesh & Bihar		2,60,85,000	81,66,982	4,28,193		85,95,175
8	Job Oriented Skill Development/Upgradation Training Programme		Sirsa in Haryana and Kosambi in Uttar Pradesh		1,78,00,000	61,15,325	3,20,625		64,35,950
9	Job Oriented Skill Development/Upgradation Training Programme		Katni, Dhar, Balaghat & Mandla in Madhya Pradesh and Korba in Chhattisgarh		1,48,00,000	92,93,811	4,87,272		97,81,083
10	Job Oriented Skill Development/Upgradation Training Programme		Dhamtari & Raigarh Districts, Chhattisgarh		1,05,02,000	76,70,148	4,02,144		80,72,292
11	Job Oriented Skill Development/Upgradation Training Programme		Bhopal, Madhya Pradesh		26,25,000	19,17,143	1,00,515		20,17,658
12	Job Oriented Skill Development/Upgradation Training Programme		Ferozpur and Amritsar, Punjab		72,25,000	0	0		0
13	Job Oriented Skill Development/Upgradation Training Programme		Cuddalore & Thiruvannmalai Districts of Tamil Nadu		1,14,30,000	48,00,019	2,51,664		50,51,683
			Sub-total (B)		5,19,35,167	27,22,949	5,46,58,116		
			Sub-total of Category 2		9,15,49,171	48,09,197	9,63,58,368		
3 A. Women Empowerment									
1	Promotion of Sports	Promoting gender equality, empowering 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.	Haryana	*	2,00,000	10,486	2,10,486	Direct	
2	Skill Development & Livelihood programme for women		Sitapur and Barabanki District, Uttar Pradesh	*	7,36,862	38,634	7,75,496	Through implementing agency	
3	Establishment of Skill Development Women Empowerment Center and providing 25 Embroidery machines, 1 computer and Furnitures		Kolkata, West Bengal	*	6,49,050	34,030	6,83,080		
4	'GARIMA-Socio-Economic (non-residential) Programme		Chhapra District, Bihar	*	21,98,600	1,15,272	23,13,872		
5	'GARIMA-Socio-Economic (non-residential) Programme		Chhapra District, Bihar		24,35,400	1,27,666	25,62,666		
6	"Establishment of Production and Marketing Resource Centre for livelihood support"		Sitapur and Barabanki Districts, Uttar Pradesh		28,67,000	15,81,845	82,936	16,64,781	
			Sub-total (A)		78,01,357	4,09,023	82,10,380		

(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) or project 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	
3 B. Setting up Homes & Hostel/ Facilities to senior citizens									
1	Construction of Girls Hostel in THDC Institute of Hydro Power Engineering & Technology, Tehri	Promoting gender equality, empowering 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.	Tehri District, Uttarkhand	*	2,40,00,000	12,58,314	2,52,58,314	Through implementing agency	
2	Construction of Old Age Home for Elderly Widows		Virindavan, Mathura District, Uttar Pradesh	*	37,98,000	1,99,128	39,97,128		
3	Providing Health Care Package to elderly persons staying at Old Age Homes		14 cities in the states of Andhra Pradesh, Chhattisgarh, Goa, Gujarat, Haryana, Jharkhand, Kerala, Maharashtra, Tamil Nadu, Uttarakhand, West Bengal, Telangana	1,45,49,000	12,65,125	66,330	13,31,455		
			Sub-total (B)		2,90,63,125	15,23,773	3,05,86,898		
			Sub-total of Category 3		3,68,64,482	19,32,796	3,87,97,278		
4 A. Environmental Sustainability, Clean Ganga Fund etc.									
1	Implementation of Solar PV Smart Mini Grids	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	Koraput and Mayurbhanj Districts, Odisha	*	4,95,000	25,953	5,20,953	Through implementing agency	
2	Installation of Micro Solar Grid		Pratapgarh and Udaipur Districts, Rajasthan	*	7,35,000	38,536	7,73,536		
3	Solar Micro Grids		Sonitpur and Lakhimpur Districts, Assam	*	4,95,000	25,953	5,20,953		
4	861 nos. of LED based Solar street lighting		Uppersiang, Dibang valley, Lower Dibang valley, Kurung Kumey and Lohit Districts, Arunachal Pradesh	*	1,58,69,316	8,32,024	1,67,01,340		
5	1600 nos. of LED based Solar street lighting		Ashoknagar, Guna & Shivpuri districts, Madhya Pradesh	*	0	0	0		
6	Setting up of 237 LED based Solar Street Lighting Systems		Bharatpur District, Rajasthan	*	25,50,890	1,33,743	26,84,633		
			Sub-total A		2,01,45,206	10,56,208	2,12,01,414		
4 B. Projects under Sustainable Development									
1	Implementation of Solar PV Smart Mini Grids in 5 Off-grid locations in Dhenkanal, Odisha	Rural Development Projects including Sustainable Development projects.	Dhenkanal, Odisha	*	2,16,500	11,351	2,27,851	Through implementing agency	
2	Providing of 4000 Solar-Lanterns and installation of 100 Mobile-charging Solar Stations in natural calamity-struck Rudraprayag in Uttarakhand		Uttarakhand	*	48,98,000	2,56,801	51,54,801		
3	Setting up innovative jute processing BHAGIDARI model through biomass-gasifier based decentralized electricity system in Purnea Cluster of the State of Bihar		Bihar	*	28,65,000	1,50,211	30,15,211		
			Sub-total (B)		79,79,500	4,18,363	83,97,863		
			Sub-total of Category 4		2,81,24,706	14,74,571,677	2,95,99,277,68		

(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) or project programs wise	Amount spent on the projects or programs		Cumulative expenditure up to the reporting period (6A + 6B)**	Amount spent : Direct or through implementing agency
					Direct expenditure on projects or programs (A)	Overheads (B)		
5 Rural Development Projects								
1	Construction of Culvert between two villages on Nala	Rural Development Projects including Sustainable Development projects.	Sant Kabir Nagar, Uttar Pradesh	*	48,00,000	2,51,663	50,51,663	Through implementing agency
2	Monitoring of Culvert between Dharmani & Chamasran villages on Kanthaiya Nala (Adm. Overhead)		Sant Kabir Nagar, Uttar Pradesh	*	0	1,06,180	1,06,180	
3	Farmer-Centric Integrated Watershed Management for Improving Rural Livelihood		Mahboobnagar and Anantapur District of Andhra Pradesh and Telangana	4,23,00,000	2,11,50,000	11,08,889	2,22,58,889	
			Sub-total of Category 5		2,59,50,000	14,66,732	2,74,16,732	
			Total of all Categories		43,73,60,251	2,30,47,027	46,04,07,278	

# REC being a financial institution with PAN India operations, there is no local area concept for CSR projects. Accordingly, all the CSR projects taken up by the Company will be covered under ' Other ' areas.

\* Pertains to projects sanctioned in previous financial years and ongoing during the financial year 2014-15

\*\* Amount of ₹ 46.04 crore has been disbursed during the financial year 2014-15 in respect of the approved and on - going CSR projects (including expenditure towards administrative overheads). Further, amount of ₹ 57.21 crore has been provided for towards CSR expenditure during the financial year 2014-15, based on works taken up/ completed in respect of the various on-going projects; such amount provided for has since been released during financial year 2015-16. With the above, CSR expenditure for the financial year 2014-15 is ₹ 103.25 crore.

## ANNEXURE - VII TO BOARD'S REPORT

**FORM NO. MGT-9**
**EXTRACT OF ANNUAL RETURN**

(as on the financial year ended on March 31, 2015)

[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	Phone No.- 91-11-24365161 Fax No.- 91-11-24360644
(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	Phone No.- 91-40-67161500 Fax No.- 91-40-23420814
	E-mail	einward.ris@karvy.com, balaji.reddy@karvy.com, rajju.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), categorised 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, 2015**

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		U40104DL2012GOI245654	Subsidiary of RECTPCL	100 %	2(87)
4	Baira Siul Sarna Transmission Limited		U40106DL2013GOI247564	Subsidiary of RECTPCL	100 %	2(87)
5	Gadarwara (A) Transco Limited		U40300DL2014GOI269918	Subsidiary of RECTPCL	100 %	2(87)
6	Gadarwara (B) Transmission Limited		U40109DL2014GOI269652	Subsidiary of RECTPCL	100 %	2(87)
7	Maheshwaram Transmission Limited		U40102DL2014GOI270446	Subsidiary of RECTPCL	100 %	2(87)
8	Energy Efficiency Services Limited	4 <sup>th</sup> Floor, Sewa Bhawan, RK Puram, New Delhi - 110066	U40200DL2009PLC196789	Associate Company	25 %	2(6)

**Notes:-**

- The Ministry of Power (MoP), Government of India, has designated REC Transmission Projects Company Limited (RECTPCL) 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 notified for such transmission projects, 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).
- After March 31, 2015, the companies 'Gadarwara (A) Transco Limited' and 'Gadarwara (B) Transmission Limited' ceased to be subsidiaries of RECTPCL, as they were transferred alongwith all assets & liabilities to the successful bidder i.e., Power Grid Corporation of India Limited on April 24, 2015.
- After March 31, 2015, three (3) new companies were incorporated as subsidiaries of RECTPCL for newly allocated transmission projects, i.e., Vemagiri-II Transmission Limited (CIN U40106DL2015GOI278746) incorporated on April 6, 2015; Alipurduar Transmission Limited (CIN U40109DL2015GOI278992) incorporated on April 13, 2015; and NER-II Transmission Limited (CIN U40106DL2015GOI279300) incorporated on April 21, 2015.

**IV. SHARE HOLDING PATTERN (EQUITY SHARE CAPITAL BREAK-UP AS PERCENTAGE OF TOTAL EQUITY)****(i) Category-wise Shareholding**

Category of Shareholders	No. of Shares held at the beginning of the year (April 1, 2014)				No. of Shares held at the end of the year (March 31, 2015)				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>1. Indian</b>									
a) Individual/HUF	0	0	0	0	0	0	0	0	0.00
b) Central Govt.	64,81,68,218	0	64,81,68,218	65.64	64,81,68,218	0	64,81,68,218	65.64	0.00
c) State Govt(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
<b>Sub-total (A) (1)</b>	<b>64,81,68,218</b>	<b>0</b>	<b>64,81,68,218</b>	<b>65.64</b>	<b>64,81,68,218</b>	<b>0</b>	<b>64,81,68,218</b>	<b>65.64</b>	<b>0.00</b>
<b>2. Foreign</b>									
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) Any other	0	0	0	0.00	0	0	0	0.00	0.00
<b>Sub-total (A) (2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>
<b>Total Shareholding of Promoter (A)= (A)(1)+(A)(2)</b>	<b>64,81,68,218</b>	<b>0</b>	<b>64,81,68,218</b>	<b>65.64</b>	<b>64,81,68,218</b>	<b>0</b>	<b>64,81,68,218</b>	<b>65.64</b>	<b>0.00</b>
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	3,41,35,283	0	3,41,35,283	3.46	3,15,15,282	0	3,15,15,282	3.19	-0.27
b) Banks/FI	68,11,999	0	68,11,999	0.69	27,46,062	0	27,46,062	0.28	-0.41
c) Central Govt.	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, 2014)				No. of Shares held at the end of the year (March 31, 2015)				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
d) State Govt(s)	0	0	0	0.00	0	0	0	0.00	0.00
e) Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
f) Insurance Companies	5,63,88,536	0	5,63,88,536	5.71	3,84,14,283	0	3,84,14,283	3.89	-1.82
g) FIIs	18,44,92,738	0	18,44,92,738	18.68	20,60,21,271	0	20,60,21,271	20.86	2.18
h) Foreign Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
i) Others	0	0	0	0.00	0	0	0	0.00	0.00
<b>Sub-total (B)(1)</b>	<b>28,18,28,556</b>	<b>0</b>	<b>28,18,28,556</b>	<b>28.54</b>	<b>27,86,96,898</b>	<b>0</b>	<b>27,86,96,898</b>	<b>28.22</b>	<b>-0.32</b>
<b>2. Non-Institutions</b>									
a) Bodies Corporate									
i) Indian	2,69,38,990	0	2,69,38,990	2.73	2,90,72,645	0	2,90,72,645	2.94	0.21
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	2,65,95,136	12,147	2,66,07,283	2.70	2,46,21,508	13,046	2,46,34,554	2.50	-0.20
ii) Individual Shareholders holding nominal share capital in excess of ₹ 1 lakh	16,75,649	0	16,75,649	0.17	49,94,182	0	49,94,182	0.51	0.34
c) Others (specified below)	22,40,304	0	22,40,304	0.22	18,92,503	0	18,92,503	0.19	-0.03
- Clearing Members	13,10,192	0	13,10,192	0.13	5,26,860	0	5,26,860	0.05	-0.08
- Non Resident Indians	6,18,401	0	6,18,401	0.06	8,73,596	0	8,73,596	0.09	0.03
- Trusts	3,11,711	0	3,11,711	0.03	4,92,047	0	4,92,047	0.05	0.02
<b>Sub-total (B)(2)</b>	<b>5,74,50,079</b>	<b>12,147</b>	<b>5,74,62,226</b>	<b>5.82</b>	<b>6,05,80,838</b>	<b>13,046</b>	<b>6,05,93,884</b>	<b>6.14</b>	<b>0.32</b>
<b>Total Public Shareholding (B)= (B)(1)+(B)(2)</b>	<b>33,92,78,635</b>	<b>12,147</b>	<b>33,92,90,782</b>	<b>34.36</b>	<b>33,92,77,736</b>	<b>13,046</b>	<b>33,92,90,782</b>	<b>34.36</b>	<b>0.00</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>
<b>Grand Total (A+B+C)</b>	<b>98,74,46,853</b>	<b>12,147</b>	<b>98,74,59,000</b>	<b>100.00</b>	<b>98,74,45,954</b>	<b>13,046</b>	<b>98,74,59,000</b>	<b>100.00</b>	<b>0.00</b>

## (ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year (April 1, 2014)			Shareholding at the end of the year (March 31, 2015)			% 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	-	64,81,68,218	65.64	-	No change
	<b>Total</b>	<b>64,81,68,218</b>	<b>65.64</b>	<b>-</b>	<b>64,81,68,218</b>	<b>65.64</b>	<b>-</b>	

**Note:** During the financial year 2014-15, there was no change in the shareholding of the Promoter. However, pursuant to an Offer for Sale by the President of India through stock exchange mechanism, 4,93,72,950 equity shares were sold on April 8, 2015 and through an off-market transaction under 'CPSE ETF', 27,588 equity shares were sold on April 10, 2015. Accordingly, the shareholding of the President of India has now decreased to 59,87,67,680 equity shares of ₹ 10/- each (i.e., 60.64 % of the total paid up share capital of the Company).



## (iii) Change in Promoters' Shareholding (please specify, if there is no change)

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year (April 1, 2014)		Cumulative Shareholding during the year (April 1, 2014 to March 31, 2015)	
		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 (e.g. allotment/transfer/bonus/sweat equity, etc.)	No change			
	At the end of the year			64,81,68,218	65.64

**Note:** During the financial year 2014-15, there was no change in the shareholding of the Promoter. However, pursuant to an Offer for Sale by the President of India through stock exchange mechanism, 4,93,72,950 equity shares were sold on April 8, 2015 and through an off-market transaction under 'CPSE ETF', 27,588 equity shares were sold on April 10, 2015. Accordingly, the shareholding of the President of India has now decreased to 59,87,67,680 equity shares of ₹ 10/- each (i.e., 60.64 % of the total paid up 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, 2014)		Increase / Decrease in shareholding		Cumulative Shareholding at the end of the year (March 31, 2015)	
		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 *	4,17,83,217	4.23		(109,05,436)	3,08,77,781	3.13
2	HDFC Standard Life Insurance Company Limited *	1,83,46,074	1.86		(53,86,995)	1,29,59,079	1.31
3	DB International (Asia) Limited *	1,75,07,459	1.77	28,30,826		2,03,38,285	2.06
4	HSBC Global Investment Funds A/C HSBC GIF Mauritius Limited *	1,28,78,435	1.30		(37,10,531)	91,67,904	0.93
5	CPSE ETF *	1,14,38,782	1.16		(63,13,233)	51,25,549	0.52
6	HDFC Trustee Company Limited - HDFC Equity Fund *	85,83,350	0.87	12,63,100		98,46,450	1.00
7	Vanguard Emerging Markets Stock Index Fund, Aseries of Vanguard International Equity Index Fund *	63,30,551	0.64	1,83,882		65,14,433	0.66
8	HDFC Trustee Company Limited - HDFC Top 200 Fund @	61,60,603	0.62		(16,21,834)	45,38,769	0.46
9	LIC of India Market Plus 1 Growth Fund @	47,13,443	0.48		(47,13,443)	0	0.00
10	Life Insurance Corporation of India P&GS Fund @	46,25,109	0.47		(37,08,659)	9,16,450	0.09
11	Abu Dhabi Investment Authority - Gulab #	43,54,098	0.44	2,22,277		45,76,375	0.46
12	Morgan Stanley Asia (Singapore) Pte. #	0	0.00	50,75,258		50,75,258	0.51
13	Wisdomtree Trust A/C Wisdomtree India Investment Portfolio, Inc. #	0	0.00	62,82,267		62,82,267	0.64

**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, 2014 and March 31, 2015

@ denotes Top 10 shareholder only on April 1, 2014

# denotes Top 10 shareholder only on March 31, 2015

**(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, 2014)		Date wise Increase / Decrease in Shareholding during the year	Cumulative shareholding at the end of the year (March 31, 2015)	
		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	60	Negligible	No change	60	Negligible
2	Shri Prakash Thakkar, Director (Technical)	4,030	Negligible	No change	4,030	Negligible
3	Shri Ajeet Kumar Agarwal, Director (Finance)	242	Negligible	No change	242	Negligible
4	Shri Badri Narain Sharma, Government Nominee Director	0	0.00	No change	0	0.00
5	Dr. Devi Singh, Part-time Non-official Independent Director (upto June 9, 2014)	0	0.00	No change	0	0.00
6	Shri Venkataraman Subramanian, Part-time Non-official Independent Director (upto June 9, 2014)	0	0.00	No change	0	0.00
7	Dr. Sunil Kumar Gupta, Part-time Non-official Independent Director (upto March 15, 2015)	0	0.00	No change	0	0.00
8	Shri Jyoti Shubhra Amitabh, Company Secretary	121	Negligible	No change	121	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
<b>Indebtedness at the beginning of the financial year (As on April 1, 2014)</b>				
i) Principal Amount	58,055.71	68,184.48	-	1,26,240.19
ii) Interest due but not paid	1.10	-	-	1.10
iii) Interest accrued but not due	1,974.33	2,450.14	-	4,424.47
<b>Total (i+ii+iii)</b>	<b>60,031.14</b>	<b>70,634.62</b>	<b>-</b>	<b>1,30,665.76</b>
<b>Change in Indebtedness during the financial year</b>				
* Addition	18,802.78	23,191.44	-	41,994.22
* (Reduction)	9,729.64	7,543.46	-	17,273.10
* Foreign Exchange gain / loss	-	62.80	-	62.80
<b>Net Change</b>	<b>9,073.14</b>	<b>15,710.78</b>	<b>-</b>	<b>24,783.92</b>
<b>Indebtedness at the end of the financial year (As on March 31, 2015)</b>				
i) Principal Amount	67,128.85	83,895.27	-	1,51,024.12
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
<b>Total (i+ii+iii)</b>	<b>69,754.60</b>	<b>86,572.21</b>	<b>-</b>	<b>1,56,326.81</b>

**Note:** Commercial Papers and Working Capital Demand Loan raised and redeemed during the year has not been considered in "Addition / Reduction" head.

## 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)	Shri Ajeet Kumar Agarwal - Director (Finance)	Total Amount
1	Gross Salary				
	a) Salary as per provisions contained in Section 17 (1) of the Income Tax Act, 1961	50,13,141	44,98,378	41,45,923	136,57,442
	b) Value of Perquisites under Section 17 (2) of the Income Tax Act, 1961	8,01,006	6,48,791	11,172	14,60,969
	c) Profits in lieu of salary under Section 17 (3) of the Income Tax Act, 1961	NIL	NIL	NIL	NIL
2	Stock Option	NIL	NIL	NIL	NIL
3	Sweat Equity	NIL	NIL	NIL	NIL
4	Commission				
	: as % of profit	NIL	NIL	NIL	NIL
	: other, specify	NIL	NIL	NIL	NIL
5	Other, as specified below				
	- Employer Statutory PF Contribution	2,46,711	2,41,030	2,20,780	7,08,521
	- Employer Statutory Pension Contribution	1,85,034	1,80,772	1,65,590	5,31,396
	<b>Total (A)</b>	<b>62,45,892</b>	<b>55,68,971</b>	<b>45,43,465</b>	<b>163,58,328</b>
	Ceiling as per the Act	Exempt for Government Companies as per MCA Notification dated June 5, 2015			

### B. Remuneration to other Directors

(Amount in ₹)

Sl. No.	Particulars of Remuneration	Independent Directors			Government Nominee Director	Total Amount
		Dr. Devi Singh (upto June 9, 2014)	Shri Venkataraman Subramanian (upto June 9, 2014)	Dr. Sunil Kumar Gupta (upto March 15, 2015)	Shri Badri Narain Sharma	
1	<b>Independent Directors</b>					
	* Fee for attending Board/Committee meetings	1,40,000	1,00,000	4,40,000		6,80,000
	* Commission	NIL	NIL	NIL		NIL
	* Others (Refer Note @ below)	10,000	NIL	NIL		10,000
	<b>Total (1)</b>	<b>1,50,000</b>	<b>1,00,000</b>	<b>4,40,000</b>		<b>6,90,000</b>
2	<b>Other Non- Executive Directors</b>					
	* Fee for attending Board/Committee meetings				NIL	NIL
	* Commission				NIL	NIL
	* Others, please specify				NIL	NIL
	<b>Total (2)</b>				<b>NIL</b>	<b>NIL</b>
	<b>Total (B) =(1+2)</b>	<b>1,50,000</b>	<b>1,00,000</b>	<b>4,40,000</b>	<b>NIL</b>	<b>6,90,000</b>
	<b>Total Managerial Remuneration (A+B)</b>					<b>170,48,328</b>
	Overall Ceiling as per the Act	Exempt for Government Companies as per MCA Notification dated June 5, 2015				

@ Paid by way of Honorarium for attending meeting of Departmental Promotion Committee (DPC).

**C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD**

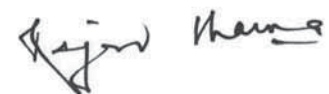
(Amount in ₹)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			Total Amount
		CEO	Shri J.S. Amitabh - Company Secretary	CFO	
1	Gross Salary	Not Applicable			
	a) Salary as per provisions contained in Section 17 (1) of the Income Tax Act, 1961		28,82,525		28,82,525
	b) Value of Perquisites under Section 17 (2) of the Income Tax Act, 1961		1,67,784		1,67,784
	c) Profits in lieu of salary under Section 17 (3) of the Income Tax Act, 1961		NIL		NIL
2	Stock Option		NIL	Not Applicable	NIL
3	Sweat Equity		NIL		NIL
4	Commission				
	: as % of profit		NIL		NIL
	: other, specify		NIL		NIL
5	Other, as specified below				
	- Employer Statutory PF Contribution		2,05,050		2,05,050
	- Employer Statutory Pension Contribution		1,53,786		1,53,786
	<b>Total (C)</b>		<b>34,09,145</b>		<b>34,09,145</b>

**Note:** 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)
<b>A.</b>	<b>COMPANY</b>					
	Penalty					
	Punishment			None		
	Compounding					
<b>B.</b>	<b>DIRECTORS</b>					
	Penalty					
	Punishment			None		
	Compounding					
<b>C.</b>	<b>OTHER OFFICERS IN DEFAULT</b>					
	Penalty					
	Punishment			None		
	Compounding					



(Rajeev Sharma)

 Chairman & Managing Director  
 (DIN: 00973413)

## ANNEXURE - VIII TO BOARD'S REPORT

**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 related party and nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts/ arrangements / transactions	Salient terms of the contracts or arrangements or transactions 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	Project Implementing and Monitoring Agency for CSR Project under 'Swachh Vidyalaya Abhiyaan'	9 months	Arrangement with RECPDCL for acting as Project Implementing and Monitoring Agency for construction of toilets in schools under 'Swachh Vidyalaya Abhiyaan' in 32 districts in 6 states under REC CSR initiatives, for total value amounting to ₹ 110 crore (excluding upto ₹ 11 crore payable as project implementing and monitoring charges to RECPDCL), out of which an amount of ₹ 19.04 crore has been released during the financial year 2014-15.	Keeping in view the national importance, magnitude & time-bound nature of the project and capabilities & experience of the subsidiary company in project implementation & execution, RECPDCL was engaged as Project Implementing and Monitoring Agency, on nomination basis, with the approval of the Audit Committee and Board of Directors of the Company.	October 16, 2014 & August 7, 2015	Nil	September 18, 2014

**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.



(Rajeev Sharma)  
Chairman & Managing Director  
(DIN: 00973413)

ANNEXURE - IX TO BOARD'S REPORT

**DETAILS OF DEBENTURE TRUSTEES APPOINTED BY THE COMPANY FOR  
DIFFERENT BOND SERIES AS ON MARCH 31, 2015**

(IN TERMS OF SEBI CIRCULAR NO. CIR/IMD/DF/I/8/2013 DATED OCTOBER 29, 2013)

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 : <a href="mailto:ajit.guruji@idbitrustee.com">ajit.guruji@idbitrustee.com</a> , <a href="mailto:response@idbitrustee.com">response@idbitrustee.com</a> Website : <a href="http://www.idbitrustee.com">www.idbitrustee.com</a>	INE020B07BX5	77	Secured	30-06-2015	7.30 %
		INE020B07CK0	78	Secured	31-01-2016	7.65 %
		INE020B07CL8	79	Secured	14-03-2016	7.85 %
		INE020B07CM6	80	Secured	20-03-2016	8.20 %
		INE020B07CQ7	81	Secured	20-01-2017	8.85 %
		INE020B07CU9	82	Secured	28-09-2017	9.85 %
		INE020B07DE1	83	Secured	28-02-2018	9.07 %
		INE020B07DG6	85	Secured	13-06-2018	9.68 %
		INE020B07DT9	86-A	Secured	29-07-2018	10.70 %
		INE020B07DW3	86-B III	Secured	14-08-2018	10.85 %
		INE020B07DY9	87 - II	Secured	30-09-2018	10.85 %
		INE020B07EB5	87A - III	Secured	24-10-2018	11.15 %
		INE020B07EG4	88	Secured	15-01-2019	8.65 %
		INE020B07EP5	90	Secured	03-08-2019	8.80 %
		INE020B07ER1	90B-II	Secured	04-09-2019	8.72 %
		INE020B07EV3	90C-II	Secured	06-10-2019	8.80 %
		INE020B07EY7	91-II	Secured	17-11-2019	8.80 %
		INE020B07FC0	92-II	Secured	22-01-2020	8.65 %
		INE020B08427	94	Unsecured	08-06-2025	8.75 %
		INE020B08435	95-I	Unsecured	12-07-2019	8.70 %
		INE020B08443	95-II	Unsecured	12-07-2025	8.75 %
		INE020B08450	96	Unsecured	25-10-2020	8.80 %
		INE020B08468	97	Unsecured	29-11-2020	8.80 %
		INE020B08476	0 CPN-I	Unsecured	15-12-2020	0
		INE020B08484	0 CPN-II	Unsecured	03-02-2021	0
		INE020B08492	98	Unsecured	15-03-2021	9.18 %
		INE020B08567	100	Unsecured	15-07-2021	9.63 %
		INE020B08583	101-II	Unsecured	10-08-2016	9.45 %
		INE020B08591	101-III	Unsecured	10-08-2021	9.48 %
		INE020B08609	102	Unsecured	06-09-2016	9.38 %
		INE020B08617	103-I	Unsecured	19-10-2016	9.35 %
		INE020B08641	105	Unsecured	11-11-2021	9.75 %
		INE020B08658	106	Unsecured	15-02-2017	9.28 %
		INE020B08740	107	Unsecured	15-06-2022	9.35 %
		INE020B08757	108-I	Unsecured	20-07-2017	9.40 %
		INE020B08765	108-II	Unsecured	20-07-2019	9.39 %
		INE020B08773	109	Unsecured	27-08-2017	9.25 %
		INE020B08799	111-I	Unsecured	19-11-2019	9.02 %
		INE020B08807	111-II	Unsecured	19-11-2022	9.02 %
		INE020B08815	112	Unsecured	01-02-2018	8.70 %
		INE020B08823	113	Unsecured	08-03-2020	8.87 %
		INE020B08831	114	Unsecured	12-04-2023	8.82 %
		INE020B08849	115	Unsecured	31-05-2023	8.06 %
		INE020B7HW4	116-I	Secured	17-10-2016	9.05 %
		INE020B07HX2	116-II	Secured	17-10-2018	9.24 %
		INE020B07HY0	117	Secured	06-11-2018	9.38 %
		INE020B07HZ7	118	Secured	03-01-2019	9.61 %



Sl. No.	Name & Address of Debenture Trustee	ISIN	Series No.	Secured/Unsecured	Redemption Date	Coupon Rate
		INE020B07IA8	119	Secured	05-02-2019	9.63 %
		INE020B07IB6	120	Secured	10-03-2017	9.67 %
		INE020B07II1	121	Secured	25-03-2017	9.52 %
		INE020B07IV4	122	Secured	18-06-2019	9.02 %
		INE020B07IW2	123-I	Secured	17-07-2021	9.40 %
		INE020B07IX0	123-II	Secured	08-08-2016	9.27 %
		INE020B07IY8	123-III-3 yrs	Secured	25-08-2016	9.25 %
		INE020B07IZ5	123-III-10 yrs	Secured	24-08-2024	9.34 %
		INE020B07JA6	123-IV	Secured	08-09-2016	8.97 %
		INE020B07JB4	124	Secured	23-09-2017	9.06 %
		INE020B08856	125	Unsecured	12-10-2019	9.04 %
		INE020B08864	126	Unsecured	12-11-2019	8.56 %
		INE020B08872	127	Unsecured	04-12-2021	8.44 %
		INE020B08880	128	Unsecured	21-12-2024	8.57 %
		INE020B08898	129	Unsecured	23-01-2025	8.23 %
		INE020B08906	130	Unsecured	06-02-2025	8.27 %
		INE020B08916	131	Unsecured	22-02-2025	8.35 %
		INE020B08922	132	Unsecured	09-03-2022	8.27 %
2	SBICAP Trustee Company Ltd. 6 <sup>th</sup> Floor, Apeejay House, 3, Dinshaw Wachha Road, Churchgate, Mumbai-400020 Contact : Mr. Ajit Joshi Phone : 022-43025566 Fax : 022-22040465 Email : <a href="mailto:corporate@sbicaptrustee.com">corporate@sbicaptrustee.com</a> , <a href="mailto:investor.cell@sbicaptrustee.com">investor.cell@sbicaptrustee.com</a>	For Public Issue of REC Tax Free Bonds allotted in financial year 2012-13 and financial year 2013-14				
3	IDBI Trusteeship Services Ltd. Asian Building, Ground Floor, 17 R, Kamani Marg, Mumbai-400001 Contact : Mr. Ajit Guruji Phone : 022-40807001 Fax : 022-66311776 Email : <a href="mailto:ajit.guruji@idbitrustee.com">ajit.guruji@idbitrustee.com</a> , <a href="mailto:response@idbitrustee.com">response@idbitrustee.com</a>	For Infrastructure Bonds allotted under Series-I (financial year 2010-11) and for 54EC Capital Gain Bonds allotted under Series VIII & Series IX				
4	IL&FS Trust Company Ltd. The IL&FS Financial Centre, Plot C- 22, G Block, Bandra Kurla Complex, Bandra (E), Mumbai-400051 Contact : Mr. Sanjay Dodti Phone : 022-26593644 Fax : 022-26533297 Email : <a href="mailto:sanjay.dodti@ilfsindia.com">sanjay.dodti@ilfsindia.com</a> , <a href="mailto:shailesh.kokate@ilfsindia.com">shailesh.kokate@ilfsindia.com</a>	For Infrastructure Bonds allotted under Series-II (financial year 2011-12) and for Public Issue of REC Tax Free Bonds allotted in financial year 2011-12				

## BALANCE SHEET AS AT 31<sup>st</sup> MARCH 2015

		(₹ in crores)	
Particulars	Note No.	As at 31.03.2015	As at 31.03.2014
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholders' Funds</b>			
(a) Share Capital	1	987.46	987.46
(b) Reserves and Surplus	2	23,869.57	19,682.00
<b>Sub-total (1)</b>		<b>24,857.03</b>	<b>20,669.46</b>
<b>(2) Non-current Liabilities</b>			
(a) Long-term Borrowings	3	1,31,168.32	1,10,162.30
(b) Deferred Tax Liabilities (Net)	4	107.32	173.69
(c) Other Long-term Liabilities	5	36.16	23.52
(d) Long-term Provisions	6	1,007.09	442.24
<b>Sub-total (2)</b>		<b>1,32,318.89</b>	<b>1,10,801.75</b>
<b>(3) Current Liabilities</b>			
(a) Short-term Borrowings	7	734.00	2,540.00
(b) Other Current Liabilities	8	24,811.40	18,583.73
(c) Short-term Provisions	6	453.71	257.96
<b>Sub-total (3)</b>		<b>25,999.11</b>	<b>21,381.69</b>
<b>Total (1+2+3)</b>		<b>1,83,175.03</b>	<b>1,52,852.90</b>
<b>II. ASSETS</b>			
<b>(1) Non-current Assets</b>			
(a) Fixed assets	9		
(i) Tangible Assets		72.50	69.67
(ii) Intangible Assets		1.43	2.45
(iii) Capital work-in-progress		7.39	9.71
		81.32	81.83
(b) Non-current Investments	10	1,174.81	1,660.63
(c) Long-term Loans & Advances	11	1,64,213.78	1,35,898.97
(d) Other Non-current Assets	12	77.13	32.12
<b>Sub-total (1)</b>		<b>1,65,547.04</b>	<b>1,37,673.55</b>
<b>(2) Current Assets</b>			
(a) Current Investments	10	438.66	47.16
(b) Cash & Bank Balances	13	522.90	1,192.94
(c) Short-term Loans & Advances	14	1,100.24	381.58
(d) Other Current Assets	15	15,566.19	13,557.67
<b>Sub-total (2)</b>		<b>17,627.99</b>	<b>15,179.35</b>
<b>Total (1+2)</b>		<b>1,83,175.03</b>	<b>1,52,852.90</b>

The Significant Accounting Policies and Notes to Accounts 1 to 49 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 P. K. Chopra & Co.**  
Chartered Accountants  
Firm Reg. No.: 006747N

**Gopal Krishan**  
Partner  
M.No. : 081085

**K. S. Ponnuswami**  
Partner  
M.No. : 070276

Place : New Delhi  
Date : 28<sup>th</sup> May, 2015

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2015

			(₹ in crores)
Particulars	Note No.	Year ended 31.03.2015	Year ended 31.03.2014
I. Revenue from Operations	16	20,229.53	17,017.98
II. Other Income	17	158.52	102.82
III. Total Revenue (I+II)		20,388.05	17,120.80
IV. Expenses			
(i) Finance Costs	18	11,844.61	10,038.46
(ii) Employee Benefits Expense	19	133.94	129.91
(iii) Depreciation & Amortization	9	6.76	4.21
(iv) Other Expenses	20	172.74	105.47
(v) Provisions and Contingencies	21	802.96	312.02
Total Expenses (IV)		12,961.01	10,590.07
V. Profit before Prior Period Items & Tax (III-IV)		7,427.04	6,530.73
VI. Prior Period Items		-	-0.39
VII. Profit before Tax (V-VI)		7,427.04	6,531.12
VIII. Tax Expense			
(i) Current Year		2,231.86	1,704.66
(ii) Earlier Years/ (Refunds)		1.30	14.04
(iii) Deferred Tax		-65.99	128.72
Total Tax Expense (i+ii+iii)		2,167.17	1,847.42
IX. Profit for the year from Continuing Operations (VII-VIII)		5,259.87	4,683.70
X. Profit from Discontinuing Operations (after tax)		-	-
XI. Profit for the year (IX+X)		5,259.87	4,683.70
XII. Earnings per Equity Share (in ₹ for an equity share of ₹ 10 each)			
(1) Basic	22	53.27	47.43
(2) Diluted	22	53.27	47.43

The Significant Accounting Policies and Notes to Accounts 1 to 49 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 P. K. Chopra & Co.**  
Chartered Accountants  
Firm Reg. No.: 006747N

Place : New Delhi  
Date : 28<sup>th</sup> May, 2015

**Gopal Krishan**  
Partner  
M.No. : 081085

**K. S. Ponnuswami**  
Partner  
M.No. : 070276

## 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 General Circular No. 15/2013 dated 13<sup>th</sup> September 2013. The financial statements adhere to the relevant presentational requirement of the Companies Act, 2013.
- (b) **Use of Estimates:** - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumption that affect the reported amounts of assets and liabilities and disclosure thereof at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates. Difference between the actual results and estimates are recognized in the period in which results materialize.

### 2. INCOME RECOGNITION, ASSET CLASSIFICATION AND PROVISIONING.

The Corporation has formulated its own detailed Prudential Norms. Accounting is done in accordance with these Prudential Norms of REC and the salient features of the same for Income Recognition, Asset classification and Provisioning are as under in the Paras 2.1a, 2.1f, 2.2, 2.3 and 2.4:

#### 2.1. Income Recognition

- a. Income on Non Performing Assets where interest/ principal has become overdue for two quarters or more is recognized as and when received and appropriated. Any such income recognized before the asset becomes non-performing and remaining unrealized is reversed.

Unless otherwise agreed, the recoveries from the borrowers are appropriated in the order of (i) costs and expenses of REC (ii) penal interest including interest tax, if any (iii) overdue interest including interest tax, if any and (iv) repayment of principal, the oldest being adjusted first.

In respect of standard loans including those whose terms are renegotiated/rescheduled/ restructured and retained as Standard Loans, income is recognized on accrual basis.

In respect of loans (Non Performing Assets), income is recognized on accrual basis when it is reasonably expected that there is no uncertainty of receipt of dues from the borrowers and there has been satisfactory performance under the renegotiated or rescheduled or restructured terms until the expiry of one year of satisfactory performance under the renegotiated or rescheduled or restructured terms.

- b. Income of agency charges of RGGVY Schemes is recognized on the basis of the services rendered and amount sanctioned by the Ministry of Power.
- c. Income of agency charges of DDUGJY Schemes is recognized on the basis of the services rendered and amount sanctioned by the Ministry of Power.
- d. Income of service charges of NEF (Interest Subsidy) Scheme is recognized on the basis of the services rendered and amount of service charges sanctioned by the Ministry of Power.
- e. Income under the head processing fee, upfront fee, lead fee, fees/ charges received under the mutatis-mutandis clause and pre-payment premium is accounted for in the year in which it is received by the company.
- f. Income from investments
  - (1) Income from dividend on shares of corporate bodies and units of mutual funds shall be taken into account on accrual basis when REC's right to receive payment is established.
  - (2) Income from bonds and debentures of corporate bodies and from Government securities/bonds shall be taken into account on accrual basis.  
Provided that the interest rate on these instruments is pre-determined and interest is serviced regularly and is not in arrears.
  - (3) Income on securities of corporate bodies or public sector undertakings, the payment of interest and repayment of principal of which have been guaranteed by Central Government or a State Government shall be taken into account on accrual basis.

#### 2.2 Assets Classification

Loans and advances and any other form of credit are classified into the following classes, namely:

- (i) **Standard Assets:** 'Standard asset' means an asset which is not an NPA and in respect of which no default in repayment of principal or payment of interest is perceived and which does not disclose any problem or carry more than normal risk attached to the business.

## SIGNIFICANT ACCOUNTING POLICIES

The rescheduling or restructuring or renegotiation of a standard infrastructure loan asset shall not cause it to be reclassified if the revised project is found to be viable by the competent authority.

(ii) **Sub-Standard Assets:** 'Sub-standard asset' means:

- (a) an asset which has been classified as non-performing asset for a period not exceeding 18 months;
- (b) an asset where the terms of the agreement regarding interest and / or principal have been renegotiated or rescheduled or restructured, until the expiry of one year of satisfactory performance under the renegotiated or rescheduled or restructured terms.

(iii) **Doubtful Assets:** Doubtful asset means an asset which remains a substandard asset for a period exceeding 18 months.

(iv) **Loss Assets:** Loss asset means –

- (a) An asset which has been identified as loss asset by REC to the extent it is not written off by REC or the asset remains doubtful for a period exceeding 5 years, whichever is earlier.
- (b) An asset which is adversely affected by a potential threat of non-recoverability due to either erosion in the value of security or non availability of security or due to any fraudulent act or omission on the part of the borrower.

For the purpose of classification of assets into standard, sub-standard, doubtful and loss categories, facilities shall be classified borrower wise with the following exception:

Government Sector loans, where cash flows from each project are separately identifiable and applied to the same project, REC shall classify such loans on project wise basis.

### 2.3 Provisioning against Loans

The provisioning requirement in respect of loans, advances and other credit facilities including bills purchased and discounted shall be as under:

(i) **Loss assets** - The entire asset shall be written off. If the assets are permitted to remain in the books for any reason, 100 % of the outstanding shall be provided for:

(ii) **Doubtful assets** -

- (a) 100 % provision to the extent to which the advance is not covered by the realizable value of the security to which REC has a valid recourse shall be made. The realizable value is to be estimated on a realistic basis; Loans covered by Central/State Govt. guarantee or loans to any State Govt. shall be treated as secured;
- (b) In addition to item(a) above, depending upon the period for which the asset has remained doubtful, provision to the extent of 20 % to 50 % of the secured portion (i.e. estimated realizable value of the outstanding) shall be made on the following basis:-

Period for which the asset has been considered as doubtful	% of provision
Up to one year	20 %
1 to 3 years	30 %
More than 3 years	50 %

(iii) **Sub-standard assets** - A provision of 10 % shall be made.

An asset which has been renegotiated or rescheduled or restructured shall be a sub-standard asset or continue to remain in the same category in which it was prior to its renegotiation or re-schedulement or restructuring, as a doubtful asset or a loss asset as the case may be. Necessary provision is required to be made as applicable to such asset till it is upgraded.

(iv) **Standard assets** - Provision in respect of Standard Assets is made as below:

Particulars	Provisioning Requirement
For Restructured Loans other than under Transmission & Distribution, Renovation & Modernisation and Life Extension projects as also the hydro projects in Himalayan region or affected by natural disasters, if the original DCCO prescribed at the time of financial closure is extended beyond 2 years and upto:	In respect of the stock of outstanding loans as on 31 <sup>st</sup> 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 <sup>st</sup> 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 <sup>st</sup> March, 2016

## SIGNIFICANT ACCOUNTING POLICIES

Particulars	Provisioning Requirement
	<ul style="list-style-type: none"> <li>4.25 % with effect from 31<sup>st</sup> March, 2017</li> <li>5.00 % with effect from 31<sup>st</sup> March, 2018.</li> </ul> In respect of new projects loans restructured with effect from 1 <sup>st</sup> April, 2015, the provisioning requirement would be 5.00 % from the date of such restructuring till the revised DCCO or 2 years from the date of restructuring whichever is later.
For Standard Assets other than specified above	0.25 % of the outstanding loan amount

### 2.4 Treatment of Provisions held

The provisions in respect of Non Performing Assets (NPAs) is reversed only after the complete recovery of the outstanding/ regularization of the account.

### 3. FIXED ASSETS.

Fixed Assets are shown at historical cost less accumulated depreciation. The cost includes any cost attributable of bringing the assets to its working condition for its intended use.

### 4. DEPRECIATION.

4.1. Depreciation on assets is provided on straight-line method in accordance with the useful lives prescribed under Schedule II to the Companies Act, 2013.

4.2. Depreciation on assets purchased / sold during the year is charged for the full month if the asset is in use for more than 15 days, instead of charging the same on pro-rata basis from the date of purchase/sale.

4.3. Depreciation on assets purchased during the year up to ₹ 5,000/- is provided @ 100 %.

4.4. Leasehold land is amortized over the lease period.

### 5. INTANGIBLE ASSETS.

An Intangible Asset is recognized where it is probable that the future economic benefits attributable to the assets will flow to the company. The depreciable amount of an intangible asset is allocated on a systematic basis over the best estimate of its useful life.

### 6. INVESTMENTS.

Long term investments are carried at cost. However, provision for diminution is made to recognise a decline, other than temporary, in the value of the investments, such reduction being determined and made for each investment individually. Quoted current investments are carried individually at the cost or market value whichever is lower. Unquoted current investments are carried individually at the cost or fair value whichever is lower.

### 7. CURRENT TAX AND DEFERRED TAX.

Income Tax expense comprises current Income Tax (Amount of tax for the period determined in accordance with the income tax law) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the period) is determined in accordance with Accounting Standard- 22. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates that have been enacted or substantially established by the Balance Sheet date. Deferred Tax Assets are recognized and carry forward to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such Deferred Tax Assets can be realized.

### 8. IMPAIRMENT OF ASSETS.

At each balance sheet date, the Company reviews the carrying amounts of its fixed assets to determine whether there is any indication that those assets suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss. Recoverable amount is the higher of assets net selling prices and value in use.

### 9. PROVISIONS

A provision is recognized when the company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation and reliable estimate of amount of the obligation can be made. Provisions are determined based on management estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current management estimates.



## SIGNIFICANT ACCOUNTING POLICIES

### 10. BOND / DEBT ISSUE.

- 10.1.** Expenditure on raising of funds by way of bonds is charged to revenue in the year of issue of such bonds.
- 10.2.** The Corporation discharges its obligation towards payment of principal and interest relating to bonds by depositing the amount in the designated Bank Accounts. Accordingly, the payments are treated as final payments and these amounts are not exhibited in the books till the validity of the instruments but reconciliation thereof is carried out.
- 10.3.** Expenditure incurred on raising of funds is charged to the Statement of Profit & Loss in the year in which it is incurred except the discount/ interest on the Commercial Papers/ Reg-S-Bonds (External Commercial Borrowings), which is amortized proportionately over the period of its tenure.

### 11. CASH FLOW STATEMENT

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular operating, financing and investing activities of the Company are segregated.

### 12. PRIOR PERIOD/ PREPAID ADJUSTMENTS

- 12.1.** Considering the nature of business, interest income/expenditure for the earlier years ascertained and determined during the year is accounted for in the year in which it is so ascertained/determined.
- 12.2.** Other items not exceeding ₹ 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 1<sup>st</sup> 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 31.03.2015		As at 31.03.2014	
	No. of Shares	Amount	No. of Shares	Amount
<b>Authorised :</b>				
Equity shares of ₹ 10 each	1,20,00,00,000	1,200.00	1,20,00,00,000	1,200.00
<b>Issued, Subscribed and Paid up :</b>				
Fully paid up Equity shares of ₹ 10 each	98,74,59,000	987.46	98,74,59,000	987.46
<b>Total</b>	<b>98,74,59,000</b>	<b>987.46</b>	<b>98,74,59,000</b>	<b>987.46</b>

- 1.1** The holders of the equity shares of the Company are entitled to receive dividends as and when declared by the Company and enjoy proportionate voting rights in case any resolution is put to vote. Further, the shareholders have all such rights, as may be available to a shareholder of a listed public company, under the Companies Act, 1956 (to the extent applicable), Companies Act, 2013 (to the extent notified), the terms of the listing agreements executed with the Stock Exchanges (i.e. National Stock Exchange of India Limited and BSE Limited), and Memorandum of Association and Articles of Association of the Company.

### 1.2 Shareholders holding more than 5% of fully paid-up equity shares :

Name	As at 31.03.2015		As at 31.03.2014	
	No. of Shares	Percentage	No. of Shares	Percentage
The President of India	64,81,68,218	65.64%	648,168,218	65.64 %
Life Insurance Corporation of India	30,877,781	3.13%	59,352,864	6.01 %

Pursuant to the Offer for Sale of 5 % shareholding by Govt. of India through stock exchanges on 8<sup>th</sup> April, 2015 and an off-market transaction for the Central Public Enterprises Exchange Traded Fund (CPSE ETF) Loyalty Units on 10<sup>th</sup> April, 2015, the shareholding of The President of India as on the date of signing of the financial statements is 60.64 % (59,87,67,680 shares).

### 2. RESERVES AND SURPLUS

(₹ in Crores)

Particulars	As at 31.03.2015		As at 31.03.2014	
<b>Capital Reserve</b>		<b>105.00</b>		105.00
<b>Securities Premium Account (Refer Note 2.1)</b>				
Balance as at the beginning of the year		3,223.72		3,222.48
Add: Additions during the year		-		1.24
<b>Balance as at the end of the year</b>		<b>3,223.72</b>		3,223.72
<b>Debenture Redemption Reserve (Refer Note 2.2)</b>				
Balance as at the beginning of the year		345.98		160.19
Add: Amount transferred from Surplus Account		185.79		185.79
<b>Balance as at the end of the year</b>		<b>531.77</b>		345.98
<b>Special Reserve created u/s 36(1) (viii) of the Income Tax Act, 1961</b>				
Balance as at the beginning of the year		6,820.64		5,529.64
Add: Amount transferred from Surplus Account		1,629.00		1,291.00
<b>Balance as at the end of the year</b>		<b>8,449.64</b>		6,820.64
<b>Reserve for Bad and doubtful debts u/s 36(1)(viiia) of the Income Tax Act, 1961</b>				
Balance as at the beginning of the year		1,268.97		980.97
Add: Amount transferred from Surplus Account		353.00		288.00
<b>Balance as at the end of the year</b>		<b>1,621.97</b>		1,268.97

## NOTES TO ACCOUNTS

(₹ in Crores)

Particulars	As at 31.03.2015		As at 31.03.2014	
<b>Foreign Currency Monetary Item Translation Difference Account (Refer Note 2.3)</b>				
Balance as at the beginning of the year		-532.65		-160.28
Add: Foreign Currency Translation Gain/ Loss (-) on long term monetary items during the year		-62.80		-676.64
Amortisation during the year		259.99		304.27
<b>Balance as at the end of the year</b>		<b>-335.46</b>		<b>-532.65</b>
<b>General Reserve</b>				
Balance as at the beginning of the year		3,581.40		3,111.40
Add: Amount transferred from Surplus Account		526.00		470.00
<b>Balance as at the end of the year</b>		<b>4,107.40</b>		<b>3,581.40</b>
<b>Surplus Account</b>				
Balance as at the beginning of the year		4,868.94		3,517.52
Less: Transfer of Depreciation in accordance with provisions of Companies Act, 2013 (Refer Note 2.4)		0.74		-
Add: Profit during the year		5,259.87		4,683.70
<b>Less : Appropriations</b>				
- Transfer to Special Reserve u/s 36(1)(viii) of the Income Tax Act, 1961	1,629.00		1,291.00	
- Transfer to Reserve for Bad & Doubtful Debts u/s 36(1)(viii) of the Income Tax Act, 1961	353.00		288.00	
- Dividend				
- Interim Dividend	789.97		765.28	
- Proposed Dividend (Final) (Refer Note 2.5)	266.61		172.81	
- Dividend Distribution Tax				
- Interim Dividend	157.89		130.06	
- Proposed Dividend (Final)	54.28		29.34	
- Transfer to Debenture Redemption Reserve	185.79		185.79	
- Transfer to General Reserve	526.00	3,962.54	470.00	3,332.28
<b>Balance as at the end of the year</b>		<b>6,165.53</b>		<b>4,868.94</b>
<b>Total Reserves and Surplus</b>		<b>23,869.57</b>		<b>19,682.00</b>

**2.1** Additions in Securities Premium Account for the year ended 31<sup>st</sup> March, 2015 represent the premium of Nil (Previous Year ₹ 1.24 Crores) received on issue of Tax Free Bonds through private placement.

### 2.2 Debenture Redemption Reserve (DRR)

In accordance with provisions of Section 71(4) of the Companies Act, 2013 as further clarified by the Companies (Share Capital and Debentures) Rules, 2014 issued by Ministry of Corporate Affairs, Govt. of India, the company creates Debenture Redemption Reserve (DRR) upto 25% of the value of debentures issued through public issue as per present SEBI (Issue and Listing of Debt Securities) Regulations, 2008 during the maturity period of such debentures, and no DRR is required in the case of privately placed debentures. Accordingly, during the year, the company has created DRR amounting to ₹ 185.79 Crores (Previous year ₹ 185.79 Crores).

### 2.3 Foreign Currency Monetary Item Translation Difference Account

The company has opted towards an irrevocable option for amortising the foreign exchange fluctuation loss/gain on the long term foreign currency monetary items over the balance period of such items in accordance with Para 46A of Accounting Standard 11 'The Effects of Changes in Foreign Exchange Rates'. Amount remaining to be amortised in 'Foreign Currency Monetary Item Translation Difference Account' as on 31<sup>st</sup> March, 2015 is ₹ 335.46 Crores (Previous year ₹ 532.65 Crores).

## NOTES TO ACCOUNTS

### 2.4 Draw down from Reserves

An amount of ₹ 0.74 crores (net of tax ₹ 0.38 crores) has been adjusted in the retained earnings in respect of fixed assets, where the remaining useful life of such assets was Nil as at 1<sup>st</sup> April, 2014 in line with the provisions of the Schedule-II to the Companies Act, 2013.

### 2.5 Proposed Dividend

The final dividend proposed for the year is as follows :

Particulars	Year ended 31.03.2015	Year ended 31.03.2014
On Equity Shares of ₹ 10 each		
- Amount of Dividend proposed (₹ in Crores)	266.61	172.81
- Rate of Dividend	27.00%	17.50 %
- Dividend per equity share (₹)	2.70	1.75

### 3. LONG-TERM DEBT

Non-current portion of the long term debt has been classified as 'Long-term borrowings' and the current portion of the long term debt has been classified as "Current Maturities of Long-term debt" in Note-8 'Other Current Liabilities'.

Particulars	As at 31.03.2015		As at 31.03.2014	
	Non-Current	Current	Non-Current	Current
<b>(A) Secured Long-Term Debt</b>				
(a) Bonds				
- Institutional Bonds	35,446.70	2,992.80	24,974.50	2,925.88
- 54EC Capital Gain Tax Exemption Bonds	10,687.69	4,903.25	10,253.16	5,239.36
- Tax Free Bonds	11,648.41	-	11,648.41	-
(b) Term Loans				
- from Banks	-	-	-	19.40
- from Financial Institutions	1,100.00	350.00	2,645.00	350.00
<b>Total Secured Long-Term Debt (a+b)</b>	<b>58,882.80</b>	<b>8,246.05</b>	<b>49,521.07</b>	<b>8,534.64</b>
<b>(B) Unsecured Long-Term Debt</b>				
(a) Bonds				
- Institutional Bonds	57,714.20	-	41,979.20	4,565.80
- Infrastructure Bonds	162.98	213.34	376.32	-
- Zero Coupon Bonds	914.48	-	844.08	-
(b) Term Loans				
- from Banks	-	125.00	125.00	125.00
- from Govt. of India	-	3.07	3.07	4.86
(c) Other Loans & Advances				
- Foreign Currency Borrowings	13,493.86	10,534.34	17,313.56	307.59
<b>Total Unsecured Long-Term Debt (a+b+c)</b>	<b>72,285.52</b>	<b>10,875.75</b>	<b>60,641.23</b>	<b>5,003.25</b>
<b>Total Long-Term Debt (A+B)</b>	<b>131,168.32</b>	<b>19,121.80</b>	<b>110,162.30</b>	<b>13,537.89</b>
<b>Total Long-Term Debt (Non-Current + Current)</b>	<b>150,290.12</b>		<b>123,700.19</b>	

## NOTES TO ACCOUNTS

### Details of Long-term Debt :

#### 3.1 Details of secured long-term debt : (Refer Note 3.3 for details of the security)

##### 3.1.1 Bonds

(₹ in Crores)

Particulars	As at 31.03.2015		As at 31.03.2014	
	Non-Current	Current	Non-Current	Current
<b>3.1.1.1 Institutional Bonds</b>				
<b>123-IIIB Series</b>	1,955.00	-	-	-
9.34 % Redeemable at par on 25.08.2024				
<b>123-I Series</b>	1,515.00	-	-	-
9.40 % Redeemable at par on 17.07.2021				
<b>92-II Series</b>	945.30	-	945.30	-
8.65 % Redeemable at par on 22.01.2020				
<b>91-II Series</b>	995.90	-	995.90	-
8.80 % Redeemable at par on 17.11.2019				
<b>90-C-II Series</b>	1,040.00	-	1,040.00	-
8.80 % Redeemable at par on 06.10.2019				
<b>90-B-II Series</b>	868.20	-	868.20	-
8.72 % Redeemable at par on 04.09.2019				
<b>90<sup>th</sup> Series</b>	2,000.00	-	2,000.00	-
8.80 % Redeemable at par on 03.08.2019				
<b>122<sup>nd</sup> Series</b>	1,700.00	-	-	-
9.02 % Redeemable at par on 18.06.2019				
<b>119<sup>th</sup> Series</b>	2,090.00	-	2,090.00	-
9.63 % Redeemable at par on 05.02.2019				
<b>88<sup>th</sup> Series</b>	1,495.00	-	1,495.00	-
8.65 % Redeemable at par on 15.01.2019				
<b>118<sup>th</sup> Series</b>	1,655.00	-	1,655.00	-
9.61 % Redeemable at par on 03.01.2019				
<b>117<sup>th</sup> Series</b>	2,878.00	-	2,878.00	-
9.38 % Redeemable at par on 06.11.2018				
<b>87-A-III Series</b>	61.80	-	61.80	-
11.15 % Redeemable at par on 24.10.2018				
<b>116-II Series</b>	850.00	-	850.00	-
9.24 % Redeemable at par on 17.10.2018				
<b>87-II Series</b>	657.40	-	657.40	-
10.85 % Redeemable at par on 30.09.2018				
<b>86-B-III Series</b>	432.00	-	432.00	-
10.85 % Redeemable at par on 14.08.2018				
<b>86-A Series</b>	500.00	-	500.00	-
10.70 % Redeemable at par on 29.07.2018				
<b>85<sup>th</sup> Series</b>	500.00	-	500.00	-
9.68 % Redeemable at par on 13.06.2018				
<b>83<sup>rd</sup> Series</b>	685.20	-	685.20	-
9.07 % Redeemable at par on 28.02.2018				
<b>82<sup>nd</sup> Series</b>	883.10	-	883.10	-
9.85 % Redeemable at par on 28.09.2017				
<b>124-I Series</b>	2,610.00	-	-	-
9.06 % Redeemable at par on 23.09.2017				

## NOTES TO ACCOUNTS

(₹ in Crores)

Particulars	As at 31.03.2015		As at 31.03.2014	
	Non-Current	Current	Non-Current	Current
<b>123-IIIA Series</b>	<b>1,275.00</b>	-	-	-
9.25 % Redeemable at par on 25.08.2017				
<b>121<sup>st</sup> Series</b>	<b>1,600.00</b>	-	1,600.00	-
9.52 % Redeemable at par on 25.03.2017				
<b>120<sup>th</sup> Series</b>	<b>1,100.00</b>	-	1,100.00	-
9.67 % Redeemable at par on 10.03.2017				
<b>81<sup>st</sup> Series</b>	<b>314.80</b>	-	314.80	-
8.85 % Redeemable at par on 20.01.2017				
<b>116-I Series</b>	<b>430.00</b>	-	430.00	-
9.05 % Redeemable at par on 17.10.2016				
<b>123-IV Series</b>	<b>2,750.00</b>	-	-	-
8.97 % Redeemable at par on 08.09.2016				
<b>123-II Series</b>	<b>1,660.00</b>	-	-	-
9.27 % Redeemable at par on 08.08.2016				
<b>80<sup>th</sup> Series</b>	-	<b>500.00</b>	500.00	-
8.20 % Redeemable at par on 20.03.2016				
<b>79<sup>th</sup> Series</b>	-	<b>500.00</b>	500.00	-
7.85 % Redeemable at par on 14.03.2016				
<b>78<sup>th</sup> Series</b>	-	<b>1,795.70</b>	1,795.70	-
7.65 % Redeemable at par on 31.01.2016				
<b>77<sup>th</sup> Series</b>	-	<b>197.10</b>	197.10	197.10
7.30 % Redeemable at par on 30.06.2015				
<b>75<sup>th</sup> Series</b>	-	-	-	100.00
7.20 % Redeemed at par on 17.03.2015				
<b>93-II Series</b>	-	-	-	443.10
8.45 % Redeemed at par on 19.02.2015				
<b>73<sup>rd</sup> Series</b>	-	-	-	46.78
6.90 % Redeemed at par on 08.10.2014				
<b>90-B-I Series</b>	-	-	-	883.90
8.35 % Redeemed at par on 04.09.2014				
<b>90-A-II Series</b>	-	-	-	1,000.00
8.00 % Redeemed at par on 05.08.2014				
<b>89-II Series</b>	-	-	-	255.00
7.70 % Redeemed at par on 02.06.2014				
<b>Total - Institutional Bonds</b>	<b>35,446.70</b>	<b>2,992.80</b>	<b>24,974.50</b>	<b>2,925.88</b>
<b>3.1.1.2 54EC Capital Gain Tax Exemption Bonds</b>				
<b>Series IX (2014-15)</b>	<b>5,337.78</b>	-	-	-
6.00 % Redeemable at par during financial year 2017-18				
<b>Series IX (2013-14)</b>	<b>5,349.91</b>	-	5,349.91	-
6.00 % Redeemable at par during financial year 2016-17				
<b>Series VIII (2012-13)</b>	-	<b>4,903.25</b>	4,903.25	-
6.00 % Redeemable at par during financial year 2015-16				
<b>Series VIII (2011-12)</b>	-	-	-	5,239.36
6.00 % Redeemed at par during financial year 2014-15				
<b>Total - 54EC Capital Gain Tax Exemption Bonds</b>	<b>10,687.69</b>	<b>4,903.25</b>	<b>10,253.16</b>	<b>5,239.36</b>
<b>3.1.1.3 Tax Free Bonds</b>				
<b>Series 2013-14 Tranche 2</b>	<b>1,059.40</b>	-	1,059.40	-
Redeemable at par. Bonds amounting to ₹ 419.32 Crores are redeemable on 24.03.2024, ₹ 530.42 Crores are redeemable on 24.03.2029 and ₹ 109.66 Crores are redeemable on 24.03.2034 with interest rates varying from 8.19 % to 8.88 % payable annually				



## NOTES TO ACCOUNTS

(₹ in Crores)

Particulars	As at 31.03.2015		As at 31.03.2014	
	Non-Current	Current	Non-Current	Current
<b>Series 2013-14 Series 4A &amp; 4B</b>	<b>150.00</b>	<b>-</b>	<b>150.00</b>	<b>-</b>
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				
<b>Series 2013-14 Tranche 1</b>	<b>3,440.60</b>	<b>-</b>	<b>3,440.60</b>	<b>-</b>
Redeemable at par. Bonds amounting to ₹ 575.06 Crores are redeemable on 24.09.2023, ₹ 2,810.26 Crores are redeemable on 24.09.2028 and ₹ 55.28 Crores are redeemable on 24.09.2033 with interest rates varying from 8.01 % to 8.77 % payable annually				
<b>Series 2013-14 Series 3A &amp; 3B</b>	<b>1,350.00</b>	<b>-</b>	<b>1,350.00</b>	<b>-</b>
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				
<b>Series 2012-13 Tranche 2</b>	<b>131.06</b>	<b>-</b>	<b>131.06</b>	<b>-</b>
Redeemable at par. Bonds amounting to ₹ 81.35 Crores are redeemable on 25.03.2023 and bonds amounting to ₹ 49.71 Crores are redeemable on 25.03.2028 with interest rates varying from 6.88 % to 7.54 % payable annually				
<b>Series 2012-13 Tranche 1</b>	<b>2,017.35</b>	<b>-</b>	<b>2,017.35</b>	<b>-</b>
Redeemable at par. Bonds amounting to ₹ 1,165.31 Crores are redeemable on 19.12.2022 and bonds amounting to ₹ 852.04 Crores are redeemable on 19.12.2027 with interest rates varying from 7.22 % to 7.88 % payable annually				
<b>Series 2012-13 Series 2A &amp; 2B</b>	<b>500.00</b>	<b>-</b>	<b>500.00</b>	<b>-</b>
Redeemable at par. Bonds amounting to ₹ 255.00 Crores are redeemable on 21.11.2022 and bonds amounting to ₹ 245.00 Crores are redeemable on 21.11.2027 with interest rates of 7.21 % and 7.38 % respectively payable annually				
<b>Series 2011-12</b>	<b>3,000.00</b>	<b>-</b>	<b>3,000.00</b>	<b>-</b>
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				
<b>Total - Tax Free Bonds</b>	<b>11,648.41</b>	<b>-</b>	<b>11,648.41</b>	<b>-</b>
<b>3.1.2 Term Loans</b>				
<b>Term Loan from Banks</b>				
- State Bank of Saurashtra	-	-	-	19.40
<b>Term Loan from Financial Institutions</b>				
- Life Insurance Corporation of India (LIC)	<b>1,100.00</b>	<b>350.00</b>	<b>1,450.00</b>	<b>350.00</b>
The Loan of ₹1500 Crores (present outstanding ₹ 300 Crores @ 6.242 % and ₹ 150 Crores @ 6.231 %) & ₹ 2,000 Crores (present outstanding ₹ 1,000 Crores @ 7.35 %) repayable in 10 equal annual installments commencing from 01.10.2008 and 01.10.2010 respectively.				
- India Infrastructure Finance Company Ltd. (IIFCL)	-	-	1,195.00	-
<b>Total - Term Loans</b>	<b>1,100.00</b>	<b>350.00</b>	<b>2,645.00</b>	<b>369.40</b>

## NOTES TO ACCOUNTS

### 3.2 Details of Unsecured long-term debt :

#### 3.2.1 Bonds

(₹ in Crores)

Particulars	As at 31.03.2015		As at 31.03.2014	
	Non-Current	Current	Non-Current	Current
<b>3.2.1.1 Institutional Bonds</b>				
<b>95-II Series</b>	1,800.00	-	1,800.00	-
8.75 % Redeemable at par on 12.07.2025				
<b>94<sup>th</sup> Series</b>	1,250.00	-	1,250.00	-
8.75 % Redeemable at par on 08.06.2025				
<b>131<sup>st</sup> Series</b>	2,285.00	-	-	-
8.35 % Redeemable at par on 22.02.2025				
<b>130<sup>th</sup> Series</b>	2,325.00	-	-	-
8.27 % Redeemable at par on 06.02.2025				
<b>129<sup>th</sup> Series</b>	1,925.00	-	-	-
8.23 % Redeemable at par on 23.01.2025				
<b>128<sup>th</sup> Series</b>	2,250.00	-	-	-
8.57 % Redeemable at par on 21.12.2024				
<b>115<sup>th</sup> Series - Subordinate Tier-II Bonds</b>	2,500.00	-	2,500.00	-
8.06 % Redeemable at par on 31.05.2023				
<b>114<sup>th</sup> Series</b>	4,300.00	-	4,300.00	-
8.82 % Redeemable at par on 12.04.2023				
<b>111-II Series</b>	2,211.20	-	2,211.20	-
9.02 % Redeemable at par on 19.11.2022				
<b>107<sup>th</sup> Series</b>	2,378.20	-	2,378.20	-
9.35 % Redeemable at par on 15.06.2022				
<b>132<sup>nd</sup> Series</b>	700.00	-	-	-
8.27 % Redeemable at par on 09.03.2022				
<b>127<sup>th</sup> Series</b>	1,550.00	-	-	-
8.44 % Redeemable at par on 04.12.2021				
<b>105<sup>th</sup> Series</b>	3,922.20	-	3,922.20	-
9.75 % Redeemable at par on 11.11.2021				
<b>101-III Series</b>	3,171.80	-	3,171.80	-
9.48 % Redeemable at par on 10.08.2021				
<b>100<sup>th</sup> Series</b>	1,500.00	-	1,500.00	-
9.63 % Redeemable at par on 15.07.2021				
<b>98<sup>th</sup> Series</b>	3,000.00	-	3,000.00	-
9.18 % Redeemable at par on 15.03.2021				
<b>97<sup>th</sup> Series</b>	2,120.50	-	2,120.50	-
8.80 % Redeemable at par on 29.11.2020				
<b>96<sup>th</sup> Series</b>	1,150.00	-	1,150.00	-
8.80 % Redeemable at par on 25.10.2020				
<b>113<sup>th</sup> Series</b>	1,542.00	-	1,542.00	-
8.87 % Redeemable at par on 08.03.2020				
<b>111-I Series</b>	452.80	-	452.80	-
9.02 % Redeemable at par on 19.11.2019				
<b>126<sup>th</sup> Series</b>	1,700.00	-	-	-
8.56 % Redeemable at par on 13.11.2019				
<b>125<sup>th</sup> Series</b>	3,000.00	-	-	-
9.04 % Redeemable at par on 12.10.2019				

## NOTES TO ACCOUNTS

(₹ in Crores)

Particulars	As at 31.03.2015		As at 31.03.2014	
	Non-Current	Current	Non-Current	Current
<b>108-II Series</b>	<b>960.00</b>	<b>-</b>	<b>960.00</b>	<b>-</b>
9.39 % Redeemable at par on 20.07.2019				
<b>95-I Series</b>	<b>200.00</b>	<b>-</b>	<b>200.00</b>	<b>-</b>
8.70 % Redeemable at par on 12.07.2019				
<b>112<sup>th</sup> Series</b>	<b>1,500.00</b>	<b>-</b>	<b>1,500.00</b>	<b>-</b>
8.70 % Redeemable at par on 01.02.2018				
<b>109<sup>th</sup> Series</b>	<b>1,734.70</b>	<b>-</b>	<b>1,734.70</b>	<b>-</b>
9.25 % Redeemable at par on 27.08.2017				
<b>108-I Series</b>	<b>2,125.00</b>	<b>-</b>	<b>2,125.00</b>	<b>-</b>
9.40 % Redeemable at par on 20.07.2017				
<b>106<sup>th</sup> Series</b>	<b>1,500.00</b>	<b>-</b>	<b>1,500.00</b>	<b>-</b>
9.28 % Redeemable at par on 15.02.2017				
<b>103-I Series</b>	<b>50.00</b>	<b>-</b>	<b>50.00</b>	<b>-</b>
9.35 % Redeemable at par on 19.10.2016				
<b>102<sup>nd</sup> Series</b>	<b>2,216.20</b>	<b>-</b>	<b>2,216.20</b>	<b>-</b>
9.38 % Redeemable at par on 06.09.2016				
<b>101-II Series</b>	<b>394.60</b>	<b>-</b>	<b>394.60</b>	<b>-</b>
9.45 % Redeemable at par on 10.08.2016				
<b>74<sup>th</sup> Series</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>250.00</b>
7.22 % Redeemed at par on 31.12.2014				
<b>110<sup>th</sup> Series</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,475.00</b>
8.84 % Redeemed at par on 16.10.2014				
<b>101-I Series</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>395.60</b>
9.43 % Redeemed at par on 10.08.2014				
<b>99-II Series</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>445.20</b>
9.75 % Redeemed at par on 07.06.2014				
<b>Total - Institutional Bonds</b>	<b>57,714.20</b>	<b>-</b>	<b>41,979.20</b>	<b>4,565.80</b>
<b>3.2.1.2 Infrastructure Bonds</b>				
<b>Series-II (2011-12)</b>	<b>157.59</b>	<b>-</b>	<b>157.59</b>	<b>-</b>
Redeemable at par. Refer Note 3.6				
<b>Series-I (2010-11)</b>	<b>5.39</b>	<b>213.34</b>	<b>218.73</b>	<b>-</b>
Redeemable at par. Refer Note 3.6				
<b>Total - Infrastructure Bonds</b>	<b>162.98</b>	<b>213.34</b>	<b>376.32</b>	<b>-</b>
<b>3.2.1.3 Zero Coupon Bonds</b>				
<b>ZCB - Series II</b>	<b>164.60</b>	<b>-</b>	<b>151.35</b>	<b>-</b>
(Net of unamortised discount, 89,510 bonds with face value of ₹ 30,000 each redeemable at par on 03.02.2021)				
<b>ZCB - Series I</b>	<b>749.88</b>	<b>-</b>	<b>692.73</b>	<b>-</b>
(Net of unamortised discount, 3,92,700 bonds with face value of ₹ 30,000 each redeemable at par on 15.12.2020)				
<b>Total - Zero Coupon Bonds</b>	<b>914.48</b>	<b>-</b>	<b>844.08</b>	<b>-</b>
<b>3.2.2 Term Loans</b>				
<b>3.2.2.1 Term Loans from Banks</b>				
- Bank of Maharashtra	<b>-</b>	<b>125.00</b>	<b>125.00</b>	<b>125.00</b>
8.00 % Loan repayable on 30.06.2015				

## NOTES TO ACCOUNTS

(₹ in Crores)

Particulars	As at 31.03.2015		As at 31.03.2014	
	Non-Current	Current	Non-Current	Current
<b>3.2.2.2 Loan from Govt. of India</b>	-	3.07	3.07	4.86
Loans in various tranches with original tenor of 30 years with a moratorium of five years for the principal amount and repayable in 25 equal annual installments commencing from the sixth anniversary of the drawdown with interest rates varying from 6.75 % to 7.75 %				
<b>Total - Term Loans</b>	-	128.07	128.07	129.86
<b>3.2.3 Other Loans &amp; Advances</b>				
<b>3.2.3.1 Foreign Currency Borrowings</b>				
<b>CHF Bonds - CHF 200 Mn</b>	1,285.44	-	1,350.32	-
3.50 % Redeemable at par on 07.03.2017				
<b>Reg S Bonds - US \$500 Mn</b>	-	2,703.58	2,641.31	-
4.25 % Redeemable at par on 25.01.2016				
<b>JICA Loan - Guaranteed by Govt. of India</b>	550.17	209.62	735.25	203.81
0.75 % JICA-I loan repayable in equal half-yearly instalments of ₹982.33 Mn till 20.03.2021, next instalment falling due on 20.09.2015 and 0.65 % JICA-II loan repayable in equal half-yearly instalments of ₹995.33 Mn till 20.03.2023, next instalment falling due on 20.09.2015				
<b>KfW Loan - Guaranteed by Govt. of India</b>	144.43	51.40	195.83	50.34
3.73 % Loan repayable in equal half-yearly instalments of €3.68 Mn, next instalment due on 30.06.2015				
<b>Syndicated Loan - US \$400 Mn</b>	-	1,788.96	1,788.96	-
Repayable on 22.09.2015				
<b>Bilateral Term Loan - Mauritius - US \$70 Mn</b>	-	311.36	311.36	-
Repayable on 28.10.2015				
<b>Bilateral Term Loan - Mizuho - US \$100 Mn</b>	-	446.50	446.50	-
Repayable on 30.03.2016				
<b>Bilateral Term Loan - BTMU - US \$100 Mn</b>	-	446.50	446.50	-
Repayable on 30.03.2016				
<b>Syndicated Loan - US \$300 Mn</b>	1,367.24	-	1,367.24	-
Repayable on 19.08.2016				
<b>KfW-II Loan - Guaranteed by Govt. of India</b>	267.22	53.44	320.66	53.44
2.89 % Loan repayable in equal half-yearly instalments of €3.88 Mn, next instalment falling due on 30.06.2015				
<b>Syndicated Loan - ¥12.525 Bn</b>	1,184.43	-	1,184.43	-
Repayable on 27.03.2017				
<b>Syndicated Loan- US \$250 Mn</b>	-	1,366.49	1,366.49	-
Loan of \$150 Mn & \$100 Mn repayable on 17.09.2015 and 19.11.2015 respectively				
<b>KfW-III Loan - Guaranteed by Govt. of India</b>	477.36	89.18	416.99	-
1.86 % Loan repayable in equal half-yearly instalments of €5.26 Mn, first instalment falling due on 30.06.2015				
<b>Syndicated Loan - US \$250 Mn</b>	-	1,544.42	1,488.37	-
Repayable on 05.02.2016				
<b>Syndicated Loan - US \$250 Mn</b>	-	1,522.89	1,473.07	-
Repayable on 21.03.2016				
<b>Syndicated Loan - US \$285 Mn</b>	1,780.28	-	1,780.28	-
Repayable on 02.12.2018				

## NOTES TO ACCOUNTS

Particulars	As at 31.03.2015		As at 31.03.2014	
	Non-Current	Current	Non-Current	Current
<b>Syndicated Loan - US \$250 Mn</b>	<b>1,499.29</b>	<b>-</b>	<b>-</b>	<b>-</b>
Repayable on 29.05.2019				
<b>Syndicated Loan - US \$400 Mn</b>	<b>2,435.78</b>	<b>-</b>	<b>-</b>	<b>-</b>
Loan of US\$ 230 Mn and US\$ 170 Mn repayable on 24.07.2019 and 27.10.2019 respectively				
<b>Syndicated Loan - US \$400 Mn</b>	<b>2,502.22</b>	<b>-</b>	<b>-</b>	<b>-</b>
Repayable on 12.03.2020				
<b>Total - Foreign Currency Borrowings</b>	<b>13,493.86</b>	<b>10,534.34</b>	<b>17,313.56</b>	<b>307.59</b>

### 3.3 Security Details of the Secured Borrowings

The Bond Series 77, 78, 79, 80, 81, 82, 83, 85, 86A, 86 B-III, 87-II, 87 A-III, 88, 90, 90 B-II, 90 C-II, 91-II, 92-II of Institutional Bonds and Series VIII of 54EC Capital Gain Tax Exemption Bonds are secured by a charge on (a) mortgage of Flat no. 640, Asiad Games Village, New Delhi and (b) pari passu charge on the receivables of our Company, both present and future, save and except receivables hypothecated to IL&FS Trust Company Limited on the basis of joint hypothecation agreement dated September 24, 2010 in favour of IDBI Trusteeship Services Ltd.

The Bond Series 116-I, 116-II, 117, 118, 119, 120, 121, 122 of Institutional Bonds are secured by a charge on first 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, 124-I of Institutional Bonds are secured by way of first pari passu charge on the Specified Immovable Property and the book debts of the Issuer which are charged to other lender / trustee and as may be agreed between the Issuer and the Trustee, pursuant to the terms of the Bond Trust Deed with a minimum security cover of one time of the aggregate face value of amount of bonds outstanding at all times and amount of interest due thereon in favor of IDBI Trusteeship Services Ltd..

The Bond Series IX of 54EC Capital Gain Tax Exemption Bonds is secured by first pari passu charge on (a) mortgage of premises at Sub Plot No. 8, TPS No 2, FP No. 584P, situated at Village Subhanpura, Distt Vadodara and (b) hypothecation of receivables in favour of IDBI Trusteeship Services Ltd.

Tax Free Bonds issued during FY 2011-12 are secured by first pari passu charge on premises at Shop No. 12, Ground Floor, Block No. 35, Church Road, Mylapore, Chennai and hypothecation of receivables of ₹4,998.66 Crores of MSEDCL in favour of IL&FS Trust Company Ltd.

Tax Free Bonds issued during FY 2012-13 are secured by first pari passu charge on (a) mortgage of premises at Sub Plot No. 8, TPS No 2, FP No. 584P, situated at Village Subhanpura, Distt Vadodara and (b) hypothecation of receivables in favour of SBICap Trustee Company Ltd.

Tax Free Bonds issued during FY 2013-14 are secured by first pari passu charge on the book debts (other than those that are exclusively charged/earmarked to lenders / other Trustees) of the Company in favour of SBICap Trustee Company Ltd.

The term loans are secured by a charge on the receivables of our Company, both present and future, save and except certain specific receivables hypothecated to IL&FS Trust Company Limited on the basis of joint hypothecation agreement dated September 24, 2010 in favour of IDBI Trusteeship Services Ltd.

### 3.4 Foreign Currency Borrowings have been raised at interest rates ranging from a spread of 117 bps to 220 bps over 6 Months' USD/JPY LIBOR (London Inter Bank Offered Rate) except where rates have been stated above in Note No. 3.2.3.1.

### 3.5 Ratings assigned by credit rating agencies and migration of ratings during the year

Domestic and International Credit Rating

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

REC enjoys international credit rating equivalent to sovereign rating of India from International Credit Rating Agencies Moody's and FITCH which is "Baa3" and "BBB-" respectively.

There has been no migration of ratings during the year.

## 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 %	61.60	Redeemable on the date falling 10 years from the date of allotment with buyback option by bondholders after 5 years
8.20 %	151.74	
8.10 %	1.61	Redeemable on the date falling 10 years from the date of allotment
8.20 %	3.78	
<b>Total</b>	<b>218.73</b>	

#### 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	
<b>Total</b>	<b>157.59</b>	

### 4. DEFERRED TAX LIABILITIES (NET)

Particulars	(₹ in Crores)	
	As at 31.03.2015	As at 31.03.2014
<b>Deferred Tax Liabilities on account of:</b>		
Depreciation	4.00	5.02
Foreign Currency Exchange Fluctuation Loss	116.10	181.04
<b>Total</b>	<b>120.10</b>	<b>186.06</b>
<b>Deferred Tax Assets on account of:</b>		
Provision for Leave Liability	7.95	7.79
Provision for Medical Leave	4.83	4.58
<b>Total</b>	<b>12.78</b>	<b>12.37</b>
<b>Deferred Tax Liabilities (Net)</b>	<b>107.32</b>	<b>173.69</b>

- 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 31.03.2015	As at 31.03.2014
- Non-Current Portion of Interest accrued but not due on borrowings	36.16	23.52
<b>Total</b>	<b>36.16</b>	<b>23.52</b>



## NOTES TO ACCOUNTS

### 6. LONG-TERM AND SHORT-TERM PROVISIONS

(₹ in Crores)

Particulars	As at 31.03.2015		As at 31.03.2014	
	Non-Current	Current	Non-Current	Current
<b>Provisions for</b>				
(A) <b>Employee Benefits</b>				
Earned Leave Liability	20.30	2.68	20.19	2.73
Post Retirement Medical Benefits	73.80	3.81	63.43	3.21
Medical Leave Liability	13.26	1.96	12.83	1.91
Settlement Allowance	1.04	0.16	1.02	0.14
Economic Rehabilitation Scheme	2.71	0.01	2.58	0.07
Long Service Award	2.34	0.50	3.02	0.36
<b>Sub-total (A)</b>	<b>113.45</b>	<b>9.12</b>	<b>103.07</b>	<b>8.42</b>
(B) <b>Others</b>				
Standard Loan Assets	446.13	44.79	339.17	31.21
Restructured Standard Loans	447.51	4.26	-	-
Incentive	-	16.71	-	15.42
Wealth Tax	-	0.37	-	0.37
Fringe Benefit Tax	-	0.36	-	0.36
Proposed Dividend	-	266.61	-	172.81
Corporate Dividend Tax	-	54.28	-	29.37
CSR Expenses	-	57.21	-	-
<b>Sub-total (B)</b>	<b>893.64</b>	<b>444.59</b>	<b>339.17</b>	<b>249.54</b>
<b>Total (A+B)</b>	<b>1,007.09</b>	<b>453.71</b>	<b>442.24</b>	<b>257.96</b>

#### 6.1 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	22.92	5.57	5.51	22.98
Previous year	23.32	6.17	6.57	22.92
Post Retirement Medical Benefits	66.64	16.39	5.42	77.61
Previous year	55.80	15.05	4.21	66.64
Medical Leave Liability	14.74	1.81	1.33	15.22
Previous year	13.40	2.64	1.30	14.74
Settlement Allowance	1.16	0.20	0.16	1.20
Previous year	1.16	0.10	0.10	1.16
Economic Rehabilitation Scheme	2.65	0.70	0.63	2.72
Previous year	2.23	0.89	0.47	2.65
Long Service Award	3.38	0.02	0.56	2.84
Previous year	3.06	0.94	0.62	3.38
Standard Loan Assets	370.38	120.54	-	490.92
Previous year	105.68	264.70	-	370.38
Restructured Standard Loans	-	451.77	-	451.77
Previous year	-	-	-	-
Rescheduled Loan Assets	-	-	-	-
Previous year	3.18	-	3.18	-
Incentive	15.42	13.30	12.01	16.71
Previous year	34.03	10.95	29.56	15.42

## NOTES TO ACCOUNTS

(₹ in Crores)				
Provisions for	Opening Balance	Additions During the Year	Paid/ Adjusted during the Year	Closing Balance
CSR Expenses	-	103.25	46.04	57.21
Previous year	-	-	-	-
Wealth Tax	0.37	0.37	0.37	0.37
Previous year	0.37	0.37	0.37	0.37
Fringe Benefit Tax	0.36	-	-	0.36
Previous year	0.36	-	-	0.36
Interim Dividend	-	789.97	789.97	-
Previous year	-	765.28	765.28	-
Proposed Dividend	172.81	266.61	172.81	266.61
Previous year	148.12	172.82	148.13	172.81
Corporate Dividend Tax	29.37	212.17	187.26	54.28
Previous year	25.17	159.40	155.20	29.37
Income Tax	3,988.96	2,234.54	973.67	5,249.83
Previous year	2,321.78	1,707.92	40.74	3,988.96

### 7. SHORT-TERM BORROWINGS

(₹ in Crores)		
Particulars	As at 31.03.2015	As at 31.03.2014
(A) Loans Repayable on Demand, unsecured		
- from Banks	734.00	-
(B) Commercial Paper, unsecured	-	2,540.00
<b>Total (A+B)</b>	<b>734.00</b>	<b>2,540.00</b>

### 8. OTHER CURRENT LIABILITIES

(₹ in Crores)		
Particulars	As at 31.03.2015	As at 31.03.2014
(A) Current maturities of long-term debt (Refer Note 3)	19,121.80	13,537.89
(B) Interest accrued but not due on borrowings	5,265.43	4,400.95
(C) Interest accrued and due on borrowings	1.10	1.10
(D) Income Received in Advance	0.08	0.01
(E) Unpaid Dividends	2.62	2.31
(F) Unpaid Principal & Interest on Bonds		
- Matured Bonds & Interest Accrued thereon	57.64	61.05
- Interest on Bonds	14.33	11.38
(G) Other payables		
- Subsidy/ Grant Received from Govt. of India	33,641.80	30,260.46
Add: Interest on Subsidy/ Grant (Refer Note 8.3)	51.38	11.55
Less: Disbursed to Beneficiaries	-33,399.90	-29,760.21
<b>Undisbursed Subsidy/Grant</b>	<b>293.28</b>	<b>511.80</b>
- Overdraft in Current Account	0.38	-
- Statutory Dues payable including PF and TDS	22.78	24.38
- Payable towards funded staff benefits	0.62	0.82
- Other Liabilities	31.34	32.04
<b>Sub-total (G)</b>	<b>348.40</b>	<b>569.04</b>
<b>Total (A to G)</b>	<b>24,811.40</b>	<b>18,583.73</b>

## 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 ₹ 2.22 Crores as at 31<sup>st</sup> March, 2015 (Previous year ₹ 3.53 Crores) represents the balance amount of interest subsidy fund, which is to be passed on to the borrowers against their interest liability arising in future, under Accelerated Generation & Supply Programme (AG&SP), which comprises of the following :-

Particulars	(₹ in Crores)	
	As at 31.03.2015	As at 31.03.2014
Opening Balance of Interest Subsidy Fund	3.53	5.20
Add: Interest earned during the year	0.13	0.22
Less: Interest subsidy passed on to the borrower	1.44	1.89
<b>Closing Balance of Interest Subsidy Fund</b>	<b>2.22</b>	<b>3.53</b>

### 8.2 Government of India has appointed Rural Electrification Corporation Ltd. as a nodal agency for implementation of Deen Dayal Upadhyaya Gram Jyoti Yojna (DDUGJY). The funds received for disbursement to various agencies under the scheme are kept in a separate bank account. The undisbursed funds for the scheme (including the funds received under erstwhile RGGVY Scheme) including interest earned thereto are classified under "Undisbursed Subsidy/ grant" under the head "Other Current Liabilities".

During the year, interest earned of ₹ 61.78 Crores (Previous year ₹ 38.00 Crores) has been taken to DDUGJY Subsidy account. Further, during the year, an amount of ₹ 22.07 crores (Previous year ₹ 29.51 crores) has been refunded back to MoP out of the total interest on subsidy.

### 8.3 The movement in Interest on Subsidy/ Grant is explained as under:

Particulars	(₹ in Crores)	
	As at 31.03.2015	As at 31.03.2014
Opening Balance	11.55	3.65
Add: Interest earned during the year	62.93	38.32
Less: Amount refunded to Govt. during the year	22.34	29.51
Less: Disbursement out of Interest earned on account of AG&SP Grant	0.76	0.91
<b>Closing Balance</b>	<b>51.38</b>	<b>11.55</b>

## NOTES TO ACCOUNTS

### 9. FIXED ASSETS AS AT 31<sup>ST</sup> MARCH, 2015

FIXED ASSETS	GROSS BLOCK				DEPRECIATION/ AMORTISATION			NET BLOCK	
	As at 01.04.2014	Additions during the year	Sales/ adjustment during the year	Closing as on 31.03.2015	Upto 31.03.2014	During the year	Adjustment during the year	As at 31.03.2015	As at 31.03.2014
<b>Tangible Assets</b>									
Freehold Land	34.75	-	-	34.75	-	-	-	34.75	34.75
Leasehold Land	1.45	-	-	1.45	0.21	0.01	-	1.23	1.24
Buildings	28.49	5.22	-	33.71	6.84	0.46	0.01	26.42	21.65
Furniture & Fixtures	6.74	0.44	0.13	7.05	4.07	0.54	0.03	2.47	2.67
Vehicles	0.45	0.19	0.18	0.46	0.37	0.03	0.18	0.24	0.08
EDP Equipments	15.83	3.66	2.87	16.62	9.95	3.67	2.33	5.33	5.88
Office Equipments	5.97	0.44	0.09	6.32	2.57	1.02	-0.67	2.06	3.40
<b>Total</b>	<b>93.68</b>	<b>9.95</b>	<b>3.27</b>	<b>100.36</b>	<b>24.01</b>	<b>5.73</b>	<b>1.88</b>	<b>72.50</b>	<b>69.67</b>
Previous year	89.70	5.92	1.94	93.68	22.11	2.84	0.94	69.67	
<b>Intangible Assets</b>									
Computer Software	6.96	0.01	-	6.97	4.51	1.03	-	1.43	2.45
<b>Total</b>	<b>6.96</b>	<b>0.01</b>	<b>-</b>	<b>6.97</b>	<b>4.51</b>	<b>1.03</b>	<b>-</b>	<b>1.43</b>	<b>2.45</b>
Previous year	6.85	0.11	-	6.96	3.14	1.37	-	2.45	
<b>Capital Work-in-progress</b>	<b>9.71</b>	<b>2.90</b>	<b>5.22</b>	<b>7.39</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7.39</b>	<b>9.71</b>
Previous year	8.75	0.96	-	9.71	-	-	-	9.71	

**9.1** The formalities regarding registration of one conveyance deed in respect of the Land & Building acquired by the Company amounting to ₹4.59 Crores (Previous year ₹4.59 Crores) are yet to be executed.

**9.2** In the opinion of management, there is no impairment of the assets of the Company in terms of AS-28. Accordingly, no provision for impairment loss as required under Accounting Standard-28 'Impairment of Assets' has been made.

### 9.3 Disclosure in respect of Intangible Assets as required in AS-26 "Intangible Assets" :

Useful Life	5 years
Amortisation Rate	20 %, 100 % in case the total cost of the asset is ₹5,000 or less
Amortisation Method	Straight Line

## NOTES TO ACCOUNTS

### 10. INVESTMENTS

Particulars	As at 31.03.2015		As at 31.03.2014	
	Number	Amount	Number	Amount
<b>Valued at Cost</b>				
<b>(1) Non-Current Investments</b>				
<b>(A) Other Investments (Unquoted)</b>				
<b>(i) Investment in Equity Instruments</b>				
- <b>Subsidiaries</b>				
- <b>REC Power Distribution Company Limited</b>	50,000	0.05	50,000	0.05
Equity shares of ₹10 each, fully paid up				
- <b>REC Transmission Projects Company Limited</b>	50,000	0.05	50,000	0.05
Equity shares of ₹10 each, fully paid up				
- <b>Joint Ventures</b>				
- <b>Energy Efficiency Services Limited</b>	22,500,000	22.50	22,500,000	22.50
Equity shares of ₹10 each, fully paid up				
- <b>Others</b>				
- <b>India Energy Exchange Limited</b>	1,250,000	1.25	1,250,000	1.25
Equity shares of ₹10 each, fully paid up				
- <b>Universal Commodity Exchange Limited</b>	16,000,000	16.00	16,000,000	16.00
Equity shares of ₹10 each, fully paid up				
<b>(ii) Investment in Government Securities</b>				
- <b>8% Government of Madhya Pradesh Power Bonds-II</b>	8	377.28	10	471.60
Maturing in equal half yearly Instalments of one bond each, next instalment due on 01.10.2015				
(Bonds of Face Value of ₹ 47.16 Crores each)*				
<b>(iii) Investment in Venture Capital Funds</b>				
- <b>KSK Energy Ventures Limited</b>				
Units of 'Small is Beautiful' Fund at face value of ₹ 10.00 per unit	7,682,816	7.68	7,682,816	7.68
<b>(iv) Investment in Debentures</b>	75,000	750.00	114,150	1,141.50
9.68 % Bonds of UP Power Corporation Ltd.				
Bonds of Face Value of ₹ 0.01 Crores each				
<b>Total - Non-Current Investments (1)</b>		1,174.81		1,660.63
<b>(2) Current Investments</b>				
<b>(A) Investment in Government Securities (Quoted)</b>				
- <b>8.57%-8.73% Government of Uttar Pradesh Special Bonds</b>		391.50		-
Maturing in annual Instalments of ₹ 39.15 crores, first maturity due on 31.12.2019 **				
<b>(B) Investment in Government Securities (Unquoted)</b>				
- <b>8% Government of Madhya Pradesh Power Bonds-II</b>	1	47.16	1	47.16
Maturing in equal half yearly Instalments of one bond each, next instalment due on 01.10.2015				
(Bonds of Face Value of ₹ 47.16 Crores each)*				
<b>Total - Current Investments (2)</b>		438.66		47.16
<b>Total (1+2)</b>		1,613.47		1,707.79

\* The number of bonds and the amount of the investment in current portion represents the investments maturing within the next 12 months and the balance is the non-current portion.

\*\* The investment has been classified as current investment in terms of Schedule III to the Companies Act, 2013, since the Management intends to dispose off the investment in the next 12 months.

## NOTES TO ACCOUNTS

### 10.1 Additional disclosures required in respect of the investments :

(₹ in Crores)

Particulars	As at 31.03.2015		As at 31.03.2014	
	Non-Current	Current	Non-Current	Current
(1) <b>Value of Investments</b>				
(i) Gross Value of Investments				
(a) In India	1,174.81	438.66	1,660.63	47.16
(b) Outside India,	-	-	-	-
(ii) Provisions for Depreciation				
(a) In India	-	-	-	-
(b) Outside India,	-	-	-	-
(iii) Net Value of Investments				
(a) In India	1,174.81	438.66	1,660.63	47.16
(b) Outside India.	-	-	-	-
(2) <b>Movement of provisions held towards depreciation on investments.</b>				
(i) Opening balance	-	-	-	-
(ii) Add : Provisions made during the year	-	-	-	-
(iii) Less : Write-off / write-back of excess provisions during the year	-	-	-	-
(iv) Closing balance	-	-	-	-
(3) <b>Aggregate amount of Quoted Investments</b>	-	391.50	-	-
<b>Market Value of Quoted Investments</b>	-	405.63	-	-
(4) <b>Aggregate amount of Unquoted Investments</b>	1,174.81	47.16	1,660.63	47.16
(5) <b>Aggregate provision for diminution in value of investments</b>	-	-	-	-

10.2 Investments include ₹ 7.68 Crores (Previous year ₹ 7.68 Crores) representing company's contribution in the units of 'Small is Beautiful (SIB) Venture Capital fund' promoted by KSK Energy Ventures Limited.

Name of the Company	Contribution towards Fund	Country of Residence	Percentage of Share
SIB Fund of KSK Energy Ventures Ltd	₹ 7.68 Crores	India	9.74 %

The face value of the fund is ₹ 10 per unit. The NAV as on 31.03.2015 is ₹ 9.70 per unit (as on 31.03.2014 ₹ 9.70 per unit). As Investment in 'Small is Beautiful' Fund is long term investment, the fluctuation in NAV in the current scenario is considered as temporary.

### 10.3 Information in relation to the interest of the Company in Joint Ventures (JVs):

#### 1. Energy Efficiency Services Ltd.

Proportion of Interest in Equity	25 %
Country of Incorporation	India
Area of Operation	India
JV Partners ( % share)	1. NTPC Limited (25 %) 2. Power Grid Corporation of India Limited (25 %) 3. Power Finance Corporation Limited (25 %)



## NOTES TO ACCOUNTS

The Company's share of assets, liabilities, contingent liabilities and capital commitments as at 31.03.2015 and income and expenses for the year in respect of joint venture are given below :

Particulars	(₹ in Crores)		
	As at / For the year ended 31.03.2015 (Unaudited)	As at / For the year ended 31.03.2014 (Unaudited)	As at / For the year ended 31.03.2014 (Audited)*
(i) Total Assets	78.94	31.62	31.44
(ii) Total Liabilities	50.21	4.90	5.30
(iii) Total Reserves & Surplus	6.23	4.22	3.64
(iv) Contingent Liabilities	Nil	Nil	Nil
(v) Capital Commitments	Nil	5.52	5.18
(vi) Total Income	17.57	8.39	6.61
(vii) Total Expenses	14.37	7.13	5.40

\* The consolidated financial statements of the Company for the financial year 2013-14 had been prepared considering the unaudited financial statements of the joint venture, Energy Efficiency Services Limited (EESL). However, the financial statements of EESL were subsequently audited on 27<sup>th</sup> September, 2014. The change in the unaudited and audited figures in the assets and liabilities has already been adjusted in the balance sheet figures of EESL for the FY 2014-15. Further, the change in profit after tax has been adjusted in the opening balance of Surplus Account.

### 11. LONG-TERM LOANS & ADVANCES

Particulars	(₹ in Crores)	
	As at 31.03.2015	As at 31.03.2014
(A) Capital Advances (Unsecured, considered good)	20.20	20.20
(B) Security Deposits (Unsecured, considered good)	0.94	7.45
(C) Loans & Advances to Related Parties		
- To Key Managerial Personnel (KMP)	0.21	0.06
	0.21	0.06
(D) Other Loans & Advances		
- Staff Loans & Advances (except to KMP)	40.40	15.85
- Loan Assets	164,152.03	135,855.41
	164,192.43	135,871.26
<b>Total (A to D)</b>	<b>164,213.78</b>	<b>135,898.97</b>

#### 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'.

Particulars	As at 31.03.2015		As at 31.03.2014	
	Non-Current	Current	Non-Current	Current
(A) Secured Staff Loans & Advances				
(A1) To Key Managerial Personnel				
(a) Considered Good	0.04	0.02	0.01	-
(A2) To Others				
(a) Considered Good	2.82	1.08	4.13	0.69
(b) Classified Doubtful	-	0.07	0.02	0.05
Less: Allowance for bad & doubtful debts	-	0.07	0.02	0.05
	-	-	-	-
<b>Sub-total (A1+ A2)</b>	<b>2.86</b>	<b>1.10</b>	<b>4.14</b>	<b>0.69</b>
(B) Unsecured Staff Loans & Advances				
(B1) To Key Managerial Personnel				
(a) Considered Good	0.17	0.06	0.05	0.03
(B2) To Others				
(a) Considered Good	37.58	9.56	11.72	4.51
<b>Sub-total (B1+ B2)</b>	<b>37.75</b>	<b>9.62</b>	<b>11.77</b>	<b>4.54</b>
<b>Grand Total (A+B)</b>	<b>40.61</b>	<b>10.72</b>	<b>15.91</b>	<b>5.23</b>

## 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 31.03.2015		As at 31.03.2014	
	Non-Current	Current	Non-Current	Current
(A) Secured Loans				
(A1) Loans to State Power Utilities/ State Electricity Boards/Corpn. (Secured by hypothecation and/or mortgage of materials/ tangible assets)				
(a) Considered Good	95,970.62	8,981.75	82,521.17	7,670.75
(A2) Loans to Others (Secured by hypothecation and/or mortgage of tangible assets)				
(a) Considered Good	28,393.85	1,201.89	22,027.26	1,160.66
(b) Classified Doubtful	849.53	429.66	308.02	182.38
Less: Allowance for bad & doubtful debts	208.67	100.59	119.64	17.22
	640.86	329.07	188.38	165.16
<b>Sub-total (A1+ A2)</b>	<b>125,005.33</b>	<b>10,512.71</b>	<b>104,736.81</b>	<b>8,996.57</b>
(B) Unsecured Loans				
(B1) Loans Guaranteed by respective State Governments				
(a) Considered good	35,334.41	2,651.53	27,201.58	2,363.27
(B2) Loans to State Governments				
(a) Considered good	2,878.29	377.24	2,860.78	340.09
(B3) Loans - Others				
(a) Considered Good	934.00	490.99	1,056.24	572.29
(b) Classified Doubtful	56.19	-	-	-
Less: Allowance for bad & doubtful debts	56.19	-	-	-
	-	-	-	-
<b>Sub-total (B1+ B2+B3)</b>	<b>39,146.70</b>	<b>3,519.76</b>	<b>31,118.60</b>	<b>3,275.65</b>
<b>Grand Total (A+B)</b>	<b>164,152.03</b>	<b>14,032.47</b>	<b>135,855.41</b>	<b>12,272.22</b>

11.2.1 Loan balance confirmations for around 85 % of total loan assets as on 31<sup>st</sup> March, 2015 have been received from the borrowers.

11.2.2 Loan Assets also include amount financed by the Company as per the Scheme for Financial Restructuring of State Distribution Companies (Discoms).

11.2.3 As at 31<sup>st</sup> March 2015, the dues of one of the borrowers were overdue for more than 6 months, thus, exceeding the time limit for classification of the borrower as 'Standard Asset'. Tariff order awarded by State Regulator in November 2013 and the concerned Appellate Tribunal in November 2014 for additional revenue in favour of the borrower had been challenged by the concerned Discom in Hon'ble Supreme Court. Since the matter was sub-judice in the Hon'ble Supreme Court, the borrower failed to pay the dues to the Company.

Hon'ble Supreme Court vide order dated 24<sup>th</sup> April 2015 quashed the appeal of the concerned discom and consequently, the State Regulator in its order dated 13<sup>th</sup> May, 2015 directed the Discom to pay the dues to the borrower at the earliest. Subsequently, the entire dues of the Company amounting to ₹ 54.15 crore have been cleared on 15<sup>th</sup> May 2015 i.e. before the date of signing of balance sheet. Therefore, in accordance with the provisions of Accounting Standard 4 (AS-4), 'Contingencies and Events Occurring after the Balance Sheet Date', the classification of the borrower has been retained as 'Standard Asset'. Due to the treatment as specified above in compliance of AS-4, the Profit before Tax for the year 2014-15 is higher by ₹ 66.73 crores.

11.2.4 Alaknanda Hydro Power Company Limited (AHPCL) Shrinagar HEP is located at Uttarakhand. Ministry of Finance, considering the natural disaster in June 2013 at Uttarakhand had taken a decision that Banks should announce a moratorium on repayment of loan and interest for a period of one year in respect of all project loans that are outstanding in Uttarakhand. Ministry of Power vide their letter dated 6<sup>th</sup> December 2013 extended such benefit to AHPCL. Accordingly, REC sanctioned Funded Interest Term Loan (FITL) to AHPCL in June 2014.

## NOTES TO ACCOUNTS

RBI had issued circular dated 23<sup>rd</sup> 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 28<sup>th</sup> 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 11<sup>th</sup> June 2014, allowed that the Transmission & Distribution, Renovation & Modernization and Life Extension projects as also the Hydro projects in Himalayan region or affected by natural disaster (new loans and outstanding stock of loans as on March 31, 2014) may be regulated by the REC’s existing restructuring norms till March 31, 2017.

The Company inferred about non creation of SLA for FITL and they can directly book the unrealized income represented by FITL as income without receiving the equivalent cash because of exemption from RBI guidelines dated 23<sup>rd</sup> January 2014 for provisioning of restructured Loans. Accordingly the Company has booked the unrealized income represented by FITL of AHPCL for ₹ 86.42 crore as income and referred the issue to RBI for clarification.

Pending clarification from RBI for the above, instead of creating a corresponding Sundry Liabilities Account (Interest Capitalisation), 100 % allowance has been created in the books of accounts for the FITL in respect of AHPCL for ₹ 86.42 crores and the same shall be reviewed on receipt of clarification from RBI.

**11.2.5** M/s Teesta Urja Limited (TUL) is executing Hydro Electric Project in the North Eastern State of Sikkim. Substantial physical progress has been achieved in the project and as per the latest report of Lenders Independent Engineer, cumulative physical progress of the project is 91.6 %. TUL had fully tied up the project cost till 1<sup>st</sup> cost overrun. Accordingly, the charge on assets has been created as per the security documents carried out in consortium.

All the lenders, except one have sanctioned their proportionate shares towards debt requirement of 2<sup>nd</sup> cost overrun. In the meantime, the project faced issue of infusion of equity from its promoters. The issue regarding equity infusion was discussed in detail among stakeholders/ lenders of the company. As per the understanding in the meeting, Sikkim Power Investment Corporation Ltd. (SPICL) would take over the project with 51 % equity from its current holding of 26 % equity. The stake of all other promoters is therefore likely to come down on prorata basis to enable SPICL to have 51 % equity. As such, the joint documentation for the 2<sup>nd</sup> cost overrun could not take place, pending execution of the proposed change in the management/ shareholding pattern.

Meanwhile, some of the lenders, including REC, adjusted their outstanding interest dues on the basis of bilateral agreement with the Company, against the loan sanctioned towards 2<sup>nd</sup> cost overrun to TUL. All the disbursements towards the 2<sup>nd</sup> cost overrun will be secured, once the joint documentation is executed and security created on project assets for the enhanced loan. Pending documentation, an amount of ₹ 202.15 crores has been classified as Unsecured.

**11.2.6** REC, as a lead lender had sanctioned ₹ 650 Crore (Senior Debt: ₹ 555 Crore and Sub-Debt: ₹ 95 Crore) as initial sanction to Corporate Power Limited for 540 MW Phase-I TPP at Chandwa, Jharkhand. The Senior Debt of ₹ 555 Crore is secured by way of first charge on all the Company’s, present and future immovable properties, movables, all bank accounts, project documents, clearances, letter of credits, guarantees, insurance contracts and insurance proceeds etc. and pledge of shares representing 51 % of the total paid up equity share capital of the Company. The Sub-Debt of ₹ 95 Crore is secured by second charge over the security given for Senior Debt and it is additionally secured by the Corporate Guarantee of Corporate Ispat and Alloys Limited (CIAL). Subsequently, REC, as lead lender, has sanctioned ₹ 196 Crore as additional loan towards funding of cost overrun.

The progress of Phase-I of the Project (where REC is Lead) as per last available Lender Independent Engineer’s Report, is approximately 96 %. However, the account has become NPA on 30<sup>th</sup> June, 2014. As per REC Prudential Norms, a provision of 10 % is required to be created on the Outstanding Loan amount. Accordingly, a provision of ₹ 81.17 Crore i.e. 10 % of ₹ 811.74 Crores had been created on 30 June 2014. Lenders are exploring various options for the revival of the project including change in the management. Pending outcome of such efforts, as a matter of prudence, 100 % allowance of ₹ 133.02 crore (for adjusted IDC amount) has been created in the books of accounts and for the balance loan amount of ₹ 678.72 crores, 10 % allowance is created in the books as per REC Prudential Norms.

**11.2.7** REC has sanctioned ₹ 1,150 Crore to Jas Infrastructure & Power Limited (JIPL). An expenditure of about ₹ 2,700 Cr has been incurred in the project, wherein REC’s disbursement is only ₹ 33.24 Crore. As project has been delayed considerably, lenders have constituted a Core-Committee to evaluate the further implementation strategy for the project, including change in management.

The account has become NPA on 30-06-2014. As per REC Prudential Norms, an allowance of 10 % is required to be created on the outstanding loan amount. Accordingly, an allowance of ₹ 3.32 Cr i.e. 10 % of ₹ 33.24 Crore been created on 30<sup>th</sup> June 2014. However, depending upon the further developments, REC may approach the lead lender for independent valuation of the project assets.

However, as a matter of prudence, 100 % allowance of ₹ 2.29 crore (for adjusted IDC amount) for JIPL has been created in the accounts and for the balance loan amount of ₹ 30.95 crores, 10 % allowance is created in the books as per REC Prudential Norms. The additional allowance shall be reviewed on the basis of outcome of the measures explained above.

## NOTES TO ACCOUNTS

### 12. OTHER NON-CURRENT ASSETS

(₹ in Crores)		
Particulars	As at 31.03.2015	As at 31.03.2014
(A) Non-Current Portion of Interest Accrued on Staff Advances	5.01	4.03
(B) Interest Accrued on Rescheduled Loans	-	2.11
(C) Advance Income-tax & TDS	5,321.81	4,010.81
Less : Provision for Income Tax	5,249.83	3,988.96
Advance Income-tax & TDS (Net)	71.98	21.85
(D) Non-current Portion of Unamortized Expenses :		
- Discount on Issue of Bonds	0.14	4.13
<b>Total (A to D)</b>	<b>77.13</b>	<b>32.12</b>

### 13. CASH AND BANK BALANCES

(₹ in Crores)		
Particulars	As at 31.03.2015	As at 31.03.2014
(A) Cash & Cash Equivalents		
- Balances with Banks	189.25	117.94
- Others		
- Short-term Deposits with Scheduled Banks	333.29	1,075.00
<b>Sub-total (A)</b>	<b>522.54</b>	<b>1,192.94</b>
(B) Others		
- Term Deposits with Scheduled Banks	0.36	-
<b>Total (A+B)</b>	<b>522.90</b>	<b>1,192.94</b>
Balances with Banks include:		
- Earmarked Balances with Banks in separate accounts		
- For unpaid dividends	2.62	2.31
- For DDUGJY grants	31.68	0.20
- For AG & SP grant	2.22	3.97
- For NEF grant	1.00	-
- For other grants	20.04	1.75
- Tax Free Bonds Public Issue Account	-	5.96
- Amount set aside for grants disbursement	2.15	2.38

Further, Short-term Deposits with Scheduled Banks include ₹ 236.19 Crores (Previous year ₹ 503.50 Crores) earmarked towards DDUGJY grant. Figure in (B) Others - Term Deposits with Scheduled Banks includes the deposit for ₹ 0.36 Crores (Previous year Nil) made and earmarked in compliance of a Court order.

- 13.1** The Company had made public issue of Tax Free Bonds of face value of ₹1,000/- each aggregating to ₹ 4,500 Crores during the financial year 2013-14 in addition to private placement of the Tax Free Bonds of ₹ 1,500 Crores. The issue proceeds of ₹ 5.96 Crores remaining unutilised as on 31<sup>st</sup> March, 2014 have since been utilised for the purposes as mentioned in the Offer document.

## NOTES TO ACCOUNTS

### 14. SHORT-TERM LOANS & ADVANCES

(₹ in Crores)		
Particulars	As at 31.03.2015	As at 31.03.2014
(A) Loans & Advances to Related Parties (Unsecured, considered good)	2.04	3.63
(B) Others		
(i) Advances recoverable in cash or in kind or value to be received (Unsecured)		
(a) Considered Good	1.21	1.34
(b) Classified Doubtful	2.06	-
Less: Allowance for bad & doubtful debts	2.06	-
	-	-
<b>Total (i)</b>	<b>1.21</b>	<b>1.34</b>
(ii) Loan Assets		
(a) Secured Loans		
- Loans to State Power Utilities/ State Electricity Boards/Corpn. (Secured by hypothecation and/or mortgage of materials/ tangible assets)		
- Considered Good	485.88	259.94
<b>Sub-total (a)</b>	<b>485.88</b>	<b>259.94</b>
(b) Unsecured Loans		
- Loans Guaranteed by respective State Governments		
- Considered Good	500.00	116.67
- Loans - Others		
- Considered Good	111.11	-
<b>Sub-total (b)</b>	<b>611.11</b>	<b>116.67</b>
<b>Total (ii)</b>	<b>1,096.99</b>	<b>376.61</b>
<b>Grand Total</b>	<b>1,100.24</b>	<b>381.58</b>

### 15. OTHER CURRENT ASSETS

(₹ in Crores)		
Particulars	As at 31.03.2015	As at 31.03.2014
(A) Current recoverable of Long-term Loan Assets (Net) (Refer Note 11.2)	14,032.47	12,272.22
(B) Current recoverable of Staff Advances (Net) (Refer Note 11.1)	10.72	5.23
(C) Interest Accrued & Not Due on:		
- Govt. Securities	7.89	-
- Long Term Investments	30.25	43.06
- Term Deposits	0.25	4.41
<b>Sub-total</b>	<b>38.39</b>	<b>47.47</b>
(D) Interest Accrued & Due on Loan Assets	1,019.94	547.49
(E) Interest Accrued & Not Due on Loan Assets	444.30	561.70
(F) Current Portion of Interest Accrued on Staff Advances	0.28	0.08
(G) Recoverable from GOI		
- RGGVY/ DDUGJY Expenses	8.49	8.49
- NEF Expenses	0.29	-
- DDUGJY/ UNDP Agency Charges	-	3.30
<b>Sub-total</b>	<b>8.78</b>	<b>11.79</b>
(H) Recoverable from SEBs/ Govt. Deptt/Others	7.32	3.29
(I) Income Tax Recoverable	-	9.28
(J) Prepaid Financial Charges on Commercial Paper	-	94.29
(K) Current Portion of Unamortized Expenses		
- Discount on Issue of Bonds	3.99	4.83
<b>Total (A to K)</b>	<b>15,566.19</b>	<b>13,557.67</b>

## NOTES TO ACCOUNTS

### 16. REVENUE FROM OPERATIONS

(₹ in Crores)

Particulars	Year ended 31.03.2015		Year ended 31.03.2014	
<b>(A) Interest on Loan Assets</b>				
(i) Long term financing	19,904.21		16,413.47	
Less: Rebate for timely payments/ completion etc.	2.70	19,901.51	3.18	16,410.29
(ii) Short term financing		170.57		396.10
<b>Sub-total (A)</b>		<b>20,072.08</b>		<b>16,806.39</b>
<b>(B) Revenue from Other Financial Services</b>				
(i) Processing, Upfront, Lead fees, LC Commission etc.		51.93		52.90
(ii) Prepayment Premium		11.23		17.19
(iii) Agency/ handling charges for RGGVY/ DDUGJY Implementation/ others		15.29		28.76
<b>Sub-total (B)</b>		<b>78.45</b>		<b>98.85</b>
<b>(C) Income from Short-term Investment of Surplus Funds</b>				
(i) Interest from Deposits		69.46		98.07
(ii) Gain on Sale of Mutual Funds		9.54		14.67
<b>Sub-total (C)</b>		<b>79.00</b>		<b>112.74</b>
<b>Total (A to C)</b>		<b>20,229.53</b>		<b>17,017.98</b>

### 17. OTHER INCOME

(₹ in Crores)

Particulars	Year ended 31.03.2015	Year ended 31.03.2014
<b>(A) Interest Income (Other than Operating Income)</b>		
- Interest from Govt. Securities	47.51	47.16
- Interest from Long Term Investments	101.67	43.06
- Interest from Income Tax Refund	-	4.56
- Interest from Staff Advances	1.72	1.25
- Interest from Subsidiary Companies	-	0.35
<b>Sub-Total (A)</b>	<b>150.90</b>	<b>96.38</b>
<b>(B) Dividend Income</b>		
- Dividend from Subsidiary Companies	0.35	0.15
- Dividend from Long-Term Investments	3.63	0.38
<b>Sub-Total (B)</b>	<b>3.98</b>	<b>0.53</b>
<b>(C) Other Non-Operating Income</b>		
- Profit on sale of assets	0.02	-
- Provision Written Back	0.57	3.18
- Miscellaneous Income	3.05	2.73
<b>Sub-Total (C)</b>	<b>3.64</b>	<b>5.91</b>
<b>Total (A to C)</b>	<b>158.52</b>	<b>102.82</b>



## NOTES TO ACCOUNTS

### 18. FINANCE COSTS

		(₹ in Crores)	
	Particulars	Year ended 31.03.2015	Year ended 31.03.2014
(A)	<b>Interest Expense</b>		
-	On Govt. Loans	0.43	0.90
-	On REC Bonds	9,508.65	7,881.47
-	On Loans from Banks/ Financial Institutions	207.25	415.78
-	On External Commercial Borrowings	1,358.86	1,064.92
-	On Commercial Paper	300.03	230.88
-	On AREP Subsidy	0.08	0.22
-	Interest on Advance Income Tax	1.38	2.96
	<b>Sub-Total (A)</b>	<b>11,376.68</b>	<b>9,597.13</b>
(B)	<b>Other Borrowing Costs</b>		
-	Guarantee Fee	18.31	18.66
-	Public Issue Expenses	-	30.37
-	Bonds Handling Charges	1.05	1.11
-	Bonds Brokerage	20.48	16.35
-	Stamp Duty on Bonds	4.03	3.73
-	Debt Issue and Other Finance Charges	168.73	59.08
	<b>Sub-Total (B)</b>	<b>212.60</b>	<b>129.30</b>
(C)	<b>Net Translation/ Transaction Exchange Loss</b>	<b>255.33</b>	<b>312.03</b>
	<b>Total (A to C)</b>	<b>11,844.61</b>	<b>10,038.46</b>

### 19. EMPLOYEE BENEFITS EXPENSE

		(₹ in Crores)	
	Particulars	Year ended 31.03.2015	Year ended 31.03.2014
-	Salaries and Allowances	92.46	88.81
-	Contribution to Provident Fund and Other Funds	11.38	10.95
-	Gratuity	0.60	0.82
-	Expenses towards Post Retirement Medical Facility	16.39	15.05
-	Staff Welfare Expenses	13.11	14.28
	<b>Total</b>	<b>133.94</b>	<b>129.91</b>

## NOTES TO ACCOUNTS

### 20. OTHER EXPENSES

(₹ in Crores)				
Particulars	Year ended 31.03.2015		Year ended 31.03.2014	
- Corporate Social Responsibility Expenses		103.25		38.40
- Travelling and Conveyance		9.97		10.12
- Publicity & Promotion Expenses		5.97		6.46
- Repairs and Maintenance				
- Building	2.69		1.64	
- ERP & Data Centre	3.75		3.95	
- Others	0.63	7.07	0.59	6.18
- Rent & Hiring Charges		3.66		3.43
- Rates and Taxes		0.88		1.04
- Power & Fuel		1.32		1.12
- Insurance Charges		0.04		0.04
- Postage and Telephone		2.24		1.81
- Auditors' Remuneration		0.62		0.66
- Consultancy Charges		2.74		2.26
- Loss on Sale of Assets		0.11		0.69
- Allowance on Staff Advances		-		0.07
- Miscellaneous Expenses		34.87		33.19
<b>Total</b>		<b>172.74</b>		<b>105.47</b>

#### 20.1 Disclosure in respect of CSR Expenses:

- (a) Gross Amount required to be spent by the Company during the year was ₹ 103.25 Crores (Previous year ₹ 38.18 Crores).  
 (b) Amount spent during the year (₹ in Crores) :

Particulars	FY 2014-15			FY 2013-14		
	In Cash	Yet to be paid*	Total	In Cash	Yet to be paid*	Total
(i) Construction/ acquisition of any asset	-	-	-	-	-	-
(ii) On purpose other than (i) above	46.04	57.21	103.25	38.40	-	38.40

\* denotes amount provided for.

#### 20.2 Auditors' Remuneration includes :

(₹ in Crores)		
Particulars	Year ended 31.03.2015	Year ended 31.03.2014
- Audit Fees	0.40	0.32
- Tax Audit Fees	0.06	0.06
- Limited Review Fees	0.09	0.06
- Payment for Other Services #	0.04	0.22
- Reimbursement of Expenses	0.03	-
<b>Total</b>	<b>0.62</b>	<b>0.66</b>

The figure above also includes service tax credit reversal of ₹ 0.03 crores (Previous year ₹ 0.04 crores) done as per Service Tax Rules.

# Inclusive of Certification Fee of Nil (Previous year ₹ 0.18 Crores) for Certification of Prospectus for Tax Free Bonds Public Issue during the year.

## NOTES TO ACCOUNTS

### 20.3 Earnings and Expenditure in Foreign Currency :

Particulars	(₹ in Crores)	
	Year ended 31.03.2015	Year ended 31.03.2014
<b>Earnings</b>	-	-
<b>Expenditure</b>		
- Royalty, Know-how, Professional, Consultation Fees	-	0.21
- Interest	455.29	388.23
- Finance Charges	149.36	47.67
- Other Expenses	3.18	1.70
<b>Total</b>	<b>607.83</b>	<b>437.81</b>

- 20.4 The Company has taken office space, accommodations for staff and space for ERP Data Centre on lease. These are classified as operating lease. Lease payments in respect of office space and data centre amounting to ₹ 4.30 Crores (Previous year ₹ 4.43 Crores) is shown under the head 'Other Expenses'. Lease payments in respect of accommodations for staff amounting to ₹ 2.50 Crores (Previous year ₹ 2.23 Crores) form part of 'Employees Benefit Expense.' Future lease payments in respect of these lease agreements are as under:

Future minimum lease rent payments	Year ended 31.03.2015		Year ended 31.03.2014	
	Data Centre	Office & Accommodations	Data Centre	Office & Accommodations
Not later than one year	0.29	3.53	0.39	3.98
Later than one year and not later than 5 years	-	6.52	0.18	9.60
Later than 5 years	-	0.66	-	0.69
<b>Total</b>	<b>0.29</b>	<b>10.71</b>	<b>0.57</b>	<b>14.27</b>

### 21. PROVISIONS AND CONTINGENCIES

Particulars	(₹ in Crores)	
	Year ended 31.03.2015	Year ended 31.03.2014
Allowance for bad & doubtful debts	230.65	47.32
Contingent Allowance against Standard Loan Assets	120.54	264.70
Allowance against Restructured Standard Loans	451.77	-
<b>Total</b>	<b>802.96</b>	<b>312.02</b>

### 22. EARNINGS PER SHARE

Particulars	(₹ in Crores)	
	Year ended 31.03.2015	Year ended 31.03.2014
<b>Numerator</b>		
Profit after Tax as per Statement of Profit and Loss (₹ in Crores)	5,259.87	4,683.70
<b>Denominator</b>		
Weighted average Number of equity shares	987,459,000	987,459,000
Basic & Diluted Earnings per share of ₹10 each (in ₹)	53.27	47.43

### 23. CONTINGENT LIABILITIES AND COMMITMENTS :

#### 23.1 Contingent Liabilities not provided for in respect of:

Particulars	(₹ in Crores)	
	As at 31.03.2015	As at 31.03.2014
(A) Claims against the Company not acknowledged as debts	55.71	56.16
(B) Others		
- Letters of Comfort	260.84	1,273.81

The amount referred to in 'A' above includes ₹ 3.75 Crores (Previous year ₹ 5.24 Crores) is in respect of cases pending in various courts including arbitration cases and is dependent upon the outcome of settlement of court/arbitration cases and also includes ₹ 51.96 Crores (Previous year ₹ 50.92 Crores) against various demands raised by the Income Tax Department/ Service Tax Department including the cases pending in Delhi High Court/ Supreme Court.

## NOTES TO ACCOUNTS

### 23.2 Commitments not provided for in respect of:

Particulars	(₹ in Crores)	
	As at 31.03.2015	As at 31.03.2014
- Contracts remaining to be executed on capital account		
- Towards Tangible Assets	16.06	11.69
- Towards Intangible Assets	4.32	4.75
- Other Commitments		
- CSR Commitments	182.73	34.42

### 24. DETAILS OF REGISTRATION/ LICENSE/ AUTHORISATION OBTAINED FROM FINANCIAL SECTOR REGULATORS:

Particulars	Regulator Name	Registration Details
(i) Corporate Identification No.	Ministry of Corporate Affairs	L40101DL1969GOI005095
(ii) Registration Number	Reserve Bank of India	14.000011

25. The Company is registered with the Reserve Bank of India (RBI) as a Non-Banking Financial Company (NBFC) since 1997-98. As per notification No.DNBS(PD).CC No.12/02.01/99-2000 dated 13.1.2000 of RBI, Govt. companies as defined under Section 617 of the Companies Act, 1956 have been exempted from applicability of the provisions of Reserve Bank of India Act, 1934 relating to maintenance of liquid assets and creation of Reserve Funds and the Directions relating to acceptance of public deposits and Prudential Norms. The said notification is also applicable to REC, being a Govt. company as defined under Section 2 (45) of the Companies Act, 2013 (Section 617 of the erstwhile Companies Act, 1956). Accordingly, the Reserve Fund is not created.

Further, as per Para No. 1 (3) (iv) of RBI's Master Circular No. DNBS (PD) CC No. 381/03.02.001/2014-15 dated July 1, 2014, REC being a Government Company continues to be exempted from the applicability of Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007. However, RBI, vide its letters dated 25<sup>th</sup> July, 2013 and 4<sup>th</sup> April, 2014, has conveyed to the Company to comply with the Prudential Norms of RBI by 31<sup>st</sup> 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 11<sup>th</sup> 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 01<sup>st</sup> April 2015, the provisioning requirement would be 5 % and for stock of loans as on 31<sup>st</sup> March 2015 of such projects, the provisioning shall commence with a provision of 2.75 % w.e.f 31<sup>st</sup> March 2015 and reaching 5 % by 31<sup>st</sup> March 2018.

26. RBI, vide its letter dated September 17, 2010 had categorized REC as an Infrastructure Finance Company (IFC) in terms of instructions contained in RBI Circular CC No.168 dated February 12, 2010. As an IFC, the total permissible exposure for lending in the private sector is 25 % of owned funds in case of single borrower and 40 % in case of a single group of borrowers and exposure for lending and investing taken together can be upto 30 % and 50 % of owned funds, respectively.

In respect of Private Sector entities, the Company's credit exposure to single borrowers and group borrowers did not exceed the RBI prudential exposure limits as at 31<sup>st</sup> March, 2015 and 31<sup>st</sup> March 2014.

In respect of Central/State Government entities, RBI vide its letter DNBS.CO.ZMD-N. No. 4868/55.18.014/2013-14 dated 4<sup>th</sup> April, 2014 has exempted REC from RBI Prudential Exposure limits till 31<sup>st</sup> March, 2016. In view of the exemption granted by RBI, our maximum credit exposure limits to Central and State power Utilities vary from 50 % to 250 % of owned funds, depending upon entity appraisal.

### 27. CHANGES IN ACCOUNTING POLICIES

Consequent to the notification of Companies Act, 2013, modifications have been made in Significant Accounting Policy No. 1(a) and 7. Further, modifications have been made in Significant Accounting Policy No. 2, 6. However, there is no financial impact of such modifications.

The Company has also changed its Significant Accounting Policy 4.1 regarding depreciation on fixed assets in alignment with Schedule-II to the Companies Act, 2013 which has become applicable from 1<sup>st</sup> April, 2014. If the company had followed the earlier policy, profit before tax for the year would have been higher by ₹ 2.89 Crores.

Further, the accounting policy on Provisioning against Loans has been amended to create provision @ 2.75 % on stock of restructured loans. Thus, during the year, a provision has been made amounting to ₹ 451.77 Crores (Previous year Nil) on qualifying loans (comprising of loans to Public sector ₹ 11,682.23 Crores and loans to Private sector ₹ 4,745.92 Crores). Due to this change in accounting policy, the profit before tax is lower by ₹ 410.70 Crores after considering the existing provision on standard loan assets on these restructured loans.

## NOTES TO ACCOUNTS

### 28. QUALITY OF LOAN ASSETS

#### 28.1 The Classification of Loan Assets of the Company (classified in Note No. 11 and 14) as per REC Prudential Norms is as under:

(₹ in Crores)

Asset Classification	As at 31.03.2015		As at 31.03.2014	
	Loan Balance	Allowance created against Loan Assets	Loan Balance	Allowance created against Loan Assets
(i) <b>Standard Assets</b>				
(a) Restructured Standard Loan Assets (Refer Note below)	16,428.15	451.77	-	-
(b) Other than (a) above	161,883.41	490.92	148,150.70	370.38
(ii) <b>Sub-standard Assets</b>	844.98	206.28	-	-
(iii) <b>Doubtful Assets</b>	473.18	141.95	473.18	119.64
(iv) <b>Loss Assets</b>	17.22	17.22	17.22	17.22
<b>Total</b>	<b>179,646.94</b>	<b>1,308.14</b>	<b>148,641.10</b>	<b>507.24</b>

**Note :** Loan assets as mentioned in (i)(a) refer to restructured standard loan assets as specified in Accounting Policy No. 2.3(iv).

As a matter of prudence, 100 % allowance for ₹ 86.42 Crores (Previous year Nil) has been created in respect of a standard loan asset classified under (i)(b) above as disclosed in Note No. 11.2.4. Further, an additional allowance for ₹ 121.77 Crores (Previous year Nil) has been created over and above as required under REC Prudential Norms in respect of certain borrowers classified under (ii) above.

#### 28.2 Sector-wise NPAs - Percentage of NPAs to Total Advances in that sector

Particulars	As at 31.03.2015	As at 31.03.2014
<b>Power Sector</b>	<b>0.74%</b>	<b>0.33 %</b>

#### 28.3 Movement of NPAs

(₹ in Crores)

Particulars	As at 31.03.2015	As at 31.03.2014
(i) <b>Net NPAs to Net Advances (%)</b>	<b>0.54%</b>	<b>0.24 %</b>
(ii) <b>Movement of NPAs (Gross)</b>		
(a) Opening balance	490.40	490.40
(b) Additions during the year	844.98	-
(c) Reductions during the year	-	-
(d) Closing balance	1,335.38	490.40
(iii) <b>Movement of NPAs (Net)</b>		
(a) Opening balance	353.54	400.86
(b) Additions during the year	616.39	(47.32)
(c) Reductions during the year	-	-
(d) Closing balance	969.93	353.54
(iv) <b>Movement of provisions for NPAs</b>		
(a) Opening balance	136.86	89.54
(b) Provisions made during the year	228.59	47.32
(c) Write-off / write-back of excess provisions	-	-
(d) Closing balance	365.45	136.86

## NOTES TO ACCOUNTS

### 29. EXPOSURE RELATED DISCLOSURES

#### 29.1 Exposure to Real Estate Sector

The Company has no exposure to real estate sector as on 31.03.2015 (Previous year Nil).

#### 29.2 Exposure to Capital Market

(₹ in Crores)		
Particulars	As at 31.03.2015	As at 31.03.2014
(i) Direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	39.85	39.85
(ii) Advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	-	-
(iii) Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	-	-
(iv) Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds 'does not fully cover the advances;	-	-
(v) Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	-	-
(vi) Loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	-	-
(vii) Bridge loans to companies against expected equity flows/ issues;	-	-
(viii) All exposures to Venture Capital Funds (both registered and unregistered)	7.68	7.68
<b>Total Exposure to Capital Market</b>	<b>47.53</b>	<b>47.53</b>

#### 29.3 Unsecured Advances against Intangible Assets

There are no such advances outstanding as on 31<sup>st</sup> March, 2015 (Previous year Nil) for which intangible collaterals such as rights, licenses, authority, etc. are charged in favour of the Company in respect of projects financed by the Company.

### 30. CONCENTRATION OF ADVANCES, EXPOSURES AND NPAs

Particulars	As at 31.03.2015	As at 31.03.2014
(i) <b>Concentration of Advances</b>		
Total Advances to twenty largest borrowers (₹ in Crores)	108,066.67	94,703.76
Percentage of Advances to twenty largest borrowers to Total Advances of the Company	60.16%	63.71 %
(ii) <b>Concentration of Exposures</b>		
Total Exposure to twenty largest borrowers (₹ in Crores)	171,024.07	156,408.59
Percentage of Exposures to twenty largest borrowers to Total Exposure of the Company on borrowers	57.49%	46.91 %
(iii) <b>Concentration of NPAs</b>		
Total Outstanding to top four NPA Accounts (₹ in Crores)	1,318.16	485.53
Total Exposure to the above four NPA Accounts (₹ in Crores)	1,318.16	485.53

31. The Company has not entered into any securitisation/ assignment transactions during the FY 2014-15. Further, no assets have been sold to securitisation/ reconstruction company for asset reconstruction.

32. In accordance with the provisions of AS 9 'Revenue Recognition', the commitment fee of ₹ 4.84 Crores (Previous year ₹ 3.90 Crores) is not recognised in the books of accounts on account of the uncertainty of the receipt involved due to change in the drawal schedule etc. by the borrowers.



## NOTES TO ACCOUNTS

33. The National Electricity Fund (NEF), an interest subsidy scheme, has become operational during the year 2012-13. The scheme has been introduced by Govt. of India to promote the capital investment in the distribution sector. The scheme shall provide interest subsidy linked with reform measures, on the loans taken by public and private distribution power utilities for various capital works under Distribution sector. NEF would provide interest subsidy aggregating to ₹ 8,466 Crores (including interest subsidy to the borrowers, service charges to the nodal agency, payments to independent evaluators and other incidental expenses) spread over 13 years for loan disbursement against projects approved during 2012-13 and 2013-14. REC has been nominated as Nodal Agency for operationalisation of the NEF scheme in entire country.
34. Government of India has launched Deen Dayal Upadhyaya Gram Jyoti Yojana (DDUGJY) with the following components:
- 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 12<sup>th</sup> and 13<sup>th</sup> 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 12<sup>th</sup> and 13<sup>th</sup> plan will get subsumed in this scheme as a separate Rural Electrification (RE) component. REC has been nominated as nodal agency for operationalization of this scheme.
35. In the opinion of the management, the current assets, loans and advances appearing in the balance sheet have a value equivalent to the amount stated therein if realized during the ordinary course of business and all known liabilities have been provided.
36. As per the information available with the Company, there have been no reported cases of delayed payments of the principal amount or interest due thereon to Micro, Small & Medium enterprises.

### 37. DERIVATIVES RELATED DISCLOSURES

#### 37.1 Forward Rate Agreements/ Interest Rate Swaps

(₹ in Crores)		
Particulars	As at 31.03.2015	As at 31.03.2014
(i) The notional principal of swap agreements	24,577.20	19,376.35
(ii) Losses which would be incurred if counterparties failed to fulfill their obligations under the agreements	2,662.28	2,638.47
(iii) Collateral required by the NBFC upon entering into swaps	Nil	Nil
(iv) Concentration of credit risk arising from the swaps	Refer Note Below	Refer Note Below
(v) The fair value of the swap book	2,173.16	2,020.52

Note : REC, being NBFC has entered into swap agreements with Category-I , Authorized Dealers Banks only, in accordance with the RBI guidelines. All the swap agreements entered into with banks are well with in the credit risk limit defined in the Board approved Risk Management Policy.

#### 37.2 The Company has not entered into any exchange traded Interest Rate (IR) derivatives.

#### 37.3 Disclosure on Risk Exposure in Derivatives

##### 37.3.1 Qualitative Disclosures

REC has Risk Management Policy duly approved by the Board. The policy covers the currency risk of the company. This policy provides the guiding parameters within which the Company can take decisions for managing the Currency Risk that it is exposed to on account of foreign currency loan. The purpose of the policy is to provide a framework to the Company for management of its foreign currency risk.

##### Risk Management Structure

An Asset Liability Management Committee (ALCO) is currently functioning under the chairmanship of CMD, Director (Finance), Director (Technical) and one Part-time Non Official Independent Director, Executive Directors and General Managers from Finance and Operating Divisions as its members. ALCO monitors Foreign currency risk with exchange rate and interest rate managed through various derivative instruments.

Derivative transactions include forwards, interest rate swaps, cross currency swaps and currency and cross currency options to hedge assets and liabilities. These derivative transactions are done for hedging purpose and not for trading or speculative purpose. These are accounted for on accrual basis and are not marked to market.

## NOTES TO ACCOUNTS

### Type of Risks Involved

- (i) **Credit Risk** - Credit risk is the risk of loss due to counterparty's failure to perform on an obligation to the Company.
- (ii) **Market Risk** - Market risk is the risk of loss due to adverse changes in the market value (the price) of an instrument or portfolio of instruments. Such exposures occurs with respect to derivative instruments when changes occur in market factors such as underlying interest rates, exchange rates etc or in the 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.

### 37.3.2 Quantitative Disclosures

(₹ in Crores)				
Particulars	Currency Derivatives *		Interest Rate Derivatives **	
	As at 31.03.15	As at 31.03.14	As at 31.03.15	As at 31.03.14
(i) Derivatives (Notional Principal Amount)				
For hedging	17,433.40	11,948.55	7,143.80	7,427.80
(ii) Marked to Market Positions				
a) Asset (+)	2,569.44	2,590.43	92.83	48.04
b) Liability (-)	294.66	119.89	194.46	498.05
(iii) Credit Exposure	17,433.40	11,948.55	7,143.80	7,427.80
(iv) Unhedged Exposures	6,594.80	5,672.61	N.A.	N.A.

\* Includes Full Hedge, Principal only Swap and Call Spread.

\*\* Includes Interest Rate Derivatives as a strategy of cost reduction

### 38. THE OUTSTANDING POSITION OF FOREIGN CURRENCY EXPOSURE ON 31<sup>ST</sup> MARCH, 2015 IS AS UNDER:

(Foreign Currency amounts in Millions, INR amounts in Crores)						
Currency	Total		Hedged Portion (Currency & Interest rate)		Unhedged	
	Foreign Currency	INR Equivalent	Foreign Currency	INR Equivalent *	Foreign Currency	INR Equivalent *
JPY ¥	33,084.61	1,944.22	31,895.82	1,882.28	1,188.79	61.94
Previous year	36,483.43	2,123.49	35,851.15	2,086.30	632.28	37.19
EURO €	153.82	1,083.03	150.70	1,061.94	3.12	21.09
Previous year	141.28	1,037.26	113.63	808.90	27.65	228.36
USD \$	3,555.00	19,715.51	2,720.00	14,489.18	835.00	5,226.33
Previous year	2,505.00	13,110.08	1,830.00	9,053.34	675.00	4,056.74
CHF (Swiss Franc)	200.00	1,285.44	-	-	200.00	1,285.44
Previous year	200.00	1,350.32	-	-	200.00	1,350.32
<b>Total</b>		<b>24,028.20</b>		<b>17,433.40</b>		<b>6,594.80</b>
Previous year		17,621.15		11,948.54		5,672.61

\* The portion of the foreign currency borrowings swapped into Indian Rupee is stated at the rate fixed in the swap transactions, and not translated at the year end rate. The unhedged portion of the foreign currency borrowings has been translated at the year end rate.

## NOTES TO ACCOUNTS

38.1 In terms of Accounting Policy 14.1, the foreign currency monetary items as at the year end have been translated at the following rates:

Exchange Rates	USD/INR	JPY/INR	Euro/INR	CHF/INR
As at 31 <sup>st</sup> March, 2015	62.5908	0.5211	67.5104	64.2719
As at 31 <sup>st</sup> March, 2014	60.0998	0.5883	82.5765	67.5159

### 39. RELATED PARTY DISCLOSURES:

#### (1) Key Managerial Personnel

Sh. Rajeev Sharma	Chairman & Managing Director
Sh. Ajeet Kumar Agarwal	Director (Finance)
Sh. P. J. Thakkar	Director (Technical)
Sh. J. S. Amitabh	GM & Company Secretary *

\* Company Secretary has been designated as Key Managerial Personnel w.e.f. 1<sup>st</sup> April, 2014 in accordance with the provisions of the Companies Act, 2013.

#### (2) Other Related Parties

##### 1. Subsidiary Companies

REC Transmission Projects Company Limited (RECTPCL)

REC Power Distribution Company Limited (RECPDCL)

##### 2. Wholly owned Subsidiaries of REC Transmission Projects Company Limited

Nellore Transmission Limited - Incorporated on 04.12.2012

Baira Siul Sarna Transmission Limited - Incorporated on 24.01.2013

NRSS XXIX Transmission Limited- Incorporated on 29.07.2013 and transferred to Sterlite Display Technologies Private Limited (SDTPL), an investing affiliate of Sterlite Grid Limited, on 04.08.2014, substantially upon the terms and conditions as detailed in the Share Purchase Agreement executed between RECTPCL, NRSS XXIX Transmission Limited and SDTPL.

NRSS XXXI (A) Transmission Limited- Incorporated on 29.07.2013 and transferred to Power Grid Corporation of India Limited (PGCIL) on 12.05.2014, substantially upon the terms and conditions as detailed in the Share Purchase Agreement executed between RECTPCL, NRSS XXXI (A) Transmission Limited and PGCIL.

NRSS XXXI (B) Transmission Limited- Incorporated on 29.07.2013 and transferred to M/s Essel Infraprojects Limited (EIL) on 12.05.2014, substantially upon the terms and conditions as detailed in the Share Purchase Agreement executed between RECTPCL, NRSS XXXI (B) Transmission Limited and EIL.

Gadarwara (B) Transmission Limited - Incorporated on 30.07.2014 and transferred to Power Grid Corporation of India Limited (PGCIL) on 24.04.2015, substantially upon the terms and conditions as detailed in the Share Purchase Agreement executed between RECTPCL, 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

Vindhyachal Jabalpur Transmission Limited - Incorporated on 14.08.2014 and transferred to Power Grid Corporation of India Limited (PGCIL) on 26.02.2015, substantially upon the terms and conditions as detailed in the Share Purchase Agreement executed between Vindhyachal Jabalpur Transmission Limited and PGCIL.

## NOTES TO ACCOUNTS

### 3. Joint Ventures

Energy Efficiency Services Limited (EESL)

Details of amount due from/ to the related parties :

Particulars	(₹ in Crores)	
	As at 31.03.2015	As at 31.03.2014
<b>Long-term Debt</b>		
RECTPCL	60.00	60.00
RECPDCL	7.00	7.00
Key Managerial Personnel	0.17	0.08
<b>Loans &amp; Advances</b>		
RECTPCL	2.04	3.32
RECPDCL	-	0.31
Key Managerial Personnel	0.29	0.09
<b>Other Current Liabilities</b>		
RECPDCL	2.27	2.57
RECTPCL	1.05	-

Details of Transactions with the related parties :

Particulars	(₹ in Crores)	
	For the year ended 31.03.2015	For the year ended 31.03.2014
<b>Long Term Debt - Amount Invested</b>		
RECTPCL	-	25.00
RECPDCL	-	7.00
Key Managerial Personnel	-	0.04
<b>Loans &amp; Advances</b>		
Key Managerial Personnel	0.04	0.09
<b>Sale of Fixed Assets</b>		
RECTPCL	-	0.05
<b>Dividend from Subsidiaries</b>		
RECTPCL	0.10	0.10
RECPDCL	0.25	0.05
<b>Interest Income - Loans &amp; Advances</b>		
RECTPCL	-	0.34
Key Managerial Personnel	0.06	0.01
<b>Apportionment of Employee Benefit and Other Expenses</b>		
RECTPCL	2.58	4.96
RECPDCL	2.20	3.04
<b>Finance Cost</b>		
Interest Paid to RECTPCL	4.70	2.95
Interest Paid to RECPDCL	0.54	0.10
Interest Paid to Key Managerial Personnel	0.01	-
Employee Benefits Expense - Managerial Remuneration	1.91	1.56
<b>CSR Expenses</b>		
RECPDCL	19.04	0.17
EESL	1.59	3.98
<b>Other Expenses</b>		
RECPDCL	7.31	6.30

## NOTES TO ACCOUNTS

### 40. DISCLOSURES FOR EMPLOYEE BENEFITS AS REQUIRED UNDER AS 15:

#### (1) Defined Contribution Plans

##### A. Provident Fund

Company pays fixed contribution of Provident Fund at pre-determined rates to a separate trust which invests the funds in permitted securities. The trust fixes the rate of interest on contribution to the members of the trust.

##### B. Defined Contribution Superannuation Scheme

The Company pays fixed contribution towards superannuation scheme at pre-determined rates to a separate trust which invests the funds with the Insurers. The Insurers fix the rate of interest on the balance standing to the credit of the accounts of the members of the trust. When the pension becomes payable to the member, the Insurers shall appropriate the member's accumulation towards various annuities, as opted for by the member.

Amount recognised as expenses towards defined contribution plans:

(₹ in Crores)		
Particulars	Year ended 31.03.2015	Year ended 31.03.2014
(i) Provident Fund	6.52	6.17
(ii) Defined Contribution Superannuation Scheme	4.77	4.68
<b>Total</b>	<b>11.29</b>	<b>10.85</b>

#### (2) Defined Benefit Plans - Post-Employment Benefits

##### A. Gratuity

The Company has a defined benefit gratuity plan. Every employee is entitled to gratuity as per the provisions of the Payment of Gratuity Act, 1972. The scheme is funded by the Company and is managed by separate trust. The liability of Gratuity is recognized on the basis of actuarial valuation.

##### B. Post Retirement Medical Facility (PRMF)

The Company has Post Retirement Medical Facility under which the entitled retired employees (including his/her spouse) are covered as per Company Rules. The expenditure is recognized in the Statement of Profit & Loss on the basis of actuarial valuation.

##### C. Other Defined Retirement Benefit (ODRB)

The Company has a scheme for settlement of the employee and their dependents at the time of superannuation at home town. The expenditure is recognized in the Statement of Profit & Loss on the basis of actuarial valuation.

The summarized position of various defined benefits recognized in the Statement of Profit & Loss, Balance Sheet and the funded status is as under:

#### Expense recognised in Statement of Profit & Loss:

(₹ in Crores)						
Particulars	Gratuity		PRMF		ODRB	
	31.03.2015	31.03.2014	31.03.2015	31.03.2014	31.03.2015	31.03.2014
Current Service Cost	1.93	1.85	1.23	1.20	0.05	0.05
Interest Cost	3.24	3.03	5.66	4.46	0.10	0.09
Expected Return on Plan Assets	3.24	3.69	-	-	-	-
Actuarial (Gain)/ Loss	(1.33)	(0.37)	9.50	9.39	0.05	(0.04)
Expense recognized	0.60	0.82	16.39	15.05	0.20	0.10

#### Amounts recognised in Balance Sheet:

(Amounts below in 'Gratuity' columns denotes respective amounts in the Balance Sheet of gratuity trust)

(₹ in Crores)						
Particulars	Gratuity		PRMF		ODRB	
	31.03.2015	31.03.2014	31.03.2015	31.03.2014	31.03.2015	31.03.2014
Present value of obligation as at the end of the year	38.16	38.07	77.61	66.64	1.20	1.16
Fair value of Plan Assets as at the end of the year	36.25	35.94	-	-	-	-
Net Assets/ (Liability) recognized	(1.91)	(2.13)	(77.61)	(66.64)	(1.20)	(1.16)

## NOTES TO ACCOUNTS

### Changes in the Present value of defined benefit/ Obligation:

(₹ in Crores)

Particulars	Gratuity		PRMF		ODRB	
	31.03.2015	31.03.2014	31.03.2015	31.03.2014	31.03.2015	31.03.2014
Present value of obligation as at the beginning of the year	38.07	37.85	66.64	55.80	1.16	1.16
Interest Cost	3.24	3.03	5.66	4.46	0.10	0.09
Current Service Cost	1.93	1.85	1.23	1.20	0.05	0.05
Benefit Paid	3.89	3.99	5.42	4.21	0.16	0.10
Actuarial (Gain)/ Loss on obligation	(1.19)	(0.67)	9.50	9.39	0.05	(0.04)
Present Value of defined benefit obligation at the end of the year	38.16	38.07	77.61	66.64	1.20	1.16

### Changes in the Fair Value of Plan Assets:

(Amounts below in 'Gratuity' columns denotes respective amounts for the gratuity trust)

(₹ in Crores)

Particulars	Gratuity		PRMF		ODRB	
	31.03.2015	31.03.2014	31.03.2015	31.03.2014	31.03.2015	31.03.2014
Fair value of Plan Assets as at the beginning of the year	35.94	35.14	-	-	-	-
Return on Plan Assets	3.24	3.69	-	-	-	-
Contributions	0.82	1.40	-	-	-	-
Benefit Paid	3.89	3.99	-	-	-	-
Actuarial Gain/ (Loss) on Plan Assets	0.14	(0.30)	-	-	-	-
Fair value of Plan Assets as at the end of the year	36.25	35.94	-	-	-	-

### The effect of an increase/ decrease of one percent point in inflation rate on PRMF:

(₹ in Crores)

Particulars	1% (+)		1% (-)	
	31.03.2015	31.03.2014	31.03.2015	31.03.2014
Service & Interest Cost	0.64	1.17	(1.09)	(0.46)
PBO (Closing)	11.09	8.56	(7.81)	(7.21)

### Actuarial Assumptions:

Particulars	Gratuity		PRMF		ODRB	
	31.03.2015	31.03.2014	31.03.2015	31.03.2014	31.03.2015	31.03.2014
Method Used	Projected Unit Credit (PUC)	Projected Unit Credit (PUC)	Projected Unit Credit (PUC)	Projected Unit Credit (PUC)	Projected Unit Credit (PUC)	Projected Unit Credit (PUC)
Discount Rate	8.00%	8.50 %	8.00%	8.50 %	8.00%	8.50 %
Expected Rate of Return on Plan Assets	9.00%	10.50 %	-	-	-	-
Future Salary Increase	6.00%	6.50 %	6.00%	6.50 %	6.00%	6.50 %

- The Expected Rate of Return on Assets is the assumed rate of return (annualised).
- The Principle assumptions are the discount rate and salary growth rate. The discount rate is generally based on the market yields available on govt. bonds at the reporting date with a term that matches the liabilities and the salary growth rate takes account of inflation, seniority, promotions and other relevant factors as long term basis. The above information is certified by the Actuary.



## NOTES TO ACCOUNTS

### 41. STATUS OF DOCUMENTATION SUBSEQUENT TO UNBUNDLING OF SEBS

Some of the erstwhile State Electricity Boards (SEBs) against whom loans were outstanding or on whose behalf guarantees were given, were restructured by the respective State Governments and new entities were formed in the past. Consequently, the liabilities of the erstwhile SEBs stand transferred to new entities. However, transfer agreements in the case of Chhattisgarh State Electricity Board (CSEB), Kerala State Electricity Board (KSEB) and Meghalaya State Electricity Board (MSEB) are yet to be executed amongst the Company, new entities and the State Governments.

Agreements in case of Tamil Nadu State Electricity Board have been executed based on the provisional provisions of the Tamil Nadu Electricity (Re-organisation and Reforms) Transfer Scheme, 2010. However, further transfer agreements in this regard shall be executed, if required, on finalization of the Transfer Scheme.

#### Status of Documentation Subsequent to Reorganisation of the State of Andhra Pradesh

Subsequent to the reorganisation of erstwhile State of Andhra Pradesh, the state of Telangana has been formed on 2<sup>nd</sup> June, 2014. However, the assets and liabilities are yet to be transferred to the respective power utilities through a formal Gazette Notification.

Status of Documentation is as under:

- (i) Where ever the loans have been sanctioned to erstwhile APCPDCL, APNPDCL and APGENCO prior to bifurcation and documentation has not been done, these schemes have been re-sanctioned in the name of newly formed utilities and documentation formalities completed and accordingly the charge has been registered with the Ministry of Corporate Affairs (MCA).
- (ii) Where ever the loans sanctioned in the name of erstwhile APCPDCL, APNPDCL prior to bifurcation and documentation formalities completed and drawls have been made, in these schemes an undertaking has been obtained from the name changed / newly formed utility and disbursements have been made to the newly formed utility by changing the name of the borrower in the name of new / name changed utility.
- (iii) Where ever the Loan is sanctioned in the name of erstwhile APCPDCL, APNPDCL prior to bifurcation and documentation formalities completed with Government Guarantee and drawls have been made, further documentation for these schemes shall be done on Gazette Notification.
- (iv) Once the final transfer scheme is notified through Gazette Notification by Govt, duly indicating the transfer of assets and liabilities among the power utilities, action for execution of documentation formalities will be taken up in respect of all the outstanding loans with the new / name changed utilities. Till that time, the demand for payment of interest / principal is being segregated by the Utilities and the respective portions are being paid by Utilities in Telangana and Andhra Pradesh.

42. The Company's main business is to provide finance to power sector. Accordingly, the Company does not have more than one segment eligible for reporting in terms of Accounting Standard-17.

### 43. CAPITAL TO RISK-WEIGHTED ASSETS RATIO (CRAR)

Being an Infrastructure Finance Company (IFC), REC is required to maintain a Capital to Risk Weighted Assets Ratio (CRAR) of 15 % (with a minimum Tier I Capital of 10 %).

Particulars	As at / For the year ended 31.03.2015	As at / For the year ended 31.03.2014
(i) CRAR ( % )	19.56%	19.35 %
(ii) CRAR - Tier I Capital ( % )	16.52%	16.02 %
(iii) CRAR - Tier II Capital ( % )	3.04%	3.33 %
(iv) Amount of subordinated debt raised as Tier-II capital (₹ in crore)	-	-
(v) Amount raised by issue of Perpetual Debt Instruments (₹ in crore)	-	-

## NOTES TO ACCOUNTS

### 44. ASSET LIABILITY MANAGEMENT - MATURITY PATTERN OF CERTAIN ITEMS OF ASSETS AND LIABILITIES :

(₹ in Crores)

As at 31.03.2015	Advances	Investments	Borrowings		Foreign Currency Items	
			Domestic Borrowings	Foreign Currency Borrowings	Assets	Liabilities (Other than Borrowings)
Upto 30/31 days	745	-	1,036	-	-	-
Over 1 month upto 2 months	664	-	355	-	-	-
Over 2 months upto 3 months	1,449	-	666	97	-	-
Over 3 month & upto 6 months	3,307	-	1,068	2,712	-	-
Over 6 months & upto 1 year	9,065	439	6,196	7,726	-	-
Over 1 year & upto 3 years	38,350	189	34,344	4,629	-	-
Over 3 years & upto 5 years	35,891	189	26,942	8,623	-	-
Over 5 years	90,176	796	56,389	241	-	-
<b>Total</b>	<b>179,647</b>	<b>1,613</b>	<b>126,996</b>	<b>24,028</b>	<b>-</b>	<b>-</b>

(₹ in Crores)

As at 31.03.2014	Advances	Investments	Borrowings		Foreign Currency Items	
			Domestic Borrowings	Foreign Currency Borrowings	Assets	Liabilities (Other than Borrowings)
Upto 30/31 days	630	-	319	-	-	-
Over 1 month upto 2 months	807	-	366	-	-	-
Over 2 months upto 3 months	1,248	-	1,137	52	-	-
Over 3 month & upto 6 months	2,735	-	6,256	101	-	-
Over 6 months & upto 1 year	7,246	47	7,692	155	-	-
Over 1 year & upto 3 years	31,156	189	22,021	13,487	-	-
Over 3 years & upto 5 years	30,875	189	18,616	3,619	-	-
Over 5 years	73,944	1,283	52,212	207	-	-
<b>Total</b>	<b>148,641</b>	<b>1,708</b>	<b>108,619</b>	<b>17,621</b>	<b>-</b>	<b>-</b>

45. There are no Off-Balance Sheet SPVs sponsored by the Company, which need to be consolidated as per accounting norms.
46. No penalties have been levied on the Company by any regulator during the financial year 2014-15 (Previous year Nil).
47. No complaints have been received by the Company from the borrowers under the Fair Practices Code during the financial year 2014-15 (Previous year Nil).
48. Previous year figures have been reclassified/ regrouped to conform to the current classification.
49. Figures in Rupees have been rounded off to the nearest crores with two decimals, unless expressly stated.

The Significant Accounting Policies and Notes to Accounts 1 to 49 are an integral part of Balance Sheet and Statement of Profit & Loss.

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 P. K. Chopra & Co.**  
Chartered Accountants  
Firm Reg. No.: 006747N

**Gopal Krishan**  
Partner  
M.No.: 081085

**K. S. Ponnuswami**  
Partner  
M.No.: 070276

Place : New Delhi  
Date : 28<sup>th</sup> May, 2015

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2015

(₹ in crores)

Particulars	Year ended 31.03.2015		Year ended 31.03.2014	
<b>A. Cash Flow from Operating Activities :</b>				
Net Profit before Tax	7,427.04		6,531.12	
Adjustments for:				
1. Profit (-) / Loss on Sale of Fixed Assets	0.09		0.69	
2. Depreciation	6.76		4.21	
3. Provisions and Contingencies	802.96		312.02	
4. Allowance for Staff Advances	-		0.07	
5. Interest on Commercial Paper	300.03		230.88	
6. Excess Provision written back	-		-3.18	
7. Loss/ Gain(-) on Exchange Rate fluctuation	259.99		304.27	
8. Dividend from Subsidiary Co.	-0.35		-0.15	
9. Dividend from Investments	-3.63		-0.38	
10. Interest on Long-term Investments/ Govt. Securities	-149.18		-47.16	
11. Provision made for Interest on Advance Income Tax	1.38		2.96	
12. Discount on Bonds written off	4.83		4.83	
13. Interest Accrued on Zero Coupon Bonds	70.39		64.97	
14. Dividend & Dividend Tax paid in excess of provision	-		0.01	
<b>Operating profit before Changes in Operating Assets &amp; Liabilities:</b>	<b>8,720.31</b>		<b>7,405.16</b>	
Increase / Decrease :				
1. Loan Assets	-31,005.84		-22,427.06	
2. Other Operating Assets	-366.08		-355.16	
3. Operating Liabilities	944.51		-273.94	
<b>Cash flow from Operations</b>	<b>-21,707.10</b>		<b>-15,651.00</b>	
1. Income Tax Paid (including TDS)	-2,284.67		-1,640.06	
2. Income Tax refund	0.00		8.27	
<b>Net Cash Flow from Operating Activities</b>		<b>-23,991.77</b>		<b>-17,282.79</b>
<b>B. Cash Flow from Investing Activities</b>				
1. Sale of Fixed Assets	0.18		0.31	
2. Purchase of Fixed Assets (incl. CWIP & Intangible Assets under development)	-7.64		-3.46	
3. Redemption of 8 % Government of Madhya Pradesh Power Bonds-II	94.32		94.32	
4. Interest on Long-term Investments/ Govt. Securities	154.10		47.16	
5. Dividend from Subsidiary Co.	0.35		0.15	
6. Dividend from Investments	3.63		0.38	
<b>Net Cash Flow from Investing Activities</b>		<b>244.94</b>		<b>138.86</b>
<b>C. Cash Flow from Financing Activities</b>				
1. Issue of Bonds (Net of redemptions)	21,806.74		17,492.70	
2. Raising of Term Loans/ STL from Banks/ FIs (Net of repayments)	-955.40		-3,044.40	
3. Raising of Foreign Currency Loan (Net of redemptions)	6,344.25		1,706.32	
4. Grants received from GOI including interest (Net of refund)	3,421.17		2,920.69	
5. Disbursement of grants	-3,639.69		-2,429.28	
6. Repayment of Govt. Loan	-4.86		-7.21	
7. Payment of Final Dividend	-172.81		-148.13	
8. Payment of Interim Dividend	-789.97		-765.28	
9. Payment of Corporate Dividend Tax	-187.26		-155.20	
10. Premium on issue of securities	-		1.24	
11. Issue of Commercial Paper (Net of repayments)	-2,745.74		1,281.16	
<b>Net Cash flow from Financing Activities</b>		<b>23,076.43</b>		<b>16,852.61</b>

(₹ in crores)

Particulars	Year ended 31.03.2015		Year ended 31.03.2014	
<b>Net Increase/Decrease in Cash &amp; Cash Equivalents</b>		<b>-670.40</b>		<b>-291.32</b>
Cash & Cash Equivalents as at the beginning of the year		<b>1,192.94</b>		<b>1,484.26</b>
Cash & Cash Equivalents as at the end of the year		<b>522.54</b>		<b>1,192.94</b>

**Components of Cash & Cash Equivalents as at end of the year are:**

(₹ in Crores)

PARTICULARS	AS AT 31.03.2015		AS AT 31.03.2014	
- Balances with Banks in:				
- Accounts with RBI and other banks		<b>131.69</b>		<b>103.75</b>
- Undisbursed DDUGJY Grant #		<b>31.68</b>		<b>0.20</b>
- Undisbursed AG&SP Grant #		<b>2.22</b>		<b>3.97</b>
- Undisbursed NEF Grant #		<b>1.00</b>		<b>-</b>
- Other undisbursed Subsidies/ Grants #		<b>20.04</b>		<b>1.75</b>
- Tax Free Bonds Public Issue Accounts #		<b>-</b>		<b>5.96</b>
- Unpaid Dividend Accounts #		<b>2.62</b>		<b>2.31</b>
- Short-term Deposits with Scheduled Banks		<b>333.29</b>		<b>1,075.00</b>
<b>Total Cash &amp; Cash Equivalents</b>		<b>522.54</b>		<b>1,192.94</b>

# 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 ₹ 2.15 Crores (Previous year ₹ 2.38 Crores) set aside for grants disbursement and Short-term Deposits with Scheduled Banks include ₹ 236.19 Crores (Previous year ₹ 503.50 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 P. K. Chopra & Co.**  
Chartered Accountants  
Firm Reg. No.: 006747N

**Gopal Krishan**  
Partner  
M.No.: 081085

**K. S. Ponnuswami**  
Partner  
M.No.: 070276

Place : New Delhi  
Date : 28<sup>th</sup> May, 2015

## ANNEXURE TO BE ENCLOSED WITH BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2015

(AS PRESCRIBED BY RESERVE BANK OF INDIA)

(Particulars as required in terms of Paragraph 13 of Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007, in so far as they are applicable to Rural Electrification Corporation Ltd.)

(₹ in Crores)

Particulars	Amount Outstanding	Amount Overdue
<b>LIABILITIES SIDE:</b>		
(1) Loans and advances availed by the NBFC		
inclusive of interest accrued thereon but not paid:		
(a) Debentures/ Bonds :		
(I) Secured	65,679.95	-
(ii) Unsecured	59,005.00	-
(b) Foreign Currency Loan	24,028.20	-
(c) Term Loan from Govt. of India	3.07	-
(d) Term Loan from Financial Institutions	1,450.00	-
(e) Term Loan from Banks	125.00	-
(f) Overdrafts from Bank	0.38	-
(g) Loans Repayable on Demand from Banks & FIs	734.00	-

(₹ in Crores)

Particulars	Amount Outstanding
<b>ASSET SIDE :</b>	
(2) Break-up of Loans and Advances including bills receivables	
(a) Secured	1,36,007.88
(b) Unsecured	43,349.33
(3) <b>INVESTMENTS :</b>	
<b>Long Term Investments:</b>	
<b>Quoted:</b>	
(i) Government Securities	391.50
<b>Unquoted:</b>	
(i) Shares : (a) Equity	39.85
(b) Preference	-
(ii) Debentures and Bonds	750.00
(iii) Units of mutual funds	7.68
(iv) Government Securities	424.44

(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	-	2.04	2.04
(b) Companies in the same Group	-	-	-
(c) Other related Parties	0.06	0.23	0.29
2. Other than Related Parties	1,36,007.82	43,347.06	1,79,354.88
<b>Total</b>	<b>1,36,007.88</b>	<b>43,349.33</b>	<b>1,79,357.21</b>

**(5) Investor group-wise classification of investments (current and long term) in shares and securities (both quoted and unquoted) :**

( ₹ in Crores)

Category	AMOUNT NET OF PROVISIONS	
	Market Value / Break up or fair value or NAV	Book Value (Net of Provisions)
<b>1. Related Parties</b>		
(a) Subsidiaries	0.10	0.10
(b) Companies in the same Group	-	-
(c) Other related Parties	22.50	22.50
<b>2. Other than Related Parties</b>	1,604.77	1,590.87
<b>Total</b>	<b>1,627.37</b>	<b>1,613.47</b>

**(6) Other Information**

( ₹ in Crores)

Particulars	Amount
<b>(i) Gross Non-Performing Assets</b>	
(a) Related Parties	-
(b) Other than related Parties	1,335.38
<b>(ii) Net Non-Performing Assets</b>	
(a) Related Parties	-
(b) Other than related Parties	969.93
<b>(iii) Asset acquired in satisfaction of debts</b>	-

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

**Gopal Krishan**  
 Partner  
 M.No. : 081085

**For P. K. Chopra & Co.**  
 Chartered Accountants  
 Firm Reg. No.: 006747N

**K. S. Ponnuswami**  
 Partner  
 M.No. : 070276

 Place : New Delhi  
 Date : 28<sup>th</sup> May, 2015



## INDEPENDENT AUDITORS' REPORT

To,  
**The Members,**  
**Rural Electrification Corporation Limited**  
**New Delhi**

This Revised Report is issued, in supersession of our earlier Audit Report dated 28<sup>th</sup> May, 2015, at the instance of Comptroller & Auditor General (C&AG) of India in order to make it more clarificatory in respect of directions issued by C&AG and the reporting requirements under clause (vii)(b) of the Companies (Auditor's Report) Order, 2015. Further, we confirm that there is no change in the true and fair view of the financial statements as expressed in our earlier report and also none of the figures have undergone any change in the financial statements of the Company as at 31<sup>st</sup> March, 2015.

### 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 31<sup>st</sup> March, 2015, 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 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 General Circular No. 15/2013 dated 13<sup>th</sup> 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, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. 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, of the state of affairs of the Company as at 31<sup>st</sup> March, 2015, and its profit and its cash flows for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("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 statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. 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 General Circular No. 15/2013 dated 13<sup>th</sup> September, 2013.
- (e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) 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 23.1 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.

3. As required under the Section 143(5) of the Act, with respect to the directions issued by The Comptroller & Auditor General of India, we report that :

Sl. No.	Directions	Report
1.	If the Company has been selected for disinvestment, a complete status report in terms of valuation of Assets (including intangible assets and land) and Liabilities (including Committed & General Reserves) may be examined including the mode and present stage of disinvestment process.	Though the Company has been selected for disinvestment of Govt. Shareholding only during the FY 2014-15, the actual transaction by way of Offer for Sale (OFS) through Stock Exchanges happened only on 8 <sup>th</sup> April, 2015. As per the transaction, The President of India, acting through Ministry of Power sold 4,93,72,950 (5.00 %) Equity Shares through OFS on 8 <sup>th</sup> April, 2015. Accordingly, the process of 5 % disinvestment by the Govt. of India has been completed. However, no fresh issue of shares was made by the Company and accordingly, there was no need of valuation of Assets (including intangible assets and land) and Liabilities (including Committed & General Reserves). However, in view of the materiality of the change in shareholding of the Govt. of India, adequate disclosure has also been made in the Notes to Accounts in Note No. 1.2.
2.	Please report whether there are any cases of waiver- write off of debts/ loans interest etc. If yes, the reasons there for and the amount involved.	During the FY 2014-15, penal interest on delayed payment aggregating to ₹ 0.01 Crore in respect of four borrowers was waived off on account of Bank Holiday on the due date on account of State Assembly Elections in Haryana and Maharashtra.
3.	Whether proper records are maintained for inventories lying with third parties & assets received as gift from Govt. 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.

4. A report on age-wise analysis of pending legal/ arbitration cases including the reasons of pendency and existence/ effectiveness of a monitoring mechanism for expenditure on all legal cases (foreign and local) may be given.
- As per the information and explanations given to us, following cases are pending as at 31<sup>st</sup> March, 2015 with courts/ arbitrators/ taxation authorities:

Age-wise analysis	No. of cases	Reasons of pendency	Amount where ascertainable (₹ in Crores)
<b>Court Cases</b>			
Year 1990-2000	3	Recovery matters before DRT. Recovery Certificate issued and recovery is proceeding before Recovery Officer.	55.47
Year 2001-2010	20	Admitted and matter fixed for final hearing.	5.34
Year 2011 onwards	18	Matters pending for admission and those admitted are fixed for final hearing.	-
<b>Arbitration Cases</b>			
Year 2010 onwards	2	In one case it is admitted before the High Court and pending for final hearing. In other case the matter is at evidence stage.	3.75
<b>Taxation Litigation Cases</b>			
Year 2010 onwards	17	Matters pending with different taxation authorities/ courts for submissions/ remand report/ hearing or passing of the orders.	50.20
<b>Total</b>	<b>60</b>		<b>114.76</b>

The financial impact of the above cases, which is contingent upon the outcome of settlement of court/ arbitration/ taxation cases, wherever ascertainable, has also been disclosed in Notes to Accounts in Note No. 23.1 under the head 'Claims against the Company not acknowledged as debts'.

The Company has a suitable mechanism for monitoring the expenditure on all legal cases and the payment towards legal expenditure is duly regulated by the Delegation of Powers duly approved by the Competent Authority.

**For Raj Har Gopal & Co.**  
Chartered Accountants  
Firm Regn. No. 002074N

**Gopal Krishan**  
Partner  
M. No. 081085

Place : New Delhi  
Date : 27<sup>th</sup> July, 2015

**For P. K. Chopra & Co.**  
Chartered Accountants  
Firm Regn. No. 006747N

**K. S. Ponnuswami**  
Partner  
M. No. 070276

## ANNEXURE 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 31<sup>st</sup> March, 2015

- (i) (a) The Company has maintained fixed assets records to show full particulars including quantitative details and situation of its fixed assets.
- (b) Some of the fixed assets were physically verified during the year by the Management in accordance with a programme of verification, which in our opinion provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- (ii) The company being Non Banking Financial Company, 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) and 3(iii)(b) of the Order are not applicable.
- (iv) In our opinion and according to information & explanations given to us, internal controls for purchase of fixed assets and for the financial services are generally commensurate with the size of the Company and the nature of its business. *However, in certain areas internal control needs further strengthening like monitoring and supervision of loans given to various SEBs/ DISCOMS/ TRANSCOS/ GENCOS including obtaining search reports for charges created against the loans given and physical verification of assets charged to REC as security after Commercial Operations Date.* During the course of audit, we have not come across any major failure in internal control system.
- (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 with the appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, wealth tax, service tax, custom duty and other material statutory dues applicable to it. There were no undisputed statutory dues in arrears as at 31<sup>st</sup> March, 2015 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 ₹ 2.80 crores that have not been deposited on account of matters pending before appropriate authorities are 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	8.15	8.15	-	AY 2008-09	Commissioner of Income Tax (Appeals), Delhi
Income Tax Act, 1961	Penalty u/s 271(1) (c)	0.07	-	0.07	AY 2005-06	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	Income Tax and Interest	21.14	20.95	0.19	AY 2003-04, AY 2006-07, AY 2009-10, AY 2010-11, AY 2011-12	Income Tax Appellate Tribunal, Delhi
Income Tax Act, 1961	Tax Deducted at Source	0.47	-	0.47	FY 2012-13	Commissioner of Income Tax (Appeals), Delhi
Income Tax Act, 1961	Tax Deducted at Source	1.23	-	1.23	FY 2007-08 to FY 2014-15	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
	<b>Total</b>	<b>31.90</b>	<b>29.10</b>	<b>2.80</b>		

- (c) The amounts required to be transferred to Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder has been transferred to such fund within the prescribed time.
- (viii) The Company does not have any accumulated losses as at 31<sup>st</sup> March, 2015. The Company has also not incurred cash losses during the year covered by our audit and in the immediate preceding financial year. Accordingly, this clause of the Order is not applicable.

- (ix) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to a financial institution, bank and debenture holders as at the Balance Sheet date.
- (x) In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year. Accordingly, this clause of the Order is not applicable to the Company.
- (xi) To the best of our knowledge and according to the information and explanations given to us, the term loans raised during the year were applied for the purpose for which the loans were obtained.
- (xii) To the best of our knowledge and according to the information and explanations given to us, no material fraud on or by the Company has been noticed or reported during the year.

**For Raj Har Gopal & Co.**

Chartered Accountants  
Firm Regn. No. 002074N

**Gopal Krishan**

Partner  
M. No. 081085

Place : New Delhi

Date : 27<sup>th</sup> July, 2015

**For P. K. Chopra & Co.**

Chartered Accountants  
Firm Regn. No. 006747N

**K. S. Ponnuswami**

Partner  
M. No. 070276

## NON-BANKING FINANCIAL COMPANIES AUDITORS' REPORT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2015

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 Auditors' 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 February 10, 1998 having Registration No. 14.000011. RBI issued Certificate dated September 17, 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 February 12, 2010. Further, that company is entitled to continue to hold such Registration in terms of its asset/income pattern as on 31<sup>st</sup> March, 2015.
2. As per Para 2 (v) of RBI Circular No. DNBS.PD.CC.No.384/03.02.004/2014-15 dated 1<sup>st</sup> July, 2014, 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, 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 being a Government Company as defined in section 617 of the Companies Act, 1956.
3. According to information and explanation 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 2014-15.
5. As per RBI's Master Circular dated 1<sup>st</sup> July, 2014, REC, being a Government Company, continues to be exempt from the applicability of Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007. Further, RBI, vide letters dated 25<sup>th</sup> July, 2013 and 4<sup>th</sup> April, 2014, has conveyed to REC to comply with the prudential norms of RBI by 31<sup>st</sup> March, 2016. Regarding restructuring of assets, RBI vide its letter dated 11<sup>th</sup> 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 01<sup>st</sup> April 2015, the provisioning requirement would be 5% and for stock of loans as on 31<sup>st</sup> March 2015 of such projects, the provisioning shall commence with a provision of 2.75% w.e.f 31<sup>st</sup> March 2015 and reaching 5% by 31<sup>st</sup> March 2018. For the financial year ended 31<sup>st</sup> March, 2015, the Company has complied with the prudential norms relating to Accounting Standards, Income recognition, Asset Classification and Provisioning for Bad and Doubtful debts, Capital Adequacy & Exposure Norms as per the prudential norms formulated by the company and referred to/ as stated in the Significant Accounting Policies forming integral part of financial statements for the year ended on 31<sup>st</sup> March, 2015.
6. In terms of RBI Circular No. DNBS.PD/ CC.No. 93/03.05.002 /2006-07 dated 27<sup>th</sup> April, 2007, REC being a Government Company, is exempt from submitting NBS-7 to the Reserve Bank of India.

**For Raj Har Gopal & Co.**

Chartered Accountants  
Firm Regn. No. 002074N

**Gopal Krishan**

Partner  
M. No. 081085

Place : New Delhi

Date : 28<sup>th</sup> May, 2015

**For P. K. Chopra & Co.**

Chartered Accountants  
Firm Regn. No. 006747N

**K. S. Ponnuswami**

Partner  
M. No. 070276



## 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 2015

The preparation of financial statements of Rural Electrification Corporation Limited for the year ended 31 March 2015 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 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 Revised Audit Report dated 27 July 2015.

I, on the 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 2015. 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 and Auditor General of India

(Tanuja S. Mittal)

Principal Director of Commercial Audit &  
Ex-officio Member, Audit Board-III, New Delhi

Place: New Delhi

Dated: 30 July 2015

## CONSOLIDATED BALANCE SHEET AS AT 31<sup>st</sup> MARCH 2015

		(₹ in crores)	
Particulars	Note No.	As at 31.03.2015	As at 31.03.2014
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholders' Funds</b>			
(a) Share Capital	2	987.46	987.46
(b) Reserves and Surplus	3	24,085.12	19,815.59
<b>Sub-total (1)</b>		<b>25,072.58</b>	<b>20,803.05</b>
<b>(2) Non-current Liabilities</b>			
(a) Long-term Borrowings	4	1,31,123.26	1,10,095.30
(b) Deferred Tax Liabilities (Net)	5	105.80	172.92
(c) Other Long-term Liabilities	6	36.18	23.54
(d) Long-term Provisions	7	1,007.39	442.32
<b>Sub-total (2)</b>		<b>1,32,272.63</b>	<b>1,10,734.08</b>
<b>(3) Current Liabilities</b>			
(a) Short-term Borrowings	8	734.00	2,540.00
(b) Trade Payables	9	28.81	6.07
(c) Other current liabilities	10	24,889.21	18,601.59
(d) Short-term Provisions	7	458.71	259.45
<b>Sub-total (3)</b>		<b>26,110.73</b>	<b>21,407.11</b>
<b>Total (1+2+3)</b>		<b>1,83,455.94</b>	<b>1,52,944.24</b>
<b>II. ASSETS</b>			
<b>(1) Non-current Assets</b>			
(a) Fixed assets	11		
(i) Tangible Assets		108.50	70.65
(ii) Intangible Assets		1.47	2.45
(iii) Capital work-in-progress		9.81	10.37
		119.78	83.47
(b) Non-current Investments	12	1,157.21	1,643.03
(c) Long-term Loans & Advances	13	1,64,215.05	1,35,900.51
(d) Other Non-current Assets	14	85.29	33.63
<b>Sub-total (1)</b>		<b>1,65,577.33</b>	<b>1,37,660.64</b>
<b>(2) Current Assets</b>			
(a) Current Investments	12	438.81	47.41
(b) Trade Receivables	15	120.29	60.54
(c) Cash & Bank Balances	16	645.71	1,234.29
(d) Short-term Loans & Advances	17	1,100.85	382.11
(e) Other Current Assets	18	15,572.95	13,559.25
<b>Sub-total (2)</b>		<b>17,878.61</b>	<b>15,283.60</b>
<b>Total (1+2)</b>		<b>1,83,455.94</b>	<b>1,52,944.24</b>

The Significant Accounting Policies and Notes to Accounts 1 to 55 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 P. K. Chopra & Co.**  
Chartered Accountants  
Firm Reg. No.: 006747N

**Gopal Krishan**  
Partner  
M.No. : 081085

**K. S. Ponnuswami**  
Partner  
M.No. : 070276

Place : New Delhi  
Date : 28<sup>th</sup> May, 2015

**CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2015**

Particulars	Note No.	(₹ in crores)	
		Year ended 31.03.2015	Year ended 31.03.2014
I. Revenue from Operations	19	20,383.96	17,122.21
II. Other Income	20	165.90	106.73
III. Total Revenue (I+II)		20,549.86	17,228.94
IV. Expenses			
(i) Finance Costs	21	11,839.72	10,034.74
(ii) Employee Benefits Expense	22	138.93	134.54
(iii) Depreciation & Amortization	11	8.32	4.51
(iv) Other Expenses	23	206.01	125.89
(v) Provisions and Contingencies	24	804.47	312.59
Total Expenses (IV)		12,997.45	10,612.27
V. Profit before Prior Period Items & Tax (III-IV)		7,552.41	6,616.67
VI. Prior Period Items	25	0.07	-0.04
VII. Profit before Tax (V-VI)		7,552.34	6,616.71
VIII. Tax Expense :			
(i) Current Year		2,273.91	1,733.26
(ii) Earlier Years/ (Refunds)		0.77	14.12
(iii) Deferred Tax		-66.76	128.08
Total Tax Expense (i+ii+iii)		2,207.92	1,875.46
IX. Profit for the year from Continuing Operations (VII-VIII)		5,344.42	4,741.25
X. Profit from Discontinuing Operations (after tax)		-	-
XI. Profit for the year (IX+X)		5,344.42	4,741.25
XII. Earnings per Equity Share (in ₹ for an equity share of ₹ 10 each)			
(1) Basic	26	54.12	48.01
(2) Diluted	26	54.12	48.01

The Significant Accounting Policies and Notes to Accounts 1 to 55 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.**  
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Firm Reg. No.: 006747N

Place : New Delhi  
Date : 28<sup>th</sup> May, 2015

**Gopal Krishan**  
Partner  
M.No. : 081085

**K. S. Ponnuswami**  
Partner  
M.No. : 070276

## 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 separate 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 General Circular No. 15/2013 dated 13<sup>th</sup> September 2013. The financial statements adhere to the relevant presentational requirement of the Companies Act, 2013.
- (b) **Use of Estimates:** - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumption that affect the reported amounts of assets and liabilities and disclosure thereof at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates. Difference between the actual results and estimates are recognized in the period in which results materialize.

#### 2. INCOME RECOGNITION, ASSET CLASSIFICATION AND PROVISIONING.

The Corporation has formulated its own detailed Prudential Norms. Accounting is done in accordance with these Prudential Norms of REC and the salient features of the same for Income Recognition, Asset classification and Provisioning are as under in the Paras 2.1a, 2.1f, 2.2, 2.3 and 2.4:

##### 2.1. Income Recognition

- a. Income on Non Performing Assets where interest/ principal has become overdue for two quarters or more is recognized as and when received and appropriated. Any such income recognized before the asset becomes non-performing and remaining unrealized is reversed.  
  
Unless otherwise agreed, the recoveries from the borrowers are appropriated in the order of (i) costs and expenses of REC (ii) penal interest including interest tax, if any (iii) overdue interest including interest tax, if any and (iv) repayment of principal, the oldest being adjusted first.  
  
In respect of standard loans including those whose terms are renegotiated/rescheduled/ restructured and retained as Standard Loans, income is recognized on accrual basis.  
  
In respect of loans (Non Performing Assets), income is recognized on accrual basis when it is reasonably expected that there is no uncertainty of receipt of dues from the borrowers and there has been satisfactory performance under the renegotiated or rescheduled or restructured terms until the expiry of one year of satisfactory performance under the renegotiated or rescheduled or restructured terms.
- b. Income of agency charges of RGGVY Schemes is recognized on the basis of the services rendered and amount sanctioned by the Ministry of Power.
- c. Income of agency charges of DDUGJY Schemes is recognized on the basis of the services rendered and amount sanctioned by the Ministry of Power.
- d. Income of service charges of NEF (Interest Subsidy) Scheme is recognized on the basis of the services rendered and amount of service charges sanctioned by the Ministry of Power.
- e. Income under the head processing fee, upfront fee, lead fee, fees/ charges received under the mutatis-mutandis clause and pre-payment premium is accounted for in the year in which it is received by the company.

## CONSOLIDATED SIGNIFICANT ACCOUNTING POLICIES

### f. Income from investments

- (1) Income from dividend on shares of corporate bodies and units of mutual funds shall be taken into account on accrual basis when REC's right to receive payment is established.
- (2) Income from bonds and debentures of corporate bodies and from Government securities/bonds shall be taken into account on accrual basis.  
Provided that the interest rate on these instruments is pre-determined and interest is serviced regularly and is not in arrears.
- (3) Income on securities of corporate bodies or public sector undertakings, the payment of interest and repayment of principal of which have been guaranteed by Central Government or a State Government shall be taken into account on accrual basis.

### 2.2 Assets Classification

Loans and advances and any other form of credit are classified into the following classes, namely:

- (i) **Standard Assets:** 'Standard asset' means an asset which is not an NPA and in respect of which no default in repayment of principal or payment of interest is perceived and which does not disclose any problem or carry more than normal risk attached to the business.  
The rescheduling or restructuring or renegotiation of a standard infrastructure loan asset shall not cause it to be reclassified if the revised project is found to be viable by the competent authority.
- (ii) **Sub-Standard Assets:** 'Sub-standard asset' means:
  - (a) an asset which has been classified as non-performing asset for a period not exceeding 18 months;
  - (b) an asset where the terms of the agreement regarding interest and / or principal have been renegotiated or rescheduled or restructured, until the expiry of one year of satisfactory performance under the renegotiated or rescheduled or restructured terms.
- (iii) **Doubtful Assets:** Doubtful asset means an asset which remains a substandard asset for a period exceeding 18 months.
- (iv) **Loss Assets:** Loss asset means –
  - (a) An asset which has been identified as loss asset by REC to the extent it is not written off by REC or the asset remains doubtful for a period exceeding 5 years, whichever is earlier.
  - (b) An asset which is adversely affected by a potential threat of non-recoverability due to either erosion in the value of security or non availability of security or due to any fraudulent act or omission on the part of the borrower.  
For the purpose of classification of assets into standard, sub-standard, doubtful and loss categories, facilities shall be classified borrower wise with the following exception:  
Government Sector loans, where cash flows from each project are separately identifiable and applied to the same project, REC shall classify such loans on project wise basis.

### 2.3 Provisioning against Loans

The provisioning requirement in respect of loans, advances and other credit facilities including bills purchased and discounted shall be as under:

- (i) **Loss assets –** The entire asset shall be written off. If the assets are permitted to remain in the books for any reason, 100 % of the outstanding shall be provided for:
- (ii) **Doubtful assets –**
  - (a) 100 % provision to the extent to which the advance is not covered by the realizable value of the security to which REC has a valid recourse shall be made. The realizable value is to be estimated on a realistic basis; Loans covered by Central/State Govt. guarantee or loans to any State Govt. shall be treated as secured;
  - (b) In addition to item(a) above, depending upon the period for which the asset has remained doubtful, provision to the extent of 20 % to 50 % of the secured portion (i.e. estimated realizable value of the outstanding) shall be made on the following basis :-

Period for which the asset has been considered as doubtful	% of provision
Up to one year	20 %
1 to 3 years	30 %
More than 3 years	50 %

## CONSOLIDATED SIGNIFICANT ACCOUNTING POLICIES

### (iii) Sub-standard assets - A provision of 10 % shall be made.

An asset which has been renegotiated or rescheduled or restructured shall be a sub-standard asset or continue to remain in the same category in which it was prior to its renegotiation or re-schedulement or restructuring, as a doubtful asset or a loss asset as the case may be. Necessary provision is required to be made as applicable to such asset till it is upgraded.

### (iv) Standard assets - Provision in respect of Standard Assets is made as below:

Particulars	Provisioning Requirement
For Restructured Loans other than under Transmission & Distribution, Renovation & Modernisation and Life Extension projects as also the hydro projects in Himalayan region or affected by natural disasters, below: 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 <sup>st</sup> 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 <sup>st</sup> 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 <sup>st</sup> March, 2016
	● 4.25 % with effect from 31 <sup>st</sup> March, 2017
	● 5.00 % with effect from 31 <sup>st</sup> March, 2018.
	In respect of new projects loans restructured with effect from 1 <sup>st</sup> April, 2015, the provisioning requirement would be 5.00 % from the date of such restructuring till the revised DCCO or 2 years from the date of restructuring whichever is later.
For Standard Assets other than specified above	0.25 % of the outstanding loan amount

### 2.4 Treatment of Provisions held

The provisions in respect of Non Performing Assets (NPAs) is reversed only after the complete recovery of the outstanding/ regularization of the account.

## 3. FIXED ASSETS.

Fixed Assets are shown at historical cost less accumulated depreciation. The cost includes any cost attributable of bringing the assets to its working condition for its intended use.

## 4. DEPRECIATION.

4.1. Depreciation on assets is provided on straight-line method in accordance with the useful lives prescribed under Schedule II to the Companies Act, 2013.

4.2. Depreciation on assets purchased / sold during the year is charged for the full month if the asset is in use for more than 15 days, instead of charging the same on pro-rata basis from the date of purchase/sale.

4.3. Depreciation on assets purchased during the year up to ₹ 5,000/- is provided @ 100 %.

4.4. Leasehold land is amortized over the lease period.

## 5. INTANGIBLE ASSETS.

An Intangible Asset is recognized where it is probable that the future economic benefits attributable to the assets will flow to the company. The depreciable amount of an intangible asset is allocated on a systematic basis over the best estimate of its useful life.

## 6. INVESTMENTS.

Long term investments are carried at cost. However, provision for diminution is made to recognise a decline, other than temporary, in the value of the investments, such reduction being determined and made for each investment individually. Quoted current investments are carried individually at the cost or market value whichever is lower. Unquoted current investments are carried individually at the cost or fair value whichever is lower.

## 7. CURRENT TAX AND DEFERRED TAX.

Income Tax expense comprises current Income Tax (Amount of tax for the period determined in accordance with the income tax law) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the period) is determined in accordance with Accounting Standard- 22. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates that have been enacted or substantially established by the Balance Sheet date.



## CONSOLIDATED SIGNIFICANT ACCOUNTING POLICIES

Deferred Tax Assets are recognized and carry forward to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such Deferred Tax Assets can be realized.

### 8. IMPAIRMENT OF ASSETS.

At each balance sheet date, the Company reviews the carrying amounts of its fixed assets to determine whether there is any indication that those assets suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss. Recoverable amount is the higher of assets net selling prices and value in use.

### 9. PROVISIONS

A provision is recognized when the company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation and reliable estimate of amount of the obligation can be made. Provisions are determined based on management estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current management estimates.

### 10. BOND / DEBT ISSUE.

10.1. Expenditure on raising of funds by way of bonds is charged to revenue in the year of issue of such bonds.

10.2. The Corporation discharges its obligation towards payment of principal and interest relating to bonds by depositing the amount in the designated Bank Accounts. Accordingly, the payments are treated as final payments and these amounts are not exhibited in the books till the validity of the instruments but reconciliation thereof is carried out.

10.3. Expenditure incurred on raising of funds is charged to the Statement of Profit & Loss in the year in which it is incurred except the discount/interest on the Commercial Papers/ Reg-S-Bonds (External Commercial Borrowings), which is amortized proportionately over the period of its tenure.

### 11. CASH FLOW STATEMENT

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular operating, financing and investing activities of the Company are segregated.

### 12. PRIOR PERIOD/ PREPAID ADJUSTMENTS

12.1. Considering the nature of business, interest income/expenditure for the earlier years ascertained and determined during the year is accounted for in the year in which it is so ascertained/determined.

12.2. Other items not exceeding ₹ 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 1<sup>st</sup> 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.

## CONSOLIDATED SIGNIFICANT ACCOUNTING POLICIES

### 15. GRANTS/FUNDS FROM GOVERNMENT

Un-disbursed funds of grant received for further disbursements are classified as current liabilities. Interest wherever earned on such funds is credited to respective grant account.

### 16. DERIVATIVE TRANSACTIONS

**16.1** Derivative transactions include forwards, interest rate swaps, cross currency swaps and currency and cross currency options to hedge assets and liabilities.

**16.2** These derivative transactions are done for hedging purpose and not for trading or speculative purpose. These are accounted for on accrual basis and are not marked to market.

## CONSOLIDATED NOTES TO ACCOUNTS

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
<b>Name of the Subsidiaries</b>			
- REC Transmission Projects Company Limited	India	100 %	Audited
- REC Power Distribution Company Limited	India	100 %	Audited
<b>Name of the Joint Ventures</b>			
- Energy Efficiency Services Limited *	India	25 %	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.

REC Transmission Projects Company Limited (REC TPCL) forms wholly owned subsidiaries to act as SPVs for transmission projects with an intention that these SPVs will be handed over to the successful bidder on completion of the bidding process. As per Para 11 of AS-21, a subsidiary should be excluded from consolidation when control is intended to be temporary because the subsidiary is acquired and held exclusively with a view to its subsequent disposal in the near future. Therefore, the financial statements of the subsidiaries of REC Transmission Projects Company Limited (namely Nellore Transmission Limited, Baira Siul Sarna Transmission Limited, Gadawara (B) Transmission Limited, Gadawara (A) Transco Limited and Maheshwaram Transmission Limited) have not been consolidated with the financial statements of the Company.

## 2. SHARE CAPITAL

(₹ in Crores)

Particulars	As at 31.03.2015		As at 31.03.2014	
	No. of Shares	Amount	No. of Shares	Amount
<b>Authorised :</b>				
Equity shares of ₹ 10 each	1,20,00,00,000	1,200.00	1,20,00,00,000	1,200.00
<b>Issued, Subscribed and Paid up :</b>				
Fully paid up Equity shares of ₹ 10 each	98,74,59,000	987.46	98,74,59,000	987.46
<b>Total</b>	<b>98,74,59,000</b>	<b>987.46</b>	<b>98,74,59,000</b>	<b>987.46</b>

- 2.1 The holders of the equity shares of the Company are entitled to receive dividends as and when declared by the Company and enjoy proportionate voting rights in case any resolution is put to vote. Further, the shareholders have all such rights, as may be available to a shareholder of a listed public company, under the Companies Act, 1956 (to the extent applicable), Companies Act, 2013 (to the extent notified), the terms of the listing agreements executed with the Stock Exchanges (i.e. National Stock Exchange of India Limited and BSE Limited), and Memorandum of Association and Articles of Association of the Company.

### 2.2 Shareholders holding more than 5% of fully paid-up equity shares :

Name	As at 31.03.2015		As at 31.03.2014	
	No. of Shares	Percentage	No. of Shares	Percentage
The President of India	64,81,68,218	65.64%	64,81,68,218	65.64 %
Life Insurance Corporation of India	3,08,77,781	3.13%	5,93,52,864	6.01 %

Pursuant to the Offer for Sale of 5 % shareholding by Govt. of India through stock exchanges on 8<sup>th</sup> April, 2015 and an off-market transaction for the Central Public Enterprises Exchange Traded Fund (CPSE ETF) Loyalty Units on 10<sup>th</sup> April, 2015, the shareholding of The President of India as on the date of signing of the financial statements is 60.64 % (59,87,67,680 shares).

## CONSOLIDATED NOTES TO ACCOUNTS

### 3. RESERVES AND SURPLUS

Particulars	(₹ in Crores)	
	As at 31.03.2015	As at 31.03.2014
<b>Capital Reserve</b>	<b>105.00</b>	<b>105.00</b>
<b>Securities Premium Account (Refer Note 3.1)</b>		
Balance as at the beginning of the year	3,223.72	3,222.48
Add: Additions during the year	-	1.24
<b>Balance as at the end of the year</b>	<b>3,223.72</b>	<b>3,223.72</b>
<b>Debenture Redemption Reserve (Refer Note 3.2)</b>		
Balance as at the beginning of the year	345.98	160.19
Add: Amount transferred from Surplus Account	185.79	185.79
<b>Balance as at the end of the year</b>	<b>531.77</b>	<b>345.98</b>
<b>Special Reserve created u/s 36(1) (viii) of the Income Tax Act, 1961</b>		
Balance as at the beginning of the year	6,820.64	5,529.64
Add: Amount transferred from Surplus Account	1,629.00	1,291.00
<b>Balance as at the end of the year</b>	<b>8,449.64</b>	<b>6,820.64</b>
<b>Reserve for Bad and doubtful debts u/s 36(1)(viiia) of the Income Tax Act, 1961</b>		
Balance as at the beginning of the year	1,268.97	980.97
Add: Amount transferred from Surplus Account	353.00	288.00
<b>Balance as at the end of the year</b>	<b>1,621.97</b>	<b>1,268.97</b>
<b>Foreign Currency Monetary Item Translation Difference Account (Refer Note 3.3)</b>		
Balance as at the beginning of the year	-532.65	-160.28
Add: Foreign Currency Translation Gain/ Loss (-) on long term monetary items during the year	-62.80	-676.64
Amortisation during the year	259.99	304.27
<b>Balance as at the end of the year</b>	<b>-335.46</b>	<b>-532.65</b>
<b>General Reserve</b>		
Balance as at the beginning of the year	3,623.39	3,133.09
Add: Amount transferred from Surplus Account	530.76	490.30
<b>Balance as at the end of the year</b>	<b>4,154.15</b>	<b>3,623.39</b>
<b>Surplus Account</b>		
Balance as at the beginning of the year	4,959.99	3,571.93
Less: Transfer of Depreciation in accordance with provisions of Companies Act, 2013 (Refer Note 3.4)	0.74	-
Add: Profit during the year	5,344.42	4,741.25
<b>Less : Appropriations</b>		
- Transfer to Special Reserve u/s 36(1)(viii) of the Income Tax Act, 1961	1,629.00	1,291.00
- Transfer to Reserve for Bad & Doubtful Debts u/s 36(1)(viiia) of the Income Tax Act, 1961	353.00	288.00
- Dividend		
- Interim Dividend	789.97	765.28
- Proposed Dividend (Final) (Refer Note 3.5)	266.61	172.81
- Dividend Distribution Tax		
- Interim Dividend	157.89	130.06
- Proposed Dividend (Final)	56.32	29.40
- Transfer to Debenture Redemption Reserve	185.79	185.79
- Transfer to General Reserve	530.76	490.30
<b>Balance as at the end of the year</b>	<b>6,334.33</b>	<b>4,960.54</b>
<b>Total Reserves and Surplus</b>	<b>24,085.12</b>	<b>19,815.59</b>

- 3.1 Additions in Securities Premium Account for the year ended 31<sup>st</sup> March, 2015 represent the premium of Nil (Previous Year ₹ 1.24 Crores) 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 ₹ 185.79 Crores (Previous year ₹ 185.79 Crores).

### 3.3 Foreign Currency Monetary Item Translation Difference Account

The company has opted towards an irrevocable option for amortising the foreign exchange fluctuation loss/gain on the long term foreign currency monetary items over the balance period of such items in accordance with Para 46A of Accounting Standard 11 'The Effects of Changes in Foreign Exchange Rates'. Amount remaining to be amortised in 'Foreign Currency Monetary Item Translation Difference Account' as on 31<sup>st</sup> March, 2015 is ₹ 335.46 Crores (Previous year ₹ 532.65 Crores).

### 3.4 Draw down from Reserves

An amount of ₹ 0.74 crores (net of tax ₹ 0.38 crores) has been adjusted in the retained earnings in respect of fixed assets, where the remaining useful life of such assets was Nil as at 1<sup>st</sup> April, 2014 in line with the provisions of the Schedule-II to the Companies Act, 2013.

### 3.5 Proposed Dividend

The final dividend proposed for the year is as follows :

Particulars	Year ended 31.03.2015	Year ended 31.03.2014
On Equity Shares of ₹ 10 each		
- Amount of Dividend proposed (₹ in Crores)	266.61	172.81
- Rate of Dividend	27.00%	17.50%
- Dividend per equity share (₹)	2.70	1.75

## 4. LONG-TERM DEBT

Non-current portion of the long term debt has been classified as 'Long-term borrowings' and the current portion of the long term debt has been classified as "Current Maturities of Long-term debt" in Note-10 'Other Current Liabilities'.

Particulars	As at 31.03.2015		As at 31.03.2014	
	Non-Current	Current	Non-Current	Current
<b>(A) Secured Long-Term Debt</b>				
<b>(a) Bonds</b>				
- Institutional Bonds	35,446.70	2,992.80	24,974.50	2,925.88
- 54EC Capital Gain Tax Exemption Bonds	10,687.69	4,903.25	10,253.16	5,239.36
- Tax Free Bonds	11,581.41	-	11,581.41	-
<b>(b) Term Loans</b>				
- from Banks	-	-	-	19.40
- from Financial Institutions	1,100.00	350.00	2,645.00	350.00
<b>Total Secured Long-Term Debt (a+b)</b>	<b>58,815.80</b>	<b>8,246.05</b>	<b>49,454.07</b>	<b>8,534.64</b>
<b>(B) Unsecured Long-Term Debt</b>				
<b>(a) Bonds</b>				
- Institutional Bonds	57,714.20	-	41,979.20	4,565.80
- Infrastructure Bonds	162.98	213.34	376.32	-
- Zero Coupon Bonds	914.48	-	844.08	-
<b>(b) Term Loans</b>				
- from Banks	-	125.00	125.00	125.00
- from Govt. of India	-	3.07	3.07	4.86
<b>(c) Other Loans &amp; Advances</b>				
- Foreign Currency Borrowings	13,515.80	10,534.34	17,313.56	307.59
<b>Total Unsecured Long-Term Debt (a+b+c)</b>	<b>72,307.46</b>	<b>10,875.75</b>	<b>60,641.23</b>	<b>5,003.25</b>
<b>Total Long-Term Debt (A+B)</b>	<b>1,31,123.26</b>	<b>19,121.80</b>	<b>1,10,095.30</b>	<b>13,537.89</b>
<b>Total Long-Term Debt (Non-Current + Current)</b>	<b>1,50,245.06</b>		<b>1,23,633.19</b>	

## CONSOLIDATED NOTES TO ACCOUNTS

### Details of Long-term Debt :

#### 4.1 Details of secured long-term debt :

(Refer Note 4.3 for details of the security)

##### 4.1.1 Bonds

(₹ in Crores)

Particulars	As at 31.03.2015		As at 31.03.2014	
	Non-Current	Current	Non-Current	Current
<b>4.1.1.1 Institutional Bonds</b>				
<b>123-IIIB Series</b>	1,955.00	-	-	-
9.34 % Redeemable at par on 25.08.2024				
<b>123-I Series</b>	1,515.00	-	-	-
9.40 % Redeemable at par on 17.07.2021				
<b>92-II Series</b>	945.30	-	945.30	-
8.65 % Redeemable at par on 22.01.2020				
<b>91-II Series</b>	995.90	-	995.90	-
8.80 % Redeemable at par on 17.11.2019				
<b>90-C-II Series</b>	1,040.00	-	1,040.00	-
8.80 % Redeemable at par on 06.10.2019				
<b>90-B-II Series</b>	868.20	-	868.20	-
8.72 % Redeemable at par on 04.09.2019				
<b>90<sup>th</sup> Series</b>	2,000.00	-	2,000.00	-
8.80 % Redeemable at par on 03.08.2019				
<b>122<sup>nd</sup> Series</b>	1,700.00	-	-	-
9.02 % Redeemable at par on 18.06.2019				
<b>119<sup>th</sup> Series</b>	2,090.00	-	2,090.00	-
9.63 % Redeemable at par on 05.02.2019				
<b>88<sup>th</sup> Series</b>	1,495.00	-	1,495.00	-
8.65 % Redeemable at par on 15.01.2019				
<b>118<sup>th</sup> Series</b>	1,655.00	-	1,655.00	-
9.61 % Redeemable at par on 03.01.2019				
<b>117<sup>th</sup> Series</b>	2,878.00	-	2,878.00	-
9.38 % Redeemable at par on 06.11.2018				
<b>87-A-III Series</b>	61.80	-	61.80	-
11.15 % Redeemable at par on 24.10.2018				
<b>116-II Series</b>	850.00	-	850.00	-
9.24 % Redeemable at par on 17.10.2018				
<b>87-II Series</b>	657.40	-	657.40	-
10.85 % Redeemable at par on 30.09.2018				
<b>86-B-III Series</b>	432.00	-	432.00	-
10.85 % Redeemable at par on 14.08.2018				
<b>86-A Series</b>	500.00	-	500.00	-
10.70 % Redeemable at par on 29.07.2018				
<b>85<sup>th</sup> Series</b>	500.00	-	500.00	-
9.68 % Redeemable at par on 13.06.2018				
<b>83<sup>rd</sup> Series</b>	685.20	-	685.20	-
9.07 % Redeemable at par on 28.02.2018				
<b>82<sup>nd</sup> Series</b>	883.10	-	883.10	-
9.85 % Redeemable at par on 28.09.2017				

## CONSOLIDATED NOTES TO ACCOUNTS

(₹ in Crores)

Particulars	As at 31.03.2015		As at 31.03.2014	
	Non-Current	Current	Non-Current	Current
<b>124-I Series</b>	<b>2,610.00</b>	-	-	-
9.06 % Redeemable at par on 23.09.2017				
<b>123-IIIA Series</b>	<b>1,275.00</b>	-	-	-
9.25 % Redeemable at par on 25.08.2017				
<b>121<sup>st</sup> Series</b>	<b>1,600.00</b>	-	1,600.00	-
9.52 % Redeemable at par on 25.03.2017				
<b>120<sup>th</sup> Series</b>	<b>1,100.00</b>	-	1,100.00	-
9.67 % Redeemable at par on 10.03.2017				
<b>81<sup>st</sup> Series</b>	<b>314.80</b>	-	314.80	-
8.85 % Redeemable at par on 20.01.2017				
<b>116-I Series</b>	<b>430.00</b>	-	430.00	-
9.05 % Redeemable at par on 17.10.2016				
<b>123-IV Series</b>	<b>2,750.00</b>	-	-	-
8.97 % Redeemable at par on 08.09.2016				
<b>123-II Series</b>	<b>1,660.00</b>	-	-	-
9.27 % Redeemable at par on 08.08.2016				
<b>80<sup>th</sup> Series</b>	-	<b>500.00</b>	500.00	-
8.20 % Redeemable at par on 20.03.2016				
<b>79<sup>th</sup> Series</b>	-	<b>500.00</b>	500.00	-
7.85 % Redeemable at par on 14.03.2016				
<b>78<sup>th</sup> Series</b>	-	<b>1,795.70</b>	1,795.70	-
7.65 % Redeemable at par on 31.01.2016				
<b>77<sup>th</sup> Series</b>	-	<b>197.10</b>	197.10	197.10
7.30 % Redeemable at par on 30.06.2015				
<b>75<sup>th</sup> Series</b>	-	-	-	100.00
7.20 % Redeemed at par on 17.03.2015				
<b>93-II Series</b>	-	-	-	443.10
8.45 % Redeemed at par on 19.02.2015				
<b>73<sup>rd</sup> Series</b>	-	-	-	46.78
6.90 % Redeemed at par on 08.10.2014				
<b>90-B-I Series</b>	-	-	-	883.90
8.35 % Redeemed at par on 04.09.2014				
<b>90-A-II Series</b>	-	-	-	1,000.00
8.00 % Redeemed at par on 05.08.2014				
<b>89-II Series</b>	-	-	-	255.00
7.70 % Redeemed at par on 02.06.2014				
<b>Total - Institutional Bonds</b>	<b>35,446.70</b>	<b>2,992.80</b>	<b>24,974.50</b>	<b>2,925.88</b>
<b>4.1.1.2 54EC Capital Gain Tax Exemption Bonds</b>				
<b>Series IX (2014-15)</b>	<b>5,337.78</b>	-	-	-
6.00 % Redeemable at par during financial year 2017-18				
<b>Series IX (2013-14)</b>	<b>5,349.91</b>	-	5,349.91	-
6.00 % Redeemable at par during financial year 2016-17				
<b>Series VIII (2012-13)</b>	-	<b>4,903.25</b>	4,903.25	-
6.00 % Redeemable at par during financial year 2015-16				
<b>Series VIII (2011-12)</b>	-	-	-	5,239.36
6.00 % Redeemed at par during financial year 2014-15				
<b>Total - 54EC Capital Gain Tax Exemption Bonds</b>	<b>10,687.69</b>	<b>4,903.25</b>	<b>10,253.16</b>	<b>5,239.36</b>



## CONSOLIDATED NOTES TO ACCOUNTS

(₹ in Crores)

Particulars	As at 31.03.2015		As at 31.03.2014	
	Non-Current	Current	Non-Current	Current
<b>4.1.1.3 Tax Free Bonds</b>				
<b>Series 2013-14 Tranche 2</b>	<b>1,057.40</b>	<b>-</b>	<b>1,057.40</b>	<b>-</b>
Redeemable at par. Bonds amounting to ₹ 419.32 Crores are redeemable on 24.03.2024, ₹ 528.42 Crores are redeemable on 24.03.2029 and ₹ 109.66 Crores are redeemable on 24.03.2034 with interest rates varying from 8.19 % to 8.88 % payable annually				
<b>Series 2013-14 Series 4A &amp; 4B</b>	<b>150.00</b>	<b>-</b>	<b>150.00</b>	<b>-</b>
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				
<b>Series 2013-14 Tranche 1</b>	<b>3,410.60</b>	<b>-</b>	<b>3,410.60</b>	<b>-</b>
Redeemable at par. Bonds amounting to ₹ 575.06 Crores are redeemable on 24.09.2023, ₹ 2,780.26 Crores are redeemable on 24.09.2028 and ₹ 55.28 Crores are redeemable on 24.09.2033 with interest rates varying from 8.01 % to 8.77 % payable annually				
<b>Series 2013-14 Series 3A &amp; 3B</b>	<b>1,350.00</b>	<b>-</b>	<b>1,350.00</b>	<b>-</b>
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				
<b>Series 2012-13 Tranche 2</b>	<b>131.06</b>	<b>-</b>	<b>131.06</b>	<b>-</b>
Redeemable at par. Bonds amounting to ₹ 81.35 Crores are redeemable on 25.03.2023 and bonds amounting to ₹ 49.71 Crores are redeemable on 25.03.2028 with interest rates varying from 6.88 % to 7.54 % payable annually				
<b>Series 2012-13 Tranche 1</b>	<b>1,982.35</b>	<b>-</b>	<b>1,982.35</b>	<b>-</b>
Redeemable at par. Bonds amounting to ₹ 1,165.31 Crores are redeemable on 19.12.2022 and bonds amounting to ₹ 817.04 Crores are redeemable on 19.12.2027 with interest rates varying from 7.22 % to 7.88 % payable annually				
<b>Series 2012-13 Series 2A &amp; 2B</b>	<b>500.00</b>	<b>-</b>	<b>500.00</b>	<b>-</b>
Redeemable at par. Bonds amounting to ₹ 255.00 Crores are redeemable on 21.11.2022 and bonds amounting to ₹ 245.00 Crores are redeemable on 21.11.2027 with interest rates of 7.21 % and 7.38 % respectively payable annually				
<b>Series 2011-12</b>	<b>3,000.00</b>	<b>-</b>	<b>3,000.00</b>	<b>-</b>
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				
<b>Total - Tax Free Bonds</b>	<b>11,581.41</b>	<b>-</b>	<b>11,581.41</b>	<b>-</b>
<b>4.1.2 Term Loans</b>				
<b>Term Loan from Banks</b>				
- State Bank of Saurashtra	-	-	-	19.40
<b>Term Loan from Financial Institutions</b>				
- Life Insurance Corporation of India (LIC)	<b>1,100.00</b>	<b>350.00</b>	<b>1,450.00</b>	<b>350.00</b>
The Loan of ₹1500 Crores (present outstanding ₹ 300 Crores @ 6.242 % and ₹ 150 Crores @ 6.231 %) & ₹ 2,000 Crores (present outstanding ₹ 1,000 Crores @ 7.35 %) repayable in 10 equal annual installments commencing from 01.10.2008 and 01.10.2010 respectively.				
- India Infrastructure Finance Company Ltd. (IIFCL)	-	-	1,195.00	-
<b>Total - Term Loans</b>	<b>1,100.00</b>	<b>350.00</b>	<b>2,645.00</b>	<b>369.40</b>

## CONSOLIDATED NOTES TO ACCOUNTS

### 4.2 Details of Unsecured long-term debt :

#### 4.2.1 Bonds

(₹ in Crores)

Particulars	As at 31.03.2015		As at 31.03.2014	
	Non-Current	Current	Non-Current	Current
<b>4.2.1.1 Institutional Bonds</b>				
<b>95-II Series</b>	1,800.00	-	1,800.00	-
8.75 % Redeemable at par on 12.07.2025				
<b>94<sup>th</sup> Series</b>	1,250.00	-	1,250.00	-
8.75 % Redeemable at par on 08.06.2025				
<b>131<sup>st</sup> Series</b>	2,285.00	-	-	-
8.35 % Redeemable at par on 22.02.2025				
<b>130<sup>th</sup> Series</b>	2,325.00	-	-	-
8.27 % Redeemable at par on 06.02.2025				
<b>129<sup>th</sup> Series</b>	1,925.00	-	-	-
8.23 % Redeemable at par on 23.01.2025				
<b>128<sup>th</sup> Series</b>	2,250.00	-	-	-
8.57 % Redeemable at par on 21.12.2024				
<b>115<sup>th</sup> Series - Subordinate Tier-II Bonds</b>	2,500.00	-	2,500.00	-
8.06 % Redeemable at par on 31.05.2023				
<b>114<sup>th</sup> Series</b>	4,300.00	-	4,300.00	-
8.82 % Redeemable at par on 12.04.2023				
<b>111-II Series</b>	2,211.20	-	2,211.20	-
9.02 % Redeemable at par on 19.11.2022				
<b>107<sup>th</sup> Series</b>	2,378.20	-	2,378.20	-
9.35 % Redeemable at par on 15.06.2022				
<b>132<sup>nd</sup> Series</b>	700.00	-	-	-
8.27 % Redeemable at par on 09.03.2022				
<b>127<sup>th</sup> Series</b>	1,550.00	-	-	-
8.44 % Redeemable at par on 04.12.2021				
<b>105<sup>th</sup> Series</b>	3,922.20	-	3,922.20	-
9.75 % Redeemable at par on 11.11.2021				
<b>101-III Series</b>	3,171.80	-	3,171.80	-
9.48 % Redeemable at par on 10.08.2021				
<b>100<sup>th</sup> Series</b>	1,500.00	-	1,500.00	-
9.63 % Redeemable at par on 15.07.2021				
<b>98<sup>th</sup> Series</b>	3,000.00	-	3,000.00	-
9.18 % Redeemable at par on 15.03.2021				
<b>97<sup>th</sup> Series</b>	2,120.50	-	2,120.50	-
8.80 % Redeemable at par on 29.11.2020				
<b>96<sup>th</sup> Series</b>	1,150.00	-	1,150.00	-
8.80 % Redeemable at par on 25.10.2020				
<b>113<sup>th</sup> Series</b>	1,542.00	-	1,542.00	-
8.87 % Redeemable at par on 08.03.2020				
<b>111-I Series</b>	452.80	-	452.80	-
9.02 % Redeemable at par on 19.11.2019				
<b>126<sup>th</sup> Series</b>	1,700.00	-	-	-
8.56 % Redeemable at par on 13.11.2019				

## CONSOLIDATED NOTES TO ACCOUNTS

(₹ in Crores)

Particulars	As at 31.03.2015		As at 31.03.2014	
	Non-Current	Current	Non-Current	Current
<b>125<sup>th</sup> Series</b>	<b>3,000.00</b>	<b>-</b>	<b>-</b>	<b>-</b>
9.04 % Redeemable at par on 12.10.2019				
<b>108-II Series</b>	<b>960.00</b>	<b>-</b>	<b>960.00</b>	<b>-</b>
9.39 % Redeemable at par on 20.07.2019				
<b>95-I Series</b>	<b>200.00</b>	<b>-</b>	<b>200.00</b>	<b>-</b>
8.70 % Redeemable at par on 12.07.2019				
<b>112<sup>th</sup> Series</b>	<b>1,500.00</b>	<b>-</b>	<b>1,500.00</b>	<b>-</b>
8.70 % Redeemable at par on 01.02.2018				
<b>109<sup>th</sup> Series</b>	<b>1,734.70</b>	<b>-</b>	<b>1,734.70</b>	<b>-</b>
9.25 % Redeemable at par on 27.08.2017				
<b>108-I Series</b>	<b>2,125.00</b>	<b>-</b>	<b>2,125.00</b>	<b>-</b>
9.40 % Redeemable at par on 20.07.2017				
<b>106<sup>th</sup> Series</b>	<b>1,500.00</b>	<b>-</b>	<b>1,500.00</b>	<b>-</b>
9.28 % Redeemable at par on 15.02.2017				
<b>103-I Series</b>	<b>50.00</b>	<b>-</b>	<b>50.00</b>	<b>-</b>
9.35 % Redeemable at par on 19.10.2016				
<b>102<sup>nd</sup> Series</b>	<b>2,216.20</b>	<b>-</b>	<b>2,216.20</b>	<b>-</b>
9.38 % Redeemable at par on 06.09.2016				
<b>101-II Series</b>	<b>394.60</b>	<b>-</b>	<b>394.60</b>	<b>-</b>
9.45 % Redeemable at par on 10.08.2016				
<b>74<sup>th</sup> Series</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>250.00</b>
7.22 % Redeemed at par on 31.12.2014				
<b>110<sup>th</sup> Series</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,475.00</b>
8.84 % Redeemed at par on 16.10.2014				
<b>101-I Series</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>395.60</b>
9.43 % Redeemed at par on 10.08.2014				
<b>99-II Series</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>445.20</b>
9.75 % Redeemed at par on 07.06.2014				
<b>Total - Institutional Bonds</b>	<b>57,714.20</b>	<b>-</b>	<b>41,979.20</b>	<b>4,565.80</b>
<b>4.2.1.2 Infrastructure Bonds</b>				
<b>Series-II (2011-12)</b>	<b>157.59</b>	<b>-</b>	<b>157.59</b>	<b>-</b>
Redeemable at par. Refer Note 4.6				
<b>Series-I (2010-11)</b>	<b>5.39</b>	<b>213.34</b>	<b>218.73</b>	<b>-</b>
Redeemable at par. Refer Note 4.6				
<b>Total - Infrastructure Bonds</b>	<b>162.98</b>	<b>213.34</b>	<b>376.32</b>	<b>-</b>
<b>4.2.1.3 Zero Coupon Bonds</b>				
<b>ZCB - Series II</b>	<b>164.60</b>	<b>-</b>	<b>151.35</b>	<b>-</b>
(Net of unamortised discount, 89,510 bonds with face value of ₹ 30,000 each redeemable at par on 03.02.2021)				
<b>ZCB - Series I</b>	<b>749.88</b>	<b>-</b>	<b>692.73</b>	<b>-</b>
(Net of unamortised discount, 3,92,700 bonds with face value of ₹ 30,000 each redeemable at par on 15.12.2020)				
<b>Total - Zero Coupon Bonds</b>	<b>914.48</b>	<b>-</b>	<b>844.08</b>	<b>-</b>

## CONSOLIDATED NOTES TO ACCOUNTS

### 4.2.2 Term Loans

(₹ in Crores)

Particulars	As at 31.03.2015		As at 31.03.2014	
	Non-Current	Current	Non-Current	Current
<b>4.2.2.1 Term Loans from Banks</b>				
- Bank of Maharashtra	-	125.00	125.00	125.00
8.00 % Loan repayable on 30.06.2015				
<b>4.2.2.2 Loan from Govt. of India</b>	-	3.07	3.07	4.86
Loans in various tranches with original tenor of 30 years with a moratorium of five years for the principal amount and repayable in 25 equal annual installments commencing from the sixth anniversary of the drawdown with interest rates varying from 6.75 % to 7.75 %				
<b>Total - Term Loans</b>	-	128.07	128.07	129.86
<b>4.2.3 Other Loans &amp; Advances</b>				
<b>4.2.3.1 Foreign Currency Borrowings</b>				
<b>CHF Bonds - CHF 200 Mn</b>	1,285.44	-	1,350.32	-
3.50 % Redeemable at par on 07.03.2017				
<b>Reg S Bonds - US \$500 Mn</b>	-	2,703.58	2,641.31	-
4.25 % Redeemable at par on 25.01.2016				
<b>JICA Loan - Guaranteed by Govt. of India</b>	550.17	209.62	735.25	203.81
0.75 % JICA-I loan repayable in equal half-yearly instalments of ₹982.33 Mn till 20.03.2021, next instalment falling due on 20.09.2015 and 0.65 % JICA-II loan repayable in equal half-yearly instalments of ₹995.33 Mn till 20.03.2023, next instalment falling due on 20.09.2015				
<b>KfW Loan - Guaranteed by Govt. of India</b>	144.43	51.40	195.83	50.34
3.73 % Loan repayable in equal half-yearly instalments of €3.68 Mn, next instalment due on 30.06.2015				
<b>KfW Loan - Guaranteed by Govt. of India</b>	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 31.03.2015 ₹ 87.76 cr., REC'S share ₹ 21.94 cr)				
<b>Syndicated Loan - US \$400 Mn</b>	-	1,788.96	1,788.96	-
Repayable on 22.09.2015				
<b>Bilateral Term Loan - Mauritius - US \$70 Mn</b>	-	311.36	311.36	-
Repayable on 28.10.2015				
<b>Bilateral Term Loan - Mizuho - US \$100 Mn</b>	-	446.50	446.50	-
Repayable on 30.03.2016				
<b>Bilateral Term Loan - BTMU - US \$100 Mn</b>	-	446.50	446.50	-
Repayable on 30.03.2016				
<b>Syndicated Loan- US \$300 Mn</b>	1,367.24	-	1,367.24	-
Repayable on 19.08.2016				
<b>KfW-II Loan - Guaranteed by Govt. of India</b>	267.22	53.44	320.66	53.44
2.89 % Loan repayable in equal half-yearly instalments of €3.88 Mn, next instalment falling due on 30.06.2015				
<b>Syndicated Loan- ₹12.525 Bn</b>	1,184.43	-	1,184.43	-
Repayable on 27.03.2017				
<b>Syndicated Loan- US \$250 Mn</b>	-	1,366.49	1,366.49	-
Loan of \$150 Mn & \$100 Mn repayable on 17.09.2015 and 19.11.2015 respectively				

## CONSOLIDATED NOTES TO ACCOUNTS

Particulars	As at 31.03.2015		As at 31.03.2014	
	Non-Current	Current	Non-Current	Current
<b>KfW-III Loan - Guaranteed by Govt. of India</b>	<b>477.36</b>	<b>89.18</b>	416.99	-
1.86 % Loan repayable in equal half-yearly instalments of €5.26 Mn, first instalment falling due on 30.06.2015				
<b>Syndicated Loan- US \$250 Mn</b>	-	<b>1,544.42</b>	1,488.37	-
Repayable on 05.02.2016				
<b>Syndicated Loan- US \$250 Mn</b>	-	<b>1,522.89</b>	1,473.07	-
Repayable on 21.03.2016				
<b>Syndicated Loan- US \$285 Mn</b>	<b>1,780.28</b>	-	1,780.28	-
Repayable on 02.12.2018				
<b>Syndicated Loan- US \$250 Mn</b>	<b>1,499.29</b>	-	-	-
Repayable on 29.05.2019				
<b>Syndicated Loan- US \$400 Mn</b>	<b>2,435.78</b>	-	-	-
Loan of US\$ 230 Mn and US\$ 170 Mn repayable on 24.07.2019 and 27.10.2019 respectively				
<b>Syndicated Loan- US \$400 Mn</b>	<b>2,502.22</b>	-	-	-
Repayable on 12.03.2020				
<b>Total - Foreign Currency Borrowings</b>	<b>13,515.80</b>	<b>10,534.34</b>	17,313.56	307.59

### 4.3 Security Details of the Secured Borrowings

The Bond Series 77, 78, 79, 80, 81, 82, 83, 85, 86A, 86 B-III, 87-II, 87 A-III, 88, 90, 90 B-II, 90 C-II, 91-II, 92-II of Institutional Bonds and Series VIII of 54EC Capital Gain Tax Exemption Bonds are secured by a charge on (a) mortgage of Flat no. 640, Asiad Games Village, New Delhi and (b) pari passu charge on the receivables of our Company, both present and future, save and except receivables hypothecated to IL&FS Trust Company Limited on the basis of joint hypothecation agreement dated September 24, 2010 in favour of IDBI Trusteeship Services Ltd.

The Bond Series 116-I, 116-II, 117, 118, 119, 120, 121, 122 of Institutional Bonds are secured by a charge on first 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, 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 MSEDCIL in favour of IL&FS Trust Company Ltd.

Tax Free Bonds issued during FY 2012-13 are secured by first pari passu charge on (a) mortgage of premises at Sub Plot No. 8, TPS No 2, FP No. 584P, situated at Village Subhanpura, Distt Vadodara and (b) hypothecation of receivables in favour of SBICap Trustee Company Ltd.

Tax Free Bonds issued during FY 2013-14 are secured by first pari passu charge on the book debts (other than those that are exclusively charged/earmarked to lenders / other Trustees) of the Company in favour of SBICap Trustee Company Ltd.

The term loans are secured by a charge on the receivables of our Company, both present and future, save and except certain specific receivables hypothecated to IL&FS Trust Company Limited on the basis of joint hypothecation agreement dated September 24, 2010 in favour of IDBI Trusteeship Services Ltd.

### 4.4 Foreign Currency Borrowings have been raised at interest rates ranging from a spread of 117 bps to 220 bps over 6 Months' USD/JPY LIBOR (London Inter Bank Offered Rate) except where rates have been stated above in Note No. 4.2.3.1.

## CONSOLIDATED NOTES TO ACCOUNTS

### 4.5 Ratings assigned by credit rating agencies and migration of ratings during the year

#### Domestic and International Credit Rating

The domestic debt instruments of REC continue to enjoy “AAA” rating – the highest rating assigned by CRISIL, CARE, India Ratings & Research & ICRA-Credit Rating Agencies.

REC enjoys international credit rating equivalent to sovereign rating of India from International Credit Rating Agencies Moody’s and FITCH which is “Baa3” and “BBB-” respectively.

There has been no migration of ratings during the year.

### 4.6 Details of Infrastructure Bonds Issued are as under :

#### Series I (2010-11) allotted on 31.03.2011

Rate of Interest	Amount (₹ in Crores)	Redemption Details
8.00 %	61.60	Redeemable on the date falling 10 years from the date of allotment with buyback option by bondholders after 5 years
8.20 %	151.74	
8.10 %	1.61	Redeemable on the date falling 10 years from the date of allotment
8.20 %	3.78	
<b>Total</b>	<b>218.73</b>	

#### 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	
<b>Total</b>	<b>157.59</b>	

## 5. DEFERRED TAX LIABILITIES (NET)

Particulars	(₹ in Crores)	
	As at 31.03.2015	As at 31.03.2014
<b>Deferred Tax Liabilities</b>		
Depreciation	4.15	5.04
Foreign Currency Exchange Fluctuation Loss	116.10	181.04
<b>Total</b>	<b>120.25</b>	<b>186.08</b>
<b>Deferred Tax Assets</b>		
Provision for Earned Leave Liability	7.98	7.81
Provision for Medical Leave	4.83	4.58
Provision for Doubtful Debts	0.86	0.38
Provision for Contingencies of Project Cost Revisions	0.72	0.39
Provision for Employee benefits	0.06	-
<b>Total</b>	<b>14.45</b>	<b>13.16</b>
<b>Deferred Tax Liabilities (Net)</b>	<b>105.80</b>	<b>172.92</b>

- 5.1 The Company has no intention to make withdrawal from the special reserve created and maintained under section 36(1)(viii) of the Income Tax Act 1961. Hence, the special reserve created and maintained is not capable of being reversed and thus, it becomes a permanent difference as per AS-22. Accordingly, the Company is not creating any deferred tax liability on the said reserve.

## CONSOLIDATED NOTES TO ACCOUNTS

### 6. OTHER LONG-TERM LIABILITIES

Particulars	(₹ in Crores)	
	As at 31.03.2015	As at 31.03.2014
- Non-Current Portion of Interest accrued but not due on borrowings	36.16	23.52
- Others	0.02	0.02
<b>Total</b>	<b>36.18</b>	<b>23.54</b>

### 7. LONG-TERM AND SHORT-TERM PROVISIONS

Particulars	As at 31.03.2015		As at 31.03.2014	
	Non-Current	Current	Non-Current	Current
<b>Provisions for</b>				
(A) <b>Employee Benefits</b>				
Earned Leave Liability	20.51	2.68	20.27	2.73
Post Retirement Medical Benefits	73.80	3.81	63.43	3.21
Medical Leave Liability	13.26	1.96	12.83	1.91
Settlement Allowance	1.04	0.16	1.02	0.14
Economic Rehabilitation Scheme	2.71	0.01	2.58	0.07
Long Service Award	2.34	0.50	3.02	0.36
Loyalty Bonus	0.09	-	-	-
<b>Sub-total (A)</b>	<b>113.75</b>	<b>9.12</b>	<b>103.15</b>	<b>8.42</b>
(B) <b>Others</b>				
Standard Loan Assets	446.13	44.79	339.17	31.21
Restructured Standard Loans	447.51	4.26	-	-
Incentive	-	16.71	-	15.42
Wealth Tax	-	0.37	-	0.37
Fringe Benefit Tax	-	0.36	-	0.36
Proposed Dividend	-	266.61	-	172.81
Corporate Dividend Tax	-	56.32	-	29.43
CSR Expenses	-	58.04	-	0.28
Contingencies of project cost revisions	-	2.13	-	1.15
<b>Sub-total (B)</b>	<b>893.64</b>	<b>449.59</b>	<b>339.17</b>	<b>251.03</b>
<b>Total (A+B)</b>	<b>1,007.39</b>	<b>458.71</b>	<b>442.32</b>	<b>259.45</b>

#### 7.1 Details of Provisions as required under AS-29 are as under :

Provisions for	(₹ in Crores)			
	Opening Balance	Additions During the Year	Paid/ Adjusted during the Year	Closing Balance
Earned Leave Liability	23.00	5.70	5.51	23.19
Previous year	23.34	6.23	6.57	23.00
Post Retirement Medical Benefits	66.64	16.39	5.42	77.61
Previous year	55.80	15.05	4.21	66.64
Medical Leave Liability	14.74	1.81	1.33	15.22
Previous year	13.40	2.64	1.30	14.74
Settlement Allowance	1.16	0.20	0.16	1.20
Previous year	1.16	0.10	0.10	1.16
Economic Rehabilitation Scheme	2.65	0.70	0.63	2.72
Previous year	2.23	0.89	0.47	2.65



## CONSOLIDATED NOTES TO ACCOUNTS

(₹ in Crores)

Provisions for	Opening Balance	Additions During the Year	Paid/ Adjusted during the Year	Closing Balance
Long Service Award	3.38	0.02	0.56	2.84
Previous year	3.06	0.94	0.62	3.38
Loyalty Bonus	-	0.09	-	0.09
Previous year	-	-	-	-
Standard Loan Assets	370.38	120.54	-	490.92
Previous year	105.68	264.70	-	370.38
Restructured Standard Loans	-	451.77	-	451.77
Previous year	-	-	-	-
Rescheduled Loan Assets	-	-	-	-
Previous year	3.18	-	3.18	-
Incentive	15.42	13.30	12.01	16.71
Previous year	34.03	10.95	29.56	15.42
CSR Expenses	0.28	102.07	44.31	58.04
Previous year	0.28	-	-	0.28
Wealth Tax	0.37	0.37	0.37	0.37
Previous year	0.37	0.37	0.37	0.37
Fringe Benefit Tax	0.36	-	-	0.36
Previous year	0.36	-	-	0.36
Interim Dividend	-	789.97	789.97	-
Previous year	-	765.28	765.28	-
Proposed Dividend	172.81	266.61	172.81	266.61
Previous year	148.12	172.82	148.13	172.81
Corporate Dividend Tax	29.43	214.21	187.32	56.32
Previous year	25.20	159.46	155.23	29.43
Income Tax	4,031.20	2,276.62	985.06	5,322.76
Previous year	2,336.77	1,736.59	42.68	4,030.68
Contingencies of project cost revisions	1.15	1.71	0.73	2.13
Previous year	-	1.48	0.33	1.15

### 8. SHORT-TERM BORROWINGS

(₹ in Crores)

Particulars	As at 31.03.2015	As at 31.03.2014
(A) Loans Repayable on Demand, unsecured		
- from Banks	734.00	-
(B) Commercial Paper, unsecured	-	2,540.00
<b>Total (A+B)</b>	<b>734.00</b>	<b>2,540.00</b>

### 9. TRADE PAYABLES

(₹ in Crores)

Particulars	As at 31.03.2015	As at 31.03.2014
Trade Payables	28.81	6.07
<b>Total</b>	<b>28.81</b>	<b>6.07</b>

## CONSOLIDATED NOTES TO ACCOUNTS

### 10. OTHER CURRENT LIABILITIES

		(₹ in Crores)	
Particulars	As at 31.03.2015	As at 31.03.2014	
(A) Current maturities of long-term debt (Refer Note 4)	19,121.80	13,537.89	
(B) Interest accrued but not due on borrowings	5,263.67	4,399.25	
(C) Interest accrued and due on borrowings	1.10	1.10	
(D) Income Received in Advance	7.10	9.51	
(E) Unpaid Dividends	2.62	2.31	
(F) Unpaid Interest & Principal on Bonds			
- Matured Bonds & Interest Accrued thereon	57.64	61.05	
- Interest on Bonds	14.33	11.38	
(G) Other payables			
- Subsidy/ Grant Received from Govt. of India	33,641.80	30,260.46	
Add: Interest on Subsidy/ Grant (Refer Note 10.3)	51.38	11.55	
Less: Disbursed to Beneficiaries	-33,399.90	-29,760.21	
Undisbursed Subsidy/Grant	293.28	511.80	
- Overdraft in Current Account	0.38	-	
- Statutory Dues payable including PF and TDS	28.68	26.33	
- Payable towards funded staff benefits	0.62	0.84	
- Other Liabilities	97.99	40.13	
<b>Sub-total (G)</b>	<b>420.95</b>	<b>579.10</b>	
<b>Total (A to G)</b>	<b>24,889.21</b>	<b>18,601.59</b>	

#### 10.1 Subsidy Under Accelerated Generation & Supply Programme (AG&SP):

The Company is maintaining an Interest Subsidy Fund Account and was given AG&SP subsidy (for disbursement to the eligible borrowers) by Govt. of India at net present value calculated at indicative rates and year in accordance with GOI's letter vide D.O.No. 32024/17/97-PFC dated 23.09.1997 and O.M.No.32024/23/2001-PFC dated 07.03.2003 irrespective of the actual repayment schedule, moratorium year and duration of repayment of the eligible schemes. The impact of difference between the indicative rate and year considered at the time of drawl and the actual can be ascertained only after the end of the respective schemes.

Net amount of ₹ 2.22 Crores as on 31<sup>st</sup> March, 2015 (Previous year ₹ 3.53 Crores) represents the balance amount of interest subsidy fund, which is to be passed on to the borrowers against their interest liability arising in future, under Accelerated Generation & Supply Programme (AG&SP), which comprises of the following :-

		(₹ in Crores)	
Particulars	Year ended 31.03.2015	Year ended 31.03.2014	
Opening Balance of Interest Subsidy Fund	3.53	5.20	
Add: Interest earned during the year	0.13	0.22	
Less: Interest subsidy passed on to the borrower	1.44	1.89	
<b>Closing Balance of Interest Subsidy Fund</b>	<b>2.22</b>	<b>3.53</b>	

#### 10.2 Government of India has appointed Rural Electrification Corporation Ltd. as a nodal agency for implementation of Deen Dayal Upadhyaya Gram Jyoti Yojna (DDUGJY). The funds received for disbursement to various agencies under the scheme are kept in a separate bank account. The undisbursed funds for the scheme (including the funds received under erstwhile RGGVY Scheme) including interest earned thereto are classified under "Undisbursed Subsidy/ grant" under the head "Other Current Liabilities".

During the year, interest earned of ₹ 61.78 Crores (Previous year ₹ 38.00 Crores) has been taken to DDUGJY Subsidy account. Further, during the year, an amount of ₹ 22.07 crores (Previous year ₹ 29.51 crores) has been refunded back to MoP out of the total interest on subsidy.

#### 10.3 The movement in Interest on Subsidy/ Grant is explained as under:

		(₹ in Crores)	
Particulars	As at 31.03.2015	As at 31.03.2014	
Opening Balance	11.55	3.65	
Add: Interest earned during the year	62.93	38.32	
Less: Amount refunded to Govt. during the year	22.34	29.51	
Less: Disbursement out of Interest earned on account of AG&SP Grant	0.76	0.91	
<b>Closing Balance</b>	<b>51.38</b>	<b>11.55</b>	

## CONSOLIDATED NOTES TO ACCOUNTS

### 11. FIXED ASSETS AS AT 31<sup>ST</sup> MARCH 2015

FIXED ASSETS	GROSS BLOCK				DEPRECIATION/ AMORTISATION			NET BLOCK	
	As at 01.04.2014	Additions during the year	Sales/ adjustment during the year	Closing as on 31.03.2015	Upto 31.03.2014	During the year	Adjustment during the year	As at 31.03.2015	As at 31.03.2014
<b>Tangible Assets</b>									
Freehold Land	34.75	-	-	34.75	-	-	-	34.75	34.75
Leasehold Land	1.45	-	-	1.45	0.21	0.01	-	1.23	1.24
Buildings	28.49	5.22	-	33.71	6.84	0.46	0.01	7.29	21.65
Furniture & Fixtures	6.77	0.66	0.13	7.30	4.09	0.54	0.03	4.60	2.68
Vehicles	0.45	0.19	0.18	0.46	0.37	0.03	0.18	0.22	0.08
EDP Equipments	16.37	3.91	2.87	17.41	10.14	3.80	2.33	11.61	6.23
Office Equipments	6.93	36.55	0.13	43.35	2.91	2.44	-0.64	5.99	4.02
<b>Total</b>	<b>95.21</b>	<b>46.53</b>	<b>3.31</b>	<b>138.43</b>	<b>24.56</b>	<b>7.28</b>	<b>1.91</b>	<b>29.93</b>	<b>70.65</b>
Previous year	90.45	6.70	1.94	95.21	22.36	3.14	0.94	24.56	70.65
<b>Intangible Assets</b>									
Computer Software	6.99	0.06	-	7.05	4.54	1.04	-	5.58	2.45
<b>Total</b>	<b>6.99</b>	<b>0.06</b>	<b>-</b>	<b>7.05</b>	<b>4.54</b>	<b>1.04</b>	<b>-</b>	<b>5.58</b>	<b>2.45</b>
Previous year	6.95	0.12	0.08	6.99	3.17	1.37	-	4.54	2.45
<b>Capital Work-in-progress</b>	<b>10.53</b>	<b>4.50</b>	<b>5.22</b>	<b>9.81</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9.81</b>	<b>10.37</b>
Previous year	8.75	1.62	-	10.37	-	-	-	-	10.37

**11.1** The formalities regarding registration of one conveyance deed in respect of the Land & Building acquired by the Company amounting to ₹4.59 Crores (Previous year ₹4.59 Crores) are yet to be executed.

**11.2** In the opinion of management, there is no impairment of the assets of the Company in terms of AS-28. Accordingly, no provision for impairment loss as required under Accounting Standard-28 'Impairment of Assets' has been made.

**11.3** Disclosure in respect of Intangible Assets as required in AS-26 "Intangible Assets" :

Useful Life	5 years
Amortisation Rate	20%, 100% in case the total cost of the asset is ₹5,000 or less
Amortisation Method	Straight Line

**11.4** In case of Energy Efficiency Services Limited (EESL), depreciation is provided at different rates from Rural Electrification Corporation Limited. The total amount of depreciation pertaining to the Company's share in the Joint Venture, EESL consolidated in these Consolidated Financial Statements is ₹ 1.43 crores (Previous year ₹ 0.06 crores).

## CONSOLIDATED NOTES TO ACCOUNTS

### 12. INVESTMENTS

Particulars	As at 31.03.2015		As at 31.03.2014	
	Number	Amount	Number	Amount
<b>Valued at Cost</b>				
<b>(1) Non-Current Investments</b>				
<b>(A) Other Investments (Quoted)</b>				
(i) <b>Investment in Tax Free Bonds</b>	50,000	5.00	50,000	5.00
8.76 % Bonds of HUDCO Ltd.				
Bonds of Face Value of ₹ 1,000 each				
<b>(B) Other Investments (Unquoted)</b>				
(i) <b>Investment in Equity Instruments</b>				
- 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				
(ii) <b>Investment in Government Securities</b>				
- 8 % Government of Madhya Pradesh Power Bonds-II	8	377.28	10	471.60
Maturing in equal half yearly Instalments of one bond each, next instalment due on 01.10.2015				
(Bonds of Face Value of ₹ 47.16 Crores each)*				
(iii) <b>Investment in Venture Capital Funds</b>				
- KSK Energy Ventures Limited	76,82,816	7.68	76,82,816	7.68
Units of "Small is Beautiful" Fund at face value of ₹ 10.00 per unit				
(iv) <b>Investment in Debentures</b>	75,000	750.00	1,14,150	1,141.50
9.68 % Bonds of UP Power Corporation Ltd.				
Bonds of Face Value of ₹ 0.01 Crores each				
<b>Total - Non-Current Investments (1)</b>		1,157.21		1,643.03
<b>(2) Current Investments</b>				
<b>(A) Investment in Government Securities (Quoted)</b>				
- 8.57 % -8.73 % Government of Uttar Pradesh Special Bonds		391.50		-
Maturing in annual Instalments of ₹ 39.15 crores, first maturity due on 31.12.2019 **				
<b>(B) Investment in Equity Instruments (Unquoted)</b>				
- <b>Subsidiaries</b>				
- <b>Gadarwara A Transco Limited</b>	50,000	0.05	-	-
Equity shares of ₹10 each, fully paid up				
- <b>Gadarwara B Transmission Limited</b>	50,000	0.05	-	-
Equity shares of ₹10 each, fully paid up				
- <b>Maheshwaram Transmission Limited</b>	50,000	0.05	-	-
Equity shares of ₹10 each, fully paid up				
- <b>Nellore Transmission Limited</b>	50,000	-	50,000	0.05
Equity shares of ₹10 each, fully paid up				
- <b>Baira Siul Sarna Transmission Limited</b>	50,000	-	50,000	0.05
Equity shares of ₹10 each, fully paid up				
- <b>NRSS XXIX Transmission Limited</b>	-	-	50,000	0.05
Equity shares of ₹10 each, fully paid up				
- <b>NRSS XXXI (A) Transmission Limited</b>	-	-	50,000	0.05
Equity shares of ₹10 each, fully paid up				
- <b>NRSS XXXI (B) Transmission Limited</b>	-	-	50,000	0.05
Equity shares of ₹10 each, fully paid up				

## CONSOLIDATED NOTES TO ACCOUNTS

(₹ in Crores)

Particulars	As at 31.03.2015		As at 31.03.2014	
	Number	Amount	Number	Amount
(C) Investment in Government Securities (Unquoted)				
- 8% Government of Madhya Pradesh Power Bonds-II				
Maturing in equal half yearly Instalments of one bond each, next instalment due on 01.10.2014	1	47.16	1	47.16
(Bonds of Face Value of ₹ 47.16 Crores each)*				
<b>Total - Current Investments (2)</b>		<b>438.81</b>		<b>47.41</b>
<b>Total (1+2)</b>		<b>1,596.02</b>		<b>1,690.44</b>

\* The number of bonds and the amount of the investment in current portion represents the investments maturing within the next 12 months and the balance is the non-current portion.

\*\* The investment has been classified as current investment in terms of Schedule III to the Companies Act, 2013, since the Management intends to dispose off the investment in the next 12 months.

### 12.1 Additional disclosures required in respect of the investments :

(₹ in Crores)

Particulars	As at 31.03.2015		As at 31.03.2014	
	Non-Current	Current	Non-Current	Current
(1) <b>Value of Investments</b>				
(i) Gross Value of Investments				
(a) In India	1,157.21	438.91	1,643.03	47.41
(b) Outside India,	-	-	-	-
(ii) Provisions for Depreciation				
(a) In India	-	0.10	-	-
(b) Outside India,	-	-	-	-
(iii) Net Value of Investments				
(a) In India	1,157.21	438.81	1,643.03	47.41
(b) Outside India.	-	-	-	-
(2) <b>Movement of provisions held towards depreciation on investments.</b>				
(i) Opening balance	-	-	-	-
(ii) Add : Provisions made during the year	-	0.10	-	-
(iii) Less : Write-off / write-back of excess provisions during the year	-	-	-	-
(iv) Closing balance	-	0.10	-	-
(3) <b>Aggregate amount of Quoted Investments</b>	5.00	391.50	5.00	-
Market Value of Quoted Investments	6.00	405.63	5.01	-
(4) <b>Aggregate amount of Unquoted Investments</b>	1,152.21	47.31	1,638.03	47.41
(5) <b>Aggregate provision for diminution in value of investments</b>	-	0.10	-	-

12.2 Investments include ₹ 7.68 Crores (Previous year ₹ 7.68 Crores) representing company's contribution in the units of 'Small is Beautiful (SIB) Venture Capital fund' promoted by KSK Energy Ventures Limited.

Name of the Company	Contribution towards Fund	Country of Residence	Percentage of Share
SIB Fund of KSK Energy Ventures Ltd	₹ 7.68 Crores	India	9.74 %

The face value of the fund is ₹ 10 per unit. The NAV as on 31.03.2015 is ₹ 9.70 per unit (as on 31.03.2014 ₹ 9.70 per unit). As Investment in 'Small is Beautiful' Fund is long term investment, the fluctuation in NAV in the current scenario is considered as temporary.

12.3 Information in relation to the interest of the Company in Joint Ventures as required under Accounting Standard – 27:

#### 1. Energy Efficiency Services Limited

Proportion of Interest in Equity	25 %
Country of Incorporation	India
JV Partners ( % share)	1. NTPC Limited (25 %)
	2. Power Grid Corporation of India Limited (25 %)
	3. Power Finance Corporation Limited (25 %)

## CONSOLIDATED NOTES TO ACCOUNTS

The Company's share of assets, liabilities, contingent liabilities and capital commitments as at 31.03.2015 and income and expenses for the year in respect of joint venture are given below :

		(₹ in Crores)		
Particulars	As at / For the year ended 31.03.2015 (Unaudited)	As at / For the year ended 31.03.2014 (Unaudited)	As at / For the year ended 31.03.2014 (Audited)*	
(i) Total Assets	78.94	31.62	31.44	
(ii) Total Liabilities	50.21	4.90	5.30	
(iii) Total Reserves & Surplus	6.23	4.22	3.64	
(iv) Contingent Liabilities	Nil	Nil	Nil	
(v) Capital Commitments	Nil	5.52	5.18	
(vi) Total Income	17.57	8.39	6.61	
(vii) Total Expenses	14.37	7.13	5.40	

\* The consolidated financial statements of the Company for the financial year 2013-14 had been prepared considering the unaudited financial statements of the joint venture, Energy Efficiency Services Limited (EESL). However, the financial statements of EESL were subsequently audited on 27<sup>th</sup> September, 2014. The change in the unaudited and audited figures in the assets and liabilities has already been adjusted in the balance sheet figures of EESL for the FY 2014-15. Further, the change in profit after tax has been adjusted in the opening balance of Surplus Account.

### 13. LONG-TERM LOANS & ADVANCES

		(₹ in Crores)	
Particulars	As at 31.03.2015	As at 31.03.2014	
(A) Capital Advances (Unsecured, considered good)	20.20	20.20	
(B) Security Deposits (Unsecured, considered good)	1.11	7.54	
(C) Loans & Advances to Related Parties			
- To Key Managerial Personnel (KMP)	0.21	0.07	
	0.21	0.07	
(D) Other Loans & Advances			
- Staff Loans & Advances (except to KMP)	40.40	15.85	
- Loan Assets	1,64,152.03	1,35,855.41	
- Others (Unsecured, considered good)	1.10	1.44	
	1,64,193.53	1,35,872.70	
Total (A to D)	1,64,215.05	1,35,900.51	

#### Details of Staff Loans & Advances and Loan Assets :

#### 13.1 Staff Loans & Advances

Non-current portion of the staff loans & advances has been classified under 'Long-term Loans & Advances' above and the current portion of the staff loans & advances has been classified under Note-18 'Other Current Assets'.

		(₹ in Crores)			
Particulars		As at 31.03.2015		As at 31.03.2014	
		Non-Current	Current	Non-Current	Current
(A) Secured Staff Loans & Advances					
(A1) To Key Managerial Personnel					
(a) Considered Good		0.04	0.02	0.02	-
(A2) To Others					
(a) Considered Good		2.82	1.08	4.13	0.69
(b) Classified Doubtful		-	0.07	0.02	0.05
Less: Allowance for bad & doubtful debts		-	0.07	0.02	0.05
		-	-	-	-
Sub-total (A1+ A2)		2.86	1.10	4.15	0.69
(B) Unsecured Staff Loans & Advances					
(B1) To Key Managerial Personnel					
(a) Considered Good		0.17	0.06	0.05	0.03

## CONSOLIDATED NOTES TO ACCOUNTS

(₹ in Crores)				
Particulars	As at 31.03.2015		As at 31.03.2014	
	Non-Current	Current	Non-Current	Current
(B2) To Others				
(a) Considered Good	37.58	9.56	11.72	4.51
<b>Sub-total (B1+ B2)</b>	<b>37.75</b>	<b>9.62</b>	<b>11.77</b>	<b>4.54</b>
<b>Grand Total (A+B)</b>	<b>40.61</b>	<b>10.72</b>	<b>15.92</b>	<b>5.23</b>

### 13.2 Loan Assets

Non-current portion of the long-term loan assets has been classified under 'Long-term Loans & Advances' above and the current portion of the long-term loan assets has been classified under Note-18 'Other Current Assets'.

(₹ in Crores)				
Particulars	As at 31.03.2015		As at 31.03.2014	
	Non-Current	Current	Non-Current	Current
(A) Secured Loans				
(A1) Loans to State Power Utilities/ State Electricity Boards/Corpn. (Secured by hypothecation and/or mortgage of materials/ tangible assets)				
(a) Considered Good	95,970.62	8,981.75	82,521.17	7,670.75
(A2) Loans to Others (Secured by hypothecation and/or mortgage of tangible assets)				
(a) Considered Good	28,393.85	1,201.89	22,027.26	1,160.66
(b) Classified Doubtful	849.53	429.66	308.02	182.38
Less: Allowance for bad & doubtful debts	208.67	100.59	119.64	17.22
	640.86	329.07	188.38	165.16
<b>Sub-total (A1+ A2)</b>	<b>1,25,005.33</b>	<b>10,512.71</b>	<b>1,04,736.81</b>	<b>8,996.57</b>
(B) Unsecured Loans				
(B1) Loans Guaranteed by respective State Governments				
(a) Considered good	35,334.41	2,651.53	27,201.58	2,363.27
(B2) Loans to State Governments				
(a) Considered good	2,878.29	377.24	2,860.78	340.09
(B3) Loans - Others				
(a) Considered Good	934.00	490.99	1,056.24	572.29
(b) Classified Doubtful	56.19	-	-	-
Less: Allowance for Bad & doubtful debts	56.19	-	-	-
	-	-	-	-
<b>Sub-total (B1+ B2+B3)</b>	<b>39,146.70</b>	<b>3,519.76</b>	<b>31,118.60</b>	<b>3,275.65</b>
<b>Grand Total (A+B)</b>	<b>1,64,152.03</b>	<b>14,032.47</b>	<b>1,35,855.41</b>	<b>12,272.22</b>

**13.2.1** Loan balance confirmations for around 85 % of total loan assets as on 31<sup>st</sup> March, 2015 have been received from the borrowers.

**13.2.2** Loan Assets also include amount financed by the Company as per the Scheme for Financial Restructuring of State Distribution Companies (Discoms).

**13.2.3** As at 31<sup>st</sup> March 2015, the dues of one of the borrowers were overdue for more than 6 months, thus, exceeding the time limit for classification of the borrower as 'Standard Asset'. Tariff order awarded by State Regulator in November 2013 and the concerned Appellate Tribunal in November 2014 for additional revenue in favour of the borrower had been challenged by the concerned Discom in Hon'ble Supreme Court. Since the matter was sub-judice in the Hon'ble Supreme Court, the borrower failed to pay the dues to the Company.

Hon'ble Supreme Court vide order dated 24<sup>th</sup> April 2015 quashed the appeal of the concerned discom and consequently, the State Regulator in its order dated 13<sup>th</sup> May, 2015 directed the Discom to pay the dues to the borrower at the earliest. Subsequently, the entire dues of the Company amounting to ₹ 54.15 crore have been cleared on 15<sup>th</sup> May 2015 i.e. before the date of signing of balance sheet. Therefore, in accordance with the provisions of Accounting Standard 4 (AS-4), 'Contingencies and Events Occurring after the Balance Sheet Date', the classification of the borrower has been retained as 'Standard Asset'. Due to the treatment as specified above in compliance of AS-4, the Profit before Tax for the year 2014-15 is higher by ₹ 66.73 crores.



## CONSOLIDATED NOTES TO ACCOUNTS

**13.2.4** Alaknanda Hydro Power Company Limited (AHPCL) Shrinagar HEP is located at Uttarakhand. Ministry of Finance, considering the natural disaster in June 2013 at Uttarakhand had taken a decision that Banks should announce a moratorium on repayment of loan and interest for a period of one year in respect of all project loans that are outstanding in Uttarakhand. Ministry of Power vide their letter dated 6<sup>th</sup> 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 23<sup>rd</sup> 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 28<sup>th</sup> 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 11<sup>th</sup> June 2014, allowed that the Transmission & Distribution, Renovation & Modernization and Life Extension projects as also the Hydro projects in Himalayan region or affected by natural disaster (new loans and outstanding stock of loans as on March 31, 2014) may be regulated by the REC's existing restructuring norms till March 31, 2017.

The Company inferred about non creation of SLA for FITL and they can directly book the unrealized income represented by FITL as income without receiving the equivalent cash because of exemption from RBI guidelines dated 23<sup>rd</sup> January 2014 for provisioning of restructured Loans. Accordingly the Company has booked the unrealized income represented by FITL of AHPCL for ₹ 86.42 crore as income and referred the issue to RBI for clarification.

Pending clarification from RBI for the above, instead of creating a corresponding Sundry Liabilities Account (Interest Capitalisation), 100 % allowance has been created in the books of accounts for the FITL in respect of AHPCL for ₹ 86.42 crores and the same shall be reviewed on receipt of clarification from RBI.

**13.2.5** M/s Teesta Urja Limited (TUL) is executing Hydro Electric Project in the North Eastern State of Sikkim. Substantial physical progress has been achieved in the project and as per the latest report of Lenders Independent Engineer, cumulative physical progress of the project is 91.6 %. TUL had fully tied up the project cost till 1<sup>st</sup> cost overrun. Accordingly, the charge on assets has been created as per the security documents carried out in consortium.

All the lenders, except one have sanctioned their proportionate shares towards debt requirement of 2<sup>nd</sup> cost overrun. In the meantime, the project faced issue of infusion of equity from its promoters. The issue regarding equity infusion was discussed in detail among stakeholders/ lenders of the company. As per the understanding in the meeting, Sikkim Power Investment Corporation Ltd. (SPICL) would take over the project with 51 % equity from its current holding of 26 % equity. The stake of all other promoters is therefore likely to come down on prorata basis to enable SPICL to have 51 % equity. As such, the joint documentation for the 2<sup>nd</sup> cost overrun could not take place, pending execution of the proposed change in the management/ shareholding pattern.

Meanwhile, some of the lenders, including REC, adjusted their outstanding interest dues on the basis of bilateral agreement with the Company, against the loan sanctioned towards 2<sup>nd</sup> cost overrun to TUL. All the disbursements towards the 2<sup>nd</sup> cost overrun will be secured, once the joint documentation is executed and security created on project assets for the enhanced loan. Pending documentation, an amount of ₹ 202.15 crores has been classified as Unsecured.

**13.2.6** REC, as a lead lender had sanctioned ₹ 650 Crore (Senior Debt: ₹ 555 Crore and Sub-Debt: ₹ 95 Crore) as initial sanction to Corporate Power Limited for 540 MW Phase-I TPP at Chandwa, Jharkhand. The Senior Debt of ₹ 555 Crore is secured by way of first charge on all the Company's, present and future immovable properties, movables, all bank accounts, project documents, clearances, letter of credits, guarantees, insurance contracts and insurance proceeds etc. and pledge of shares representing 51 % of the total paid up equity share capital of the Company. The Sub-Debt of ₹ 95 Crore is secured by second charge over the security given for Senior Debt and it is additionally secured by the Corporate Guarantee of Corporate Ispat and Alloys Limited (CIAL). Subsequently, REC, as lead lender, has sanctioned ₹ 196 Crore as additional loan towards funding of cost overrun.

The progress of Phase-I of the Project (where REC is Lead) as per last available Lender Independent Engineer's Report, is approximately 96 %. However, the account has become NPA on 30<sup>th</sup> June, 2014. As per REC Prudential Norms, a provision of 10 % is required to be created on the Outstanding Loan amount. Accordingly, a provision of ₹ 81.17 Crore i.e. 10 % of ₹ 811.74 Crores had been created on 30 June 2014. Lenders are exploring various options for the revival of the project including change in the management. Pending outcome of such efforts, as a matter of prudence, 100 % allowance of ₹ 133.02 crore (for adjusted IDC amount) has been created in the books of accounts and for the balance loan amount of ₹ 678.72 crores, 10 % allowance is created in the books as per REC Prudential Norms.

**13.2.7** REC has sanctioned ₹ 1,150 Crore to Jas Infrastructure & Power Limited (JIPL). An expenditure of about ₹ 2,700 Crores has been incurred in the project, wherein REC's disbursement is only ₹ 33.24 Crore. As project has been delayed considerably, lenders have constituted a Core-Committee to evaluate the further implementation strategy for the project, including change in management.

The account has become NPA on 30-06-2014. As per REC Prudential Norms, an allowance of 10 % is required to be created on the outstanding loan amount. Accordingly, an allowance of ₹ 3.32 Crores i.e. 10 % of ₹ 33.24 Crore been created on 30<sup>th</sup> June 2014. However, depending upon the further developments, REC may approach the lead lender for independent valuation of the project assets.

However, as a matter of prudence, 100 % allowance of ₹ 2.29 crore (for adjusted IDC amount) for JIPL has been created in the accounts and for the balance loan amount of ₹ 30.95 crores, 10 % allowance is created in the books as per REC Prudential Norms. The additional allowance shall be reviewed on the basis of outcome of the measures explained above.

## CONSOLIDATED NOTES TO ACCOUNTS

### 14. OTHER NON-CURRENT ASSETS

(₹ in Crores)		
Particulars	As at 31.03.2015	As at 31.03.2014
(A) Non-Current Portion of Interest Accrued on Staff Advances	5.01	4.03
(B) Interest Accrued on Rescheduled Loans	-	2.11
(C) Advance Income-tax & TDS	5,399.80	4,053.87
Less : Provision for Income Tax	5,322.76	4,030.68
Advance Income-tax & TDS (Net)	77.04	23.19
(D) Non-current Portion of Unamortized Expenses :		
- Discount on Issue of Bonds	0.14	4.13
(E) Project under Construction	-	0.17
(F) Term Deposits with Banks with more than 12 months maturity (lien against bank guarantee)	3.10	-
<b>Total (A to F)</b>	<b>85.29</b>	<b>33.63</b>

### 15. TRADE RECEIVABLES

(₹ in Crores)		
Particulars	As at 31.03.2015	As at 31.03.2014
(a) Unsecured		
Outstanding for a period more than 6 months		
- Considered Good	25.48	9.83
- Considered Doubtful	2.53	1.12
Less: Allowance for doubtful debts	2.53	1.12
	-	-
Less than 6 months		
- Considered Good	94.81	50.71
<b>Total</b>	<b>120.29</b>	<b>60.54</b>

### 16. CASH AND BANK BALANCES

(₹ in Crores)		
Particulars	As at 31.03.2015	As at 31.03.2014
(A) Cash & Cash Equivalents		
- Balances with Banks	202.35	124.75
- Others		
- Short Term Deposits with Scheduled Banks	356.57	1,083.20
<b>Sub-total (A)</b>	<b>558.92</b>	<b>1,207.95</b>
(B) Others		
- Term Deposits with Scheduled Banks	86.79	26.34
<b>Total (A+B)</b>	<b>645.71</b>	<b>1,234.29</b>
<b>Balances with Banks include:</b>		
- Earmarked Balances with Banks in separate accounts		
- For unpaid dividends	2.62	2.31
- For DDUGJY grants	31.68	0.20
- For AG & SP grant	2.22	3.97
- For NEF grant	1.00	-
- For other grants	20.04	1.75
- Tax Free Bonds Public Issue Account	-	5.96
- Amount set aside for grants disbursement	2.15	2.38
Further, Short-term Deposits with Scheduled Banks include ₹ 236.19 Crores (Previous year ₹ 503.50 Crores) earmarked towards DDUGJY grant. Figure in (B) Others - Term Deposits with Scheduled Banks includes the deposit for ₹ 0.36 Crores (Previous year Nil) made and earmarked in compliance of a Court order.		
- Term deposits held as security/ margin money	-	0.19
- Term Deposits with Scheduled Banks with more than twelve months original maturity	5.80	1.30

## CONSOLIDATED NOTES TO ACCOUNTS

**16.1** The Company had made public issue of Tax Free Bonds of face value of ₹1,000/- each aggregating to ₹ 4,500 Crores during the financial year 2013-14 in addition to private placement of the Tax Free Bonds of ₹ 1,500 Crores. The issue proceeds of ₹ 5.96 Crores remaining unutilised as on 31<sup>st</sup> March, 2014 have since been utilised for the purposes as mentioned in the Offer document.

### 17. SHORT-TERM LOANS & ADVANCES

		(₹ in Crores)	
Particulars	As at 31.03.2015	As at 31.03.2014	
(A) Loans & Advances to Related Parties (Unsecured, considered Good)	2.09	3.77	
(B) Others			
(i) Advances recoverable in cash or in kind or value to be received			
(a) Secured, Considered Good	0.02	-	
(b) Unsecured			
- Considered Good	1.75	1.73	
- Classified Doubtful	2.06	-	
Less: Allowance for bad & doubtful debts	2.06	-	
	-	-	
<b>Total (i)</b>	<b>1.77</b>	<b>1.73</b>	
(ii) Loan Assets			
(a) Secured Loans			
- Loans to State Power Utilities/ State Electricity Boards/Corpn. (Secured by hypothecation and/or mortgage of materials/ tangible assets)			
Considered Good	485.88	259.94	
<b>Sub-total (a)</b>	<b>485.88</b>	<b>259.94</b>	
(b) Unsecured Loans			
- Loans Guaranteed by respective State Governments			
- Considered Good	500.00	116.67	
- Loans - Others			
- Considered Good	111.11	-	
<b>Sub-total (b)</b>	<b>611.11</b>	<b>116.67</b>	
<b>Total (ii)</b>	<b>1,096.99</b>	<b>376.61</b>	
<b>Grand Total</b>	<b>1,100.85</b>	<b>382.11</b>	

### 18. OTHER CURRENT ASSETS

		(₹ in Crores)	
Particulars	As at 31.03.2015	As at 31.03.2014	
(A) Current recoverable of Long-term Loan Assets (Net) (Refer Note 13.2)	14,032.47	12,272.22	
(B) Current recoverable of Staff Advances (Net) (Refer Note 13.1)	10.72	5.23	
(C) Interest Accrued & Not Due on:			
- Govt. Securities	7.89	-	
- Long Term Investments	31.33	43.16	
- Term Deposits	0.90	4.66	
<b>Sub-total</b>	<b>40.12</b>	<b>47.82</b>	
(D) Interest Accrued & Due on Loan Assets	1,019.94	547.49	
(E) Interest Accrued & Not Due on Loan Assets	444.30	561.70	
(F) Current Portion of Interest Accrued on Staff Advances	0.28	0.08	
(G) Recoverable from GOI			
- RGGVY/ DDUGJY Expenses	8.49	8.49	
- NEF Expenses	0.29	-	
- DDUGJY/ UNDP Agency Charges	-	3.30	
<b>Sub-total</b>	<b>8.78</b>	<b>11.79</b>	
(H) Recoverable from SEBs/ Govt. Deptt/Others	9.29	4.46	
(I) Income Tax Recoverable	0.21	9.33	
(J) Prepaid Financial Charges on Commercial Paper	-	94.29	
(K) Current Portion of Unamortized Expenses			
- Discount on Issue of Bonds	3.99	4.83	
(L) Others	2.85	0.01	
<b>Total (A to L)</b>	<b>15,572.95</b>	<b>13,559.25</b>	

## CONSOLIDATED NOTES TO ACCOUNTS

### 19. REVENUE FROM OPERATIONS

(₹ in Crores)

Particulars	Year ended 31.03.2015		Year ended 31.03.2014	
(A) Interest on Loan Assets				
(i) Long term financing	19,904.21		16,413.47	
Less: Rebate for timely payments/ completion etc.	2.70	19,901.51	3.18	16,410.29
(ii) Short term financing		170.57		396.10
<b>Sub-total (A)</b>		<b>20,072.08</b>		<b>16,806.39</b>
(B) Revenue from Other Financial Services				
(i) Processing, Upfront, Lead fees, LC Commission etc.		51.93		52.90
(ii) Prepayment Premium		11.23		17.19
(iii) Agency/ handling charges for RGGVY/ DDUGJY Implementation/ others		15.29		28.76
<b>Sub-total (B)</b>		<b>78.45</b>		<b>98.85</b>
(C) Income from Short-term Investment of Surplus Funds				
(i) Interest from Deposits		69.46		98.07
(ii) Gain on Sale of Mutual Funds		9.54		14.67
<b>Sub-total (C)</b>		<b>79.00</b>		<b>112.74</b>
(D) Income from Consulting Engineer Services		154.43		104.23
<b>Total (A to D)</b>		<b>20,383.96</b>		<b>17,122.21</b>

### 20. OTHER INCOME

(₹ in Crores)

Particulars	Year ended 31.03.2015	Year ended 31.03.2014
(A) Interest Income (Other than Operating Income)		
- Interest from Govt. Securities		
- Interest from Govt. Securities	47.51	47.16
- Interest from Long Term Investments/Term Deposits/Others	106.87	46.72
- Interest from Income Tax Refund	-	4.56
- Interest from Staff Advances	1.72	1.25
- Interest from Subsidiary Companies/SPVs	0.09	0.51
<b>Sub-Total (A)</b>	<b>156.19</b>	<b>100.20</b>
(B) Dividend Income		
- Dividend from Long-Term Investments	3.63	0.38
<b>Sub-Total (B)</b>	<b>3.63</b>	<b>0.38</b>
(C) Other Non-Operating Income		
- Profit on sale of assets	0.02	-
- Provision Written Back	0.75	3.18
- Miscellaneous Income	5.31	2.97
<b>Sub-Total (C)</b>	<b>6.08</b>	<b>6.15</b>
<b>Total (A to C)</b>	<b>165.90</b>	<b>106.73</b>

## CONSOLIDATED NOTES TO ACCOUNTS

### 21. FINANCE COSTS

		(₹ in Crores)	
	Particulars	Year ended 31.03.2015	Year ended 31.03.2014
(A)	<b>Interest Expense</b>		
-	On Govt. Loans	0.43	0.90
-	On REC Bonds	9,503.41	7,877.43
-	On Loans from Banks/ Financial Institutions	207.50	415.94
-	On External Commercial Borrowings	1,358.86	1,064.92
-	On Commercial Paper	300.03	230.88
-	On AREP Subsidy	0.08	0.22
-	Interest on Advance Income Tax	1.40	3.10
	<b>Sub-Total (A)</b>	<b>11,371.71</b>	<b>9,593.39</b>
(B)	<b>Other Borrowing Costs</b>		
-	Guarantee Fee	18.31	18.66
-	Public Issue Expenses	-	30.37
-	Bonds Handling Charges	1.05	1.11
-	Bonds Brokerage	20.48	16.35
-	Stamp Duty on Bonds	4.03	3.73
-	Debt Issue and Other Finance Charges	168.79	59.10
	<b>Sub-Total (B)</b>	<b>212.66</b>	<b>129.32</b>
(C)	<b>Net Translation/ Transaction Exchange Loss</b>	<b>255.35</b>	<b>312.03</b>
	<b>Total (A to C)</b>	<b>11,839.72</b>	<b>10,034.74</b>

### 22. EMPLOYEE BENEFITS EXPENSE

		(₹ in Crores)	
	Particulars	Year ended 31.03.2015	Year ended 31.03.2014
-	Salaries and Allowances	97.02	93.32
-	Contribution to Provident Fund and Other Funds	11.46	11.00
-	Gratuity	0.60	0.82
-	Expenses towards Post Retirement Medical Facility	16.39	15.05
-	Staff Welfare Expenses	13.46	14.35
	<b>Total</b>	<b>138.93</b>	<b>134.54</b>

## CONSOLIDATED NOTES TO ACCOUNTS

### 23. OTHER EXPENSES

(₹ in Crores)			
Particulars	Year ended 31.03.2015		Year ended 31.03.2014
- Corporate Social Responsibility Expenses		102.07	38.73
- Travelling and Conveyance		10.97	10.80
- Publicity & Promotion Expenses		6.23	6.62
- Repairs and Maintenance			
- Building	2.84		1.75
- ERP & Data Centre	3.75		3.95
- Others	0.75	7.34	0.67
- Rent & Hiring Charges		4.91	4.53
- Rates and Taxes		0.89	1.04
- Power & Fuel		1.43	1.23
- Insurance Charges		0.04	0.04
- Postage and Telephone		2.36	1.92
- Auditors' Remuneration		0.67	0.68
- Consultancy Charges		24.37	18.71
- Work Contract Charges		2.51	-
- Project Expenses		10.21	4.75
- Loss on Sale of Assets		0.12	0.69
- Loss on SPVs written off		1.77	-
- Allowance on Staff Advances		-	0.07
- Allowance for contingencies of project cost revision		1.71	1.48
- Miscellaneous Expenses		28.41	28.23
<b>Total</b>		<b>206.01</b>	<b>125.89</b>

#### 23.1 Disclosure in respect of CSR Expenses:

Amount spent during the year (₹ in Crores) :

Particulars	FY 2014-15			FY 2013-14		
	In Cash	Yet to be paid*	Total	In Cash	Yet to be paid*	Total
(i) Construction / acquisition of any asset	-	-	-	-	-	-
(ii) On purpose other than (i) above	44.31	57.76	102.07	38.73	-	38.73

\* denotes amount provided for.

#### 23.2 Auditors' Remuneration includes :

(₹ in Crores)		
Particulars	Year ended 31.03.2015	Year ended 31.03.2014
- Audit Fees	0.43	0.34
- Tax Audit Fees	0.07	0.06
- Limited Review Fees	0.09	0.06
- Payment for Other Services #	0.05	0.22
- Reimbursement of Expenses	0.03	-
<b>Total</b>	<b>0.67</b>	<b>0.68</b>

The figure above also includes service tax credit reversal of ₹ 0.04 crores (Previous year ₹ 0.03 crores) done as per Service Tax Rules.

# Inclusive of Certification Fee of Nil (Previous year ₹ 0.18 Crores) for Certification of Prospectus for Tax Free Bonds Public Issue during the year

## CONSOLIDATED NOTES TO ACCOUNTS

### 23.3 Earnings and Expenditure in Foreign Currency :

		(₹ in Crores)
Particulars	Year ended 31.03.2015	Year ended 31.03.2014
Earnings	-	0.07
Expenditure		
- Royalty, Know-how, Professional, Consultation Fees	-	0.21
- Interest	455.29	388.23
- Finance Charges	149.36	47.67
- Other Expenses	3.21	1.70
Total	607.86	437.81

- 23.4 The Company has taken office space, accommodations for staff and space for ERP Data Centre on lease. These are classified as operating lease. Lease payments in respect of office space and data centre amounting to ₹ 4.30 Crores (Previous year ₹ 4.43 Crores) is shown under the head 'Other Expenses'. Lease payments in respect of accommodations for staff amounting to ₹ 2.50 Crores (Previous year ₹ 2.23 Crores) form part of 'Employees Benefit Expense.' Future lease payments in respect of these lease agreements are as under:

Future minimum lease rent payments	Year ended 31.03.2015		Year ended 31.03.2014	
	Data Centre	Office & Accomodations	Data Centre	Office & Accomodations
Not later than one year	0.29	3.93	0.39	4.38
Later than one year and not later than 5 years	-	6.52	0.18	9.60
Later than 5 years	-	0.66	-	0.69
<b>Total</b>	<b>0.29</b>	<b>11.11</b>	<b>0.57</b>	<b>14.67</b>

### 24. PROVISIONS AND CONTINGENCIES

		(₹ in Crores)
Particulars	Year ended 31.03.2015	Year ended 31.03.2014
Allowance for bad & doubtful debts	232.06	47.89
Contingent Allowance against Standard Loan Assets	120.54	264.70
Allowance against Restructured Standard Loans	451.77	-
Allowance for depreciation on Investment	0.10	-
<b>Total</b>	<b>804.47</b>	312.59

### 25. PRIOR PERIOD ITEMS

		(₹ in Crores)
Particulars	Year ended 31.03.2015	Year ended 31.03.2014
- Interest and Finance Exp	0.00	(0.39)
- Others	0.07	0.35
<b>Total</b>	<b>0.07</b>	<b>(0.04)</b>

### 26. EARNINGS PER SHARE

Particulars	Year ended 31.03.2015	Year ended 31.03.2014
<b>Numerator</b>		
Profit after Tax as per Statement of Profit and Loss (₹ in Crores)	5,344.42	4,741.25
<b>Denominator</b>		
Weighted average Number of equity shares	98,74,59,000	98,74,59,000
<b>Basic &amp; Diluted Earnings per share of ₹ 10 each (in ₹)</b>	54.12	48.01



## CONSOLIDATED NOTES TO ACCOUNTS

### 27. CONTINGENT LIABILITIES AND COMMITMENTS :

#### 27.1 Contingent Liabilities not provided for in respect of:

(₹ in Crores)		
Particulars	As at 31.03.2015	As at 31.03.2014
(A) Claims against the Company not acknowledged as debts	56.54	57.01
(B) Guarantees	40.36	4.55
(C) Others		
- Letters of Comfort	260.84	1,273.81

The amount referred to in 'A' above includes ₹ 3.75 Crores (Previous year ₹ 5.24 Crores) is in respect of cases pending in various courts including arbitration cases and is dependent upon the outcome of settlement of court/arbitration cases and also includes ₹ 52.79 Crores (Previous year ₹ 51.77 Crores) against various demands raised by the Income Tax Department/ Service Tax Department including the cases pending in Delhi High Court/ Supreme Court.

#### 27.2 Commitments not provided for in respect of:

(₹ in Crores)		
Particulars	As at 31.03.2015	As at 31.03.2014
- Contracts remaining to be executed on capital account		
- Towards Tangible Assets	16.06	17.21
- Towards Intangible Assets	4.32	4.75
- Other Commitments		
- CSR Commitments	182.73	34.42

### 28. DETAILS OF REGISTRATION/ LICENSE/ AUTHORISATION OBTAINED FROM FINANCIAL SECTOR REGULATORS:

Particulars	Regulator Name	Registration Details
(i) Corporate Identification No.	Ministry of Corporate Affairs	L40101DL1969GOI005095
(ii) Registration Number	Reserve Bank of India	14.000011

29. The Company is registered with the Reserve Bank of India (RBI) as a Non-Banking Financial Company (NBFC) since 1997-98. As per notification No.DNBS(PD).CC No.12/02.01/99-2000 dated 13.1.2000 of RBI, Govt. companies as defined under Section 617 of the Companies Act, 1956 have been exempted from applicability of the provisions of Reserve Bank of India Act, 1934 relating to maintenance of liquid assets and creation of Reserve Funds and the Directions relating to acceptance of public deposits and Prudential Norms. The said notification is also applicable to REC, being a Govt. company as defined under Section 2 (45) of the Companies Act, 2013 (Section 617 of the erstwhile Companies Act, 1956). Accordingly, the Reserve Fund is not created.

Further, as per Para No. 1 (3) (iv) of RBI's Master Circular No. DNBS (PD) CC No. 381/03.02.001/2014-15 dated July 1, 2014, REC being a Government Company continues to be exempted from the applicability of Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007. However, RBI, vide its letters dated 25<sup>th</sup> July, 2013 and 4<sup>th</sup> April, 2014, has conveyed to the Company to comply with the Prudential Norms of RBI by 31<sup>st</sup> 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 11<sup>th</sup> 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 01<sup>st</sup> April 2015, the provisioning requirement would be 5% and for stock of loans as on 31<sup>st</sup> March 2015 of such projects, the provisioning shall commence with a provision of 2.75% w.e.f 31<sup>st</sup> March 2015 and reaching 5% by 31<sup>st</sup> March 2018.

30. RBI, vide its letter dated September 17, 2010 had categorized REC as an Infrastructure Finance Company (IFC) in terms of instructions contained in RBI Circular CC No.168 dated February 12, 2010. As an IFC, the total permissible exposure for lending in the private sector is 25% of owned funds in case of single borrower and 40% in case of a single group of borrowers and exposure for lending and investing taken together can be upto 30% and 50% of owned funds, respectively.

## CONSOLIDATED NOTES TO ACCOUNTS

In respect of Private Sector entities, the Company's credit exposure to single borrowers and group borrowers did not exceed the RBI prudential exposure limits as at 31<sup>st</sup> March, 2015 and 31<sup>st</sup> March 2014.

In respect of Central/State Government entities, RBI vide its letter DNBS.CO.ZMD-N. No. 4868/55.18.014/2013-14 dated 4<sup>th</sup> April, 2014 has exempted REC from RBI Prudential Exposure limits till 31<sup>st</sup> March, 2016. In view of the exemption granted by RBI, our maximum credit exposure limits to Central and State power Utilities vary from 50 % to 250 % of owned funds, depending upon entity appraisal.

### 31. CHANGES IN ACCOUNTING POLICIES OF RURAL ELECTRIFICATION CORPORATION LIMITED

Consequent to the notification of Companies Act, 2013, modifications have been made in Significant Accounting Policy No. 1(a) and 7. Further, modifications have been made in Significant Accounting Policy No. 2, 6. However, there is no financial impact of such modifications.

The Company has also changed its Significant Accounting Policy 4.1 regarding depreciation on fixed assets in alignment with Schedule-II to the Companies Act, 2013 which has become applicable from 1<sup>st</sup> April, 2014. If the company had followed the earlier policy, profit before tax for the year would have been higher by ₹ 2.85 Crores.

Further, the accounting policy on Provisioning against Loans has been amended to create provision @ 2.75 % on stock of restructured loans. Thus, during the year, a provision has been made amounting to ₹ 451.77 Crores (Previous year Nil) on qualifying loans (comprising of loans to Public sector ₹ 11,682.23 Crores and loans to Private sector ₹ 4,745.92 Crores). Due to this change in accounting policy, the profit before tax is lower by ₹ 410.70 Crores after considering the existing provision on standard loan assets on these restructured loans.

### 32. QUALITY OF LOAN ASSETS

#### 32.1 The Classification of Loan Assets of the Company (classified in Note No. 13 and 17) as per REC Prudential Norms is as under:

(₹ in Crores)				
Asset Classification	As at 31.03.2015		As at 31.03.2014	
	Loan Balance	Allowance created against Loan Assets	Loan Balance	Allowance created against Loan Assets
(i) <b>Standard Assets</b>				
(a) Restructured Standard Loan Assets (Refer Note below)	16,428.15	451.77	-	-
(b) Other than (a) above	161,883.41	490.92	148,150.70	370.38
(ii) <b>Sub-standard Assets</b>	844.98	206.28	-	-
(iii) <b>Doubtful Assets</b>	473.18	141.95	473.18	94.64
(iv) <b>Loss Assets</b>	17.22	17.22	17.22	17.22
<b>Total</b>	<b>179,646.94</b>	<b>1,308.14</b>	<b>148,641.10</b>	<b>482.24</b>

**Note :** Loan assets as mentioned in (i)(a) refer to restructured standard loan assets as specified in Accounting Policy No. 2.3(iv).

As a matter of prudence, 100 % allowance for ₹ 86.42 Crores (Previous year Nil) has been created in respect of a standard loan asset classified under (i)(b) above as disclosed in Note No. 13.2.4. Further, an additional allowance for ₹ 121.77 Crores (Previous year Nil) has been created over and above as required under REC Prudential Norms in respect of certain borrowers classified under (ii) above.

#### 32.2 Sector-wise NPAs - Percentage of NPAs to Total Advances in that sector

(₹ in Crores)		
Particulars	As at 31.03.2015	As at 31.03.2014
<b>Power Sector</b>	<b>0.74%</b>	<b>0.33 %</b>

## CONSOLIDATED NOTES TO ACCOUNTS

### 32.3 Movement of NPAs

(₹ in Crores)		
Particulars	As at 31.03.2015	As at 31.03.2014
(i) <b>Net NPAs to Net Advances (%)</b>	<b>0.54%</b>	<b>0.24%</b>
(ii) <b>Movement of NPAs (Gross)</b>		
(a) Opening balance	490.40	490.40
(b) Additions during the year	844.98	-
(c) Reductions during the year	-	-
(d) Closing balance	1,335.38	490.40
(iii) <b>Movement of NPAs (Net)</b>		
(a) Opening balance	353.54	400.86
(b) Additions during the year	616.39	(47.32)
(c) Reductions during the year	-	-
(d) Closing balance	969.93	353.54
(iv) <b>Movement of provisions for NPAs</b>		
(a) Opening balance	136.86	89.54
(b) Provisions made during the year	228.59	47.32
(c) Write-off / write-back of excess provisions	-	-
(d) Closing balance	365.45	136.86

### 33. EXPOSURE RELATED DISCLOSURES

#### 33.1 Exposure to Real Estate Sector

The Company has no exposure to real estate sector as on 31.03.2015 (Previous year Nil).

#### 33.2 Exposure to Capital Market

(₹ in Crores)		
Particulars	As at 31.03.2015	As at 31.03.2014
(i) Direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	17.50	17.50
(ii) Advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	-	-
(iii) Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	-	-
(iv) Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds 'does not fully cover the advances';	-	-
(v) Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	-	-
(vi) Loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	-	-
(vii) Bridge loans to companies against expected equity flows/ issues;	-	-
(viii) All exposures to Venture Capital Funds (both registered and unregistered)	7.68	7.68
<b>Total Exposure to Capital Market</b>	<b>25.18</b>	<b>25.18</b>

## CONSOLIDATED NOTES TO ACCOUNTS

### 33.3 Unsecured Advances against Intangible Assets

There are no such advances outstanding as on 31<sup>st</sup> March, 2015 (Previous year Nil) for which intangible collaterals such as rights, licenses, authority, etc. are charged in favour of the Company in respect of projects financed by the Company.

### 34. CONCENTRATION OF ADVANCES, EXPOSURES AND NPAs

Particulars	As at 31.03.2015	As at 31.03.2014
(i) <b>Concentration of Advances</b>		
Total Advances to twenty largest borrowers (₹ in Crores)	108,066.67	94,703.76
Percentage of Advances to twenty largest borrowers to Total Advances of the Company	60.16%	63.71 %
(ii) <b>Concentration of Exposures</b>		
Total Exposure to twenty largest borrowers (₹ in Crores)	171,024.07	156,408.59
Percentage of Exposures to twenty largest borrowers to Total Exposure of the Company on borrowers	57.49%	46.91 %
(iii) <b>Concentration of NPAs</b>		
Total Outstanding to top four NPA Accounts (₹ in Crores)	1,318.16	485.53
Total Exposure to the above four NPA Accounts (₹ in Crores)	1,318.16	485.53

35. The Company has not entered into any securitisation/ assignment transactions during the FY 2014-15. Further, no assets have been sold to securitisation/ reconstruction company for asset reconstruction.

36. In accordance with the provisions of AS 9 'Revenue Recognition', the commitment fee of ₹ 4.84 Crores (Previous year ₹ 3.90 Crores) is not recognised in the books of accounts on account of the uncertainty of the receipt involved due to change in the drawal schedule etc. by the borrowers.

37. The National Electricity Fund (NEF), an interest subsidy scheme, has become operational during the year 2012-13. The scheme has been introduced by Govt. of India to promote the capital investment in the distribution sector. The scheme shall provide interest subsidy linked with reform measures, on the loans taken by public and private distribution power utilities for various capital works under Distribution sector. NEF would provide interest subsidy aggregating to ₹ 8,466 Crores (including interest subsidy to the borrowers, service charges to the nodal agency, payments to independent evaluators and other incidental expenses) spread over 13 years for loan disbursement against projects approved during 2012-13 and 2013-14. REC has been nominated as Nodal Agency for operationalisation of the NEF scheme in entire country.

38. Government of India has launched Deen Dayal Upadhyaya Gram Jyoti Yojana (DDUGJY) with the following components:

- 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 12<sup>th</sup> and 13<sup>th</sup> 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 12<sup>th</sup> and 13<sup>th</sup> plan will get subsumed in this scheme as a separate Rural Electrification (RE) component. REC has been nominated as nodal agency for operationalization of this scheme.

39. In the opinion of the management, the current assets, loans and advances appearing in the balance sheet have a value equivalent to the amount stated therein if realized during the ordinary course of business and all known liabilities have been provided.

## CONSOLIDATED NOTES TO ACCOUNTS

### 40. DISCLOSURE UNDER MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT ACT, 2006:

Particulars	(₹ in Crores)	
	As at 31.03.2015	As at 31.03.2014
Principal amount remaining unpaid but due as at year end	0.11	0.28
Interest due thereon as at year end	0.03	-
Interest paid by the company in terms of Section 16 of MSME Development Act, 2006 along with the amount of the payment made to the supplier beyond the appointed day during the year.	0.13	-
Interest due and payable for the period of delay in making payment but without adding the interest specified under MSME Development Act, 2006.	-	-
Interest accrued and remaining unpaid as at year end.	-	-
Further interest remaining due and payable even in the succeeding years, until such date when the interest due as above are actually paid to the small enterprises.	0.03	-

### 41. DERIVATIVES RELATED DISCLOSURES

#### 41.1 Forward Rate Agreements/ Interest Rate Swaps

Particulars	(₹ in Crores)	
	As at 31.03.2015	As at 31.03.2014
(i) The notional principal of swap agreements	24,577.20	19,376.35
(ii) Losses which would be incurred if counterparties failed to fulfill their obligations under the agreements	2,662.28	2,638.47
(iii) Collateral required by the NBFC upon entering into swaps	Nil	Nil
(iv) Concentration of credit risk arising from the swaps	Refer Note Below	Refer Note Below
(v) The fair value of the swap book	2,173.16	2,020.52

**Note :** REC, being NBFC has entered into swap agreements with Category-I, Authorized Dealers Banks only, in accordance with the RBI guidelines. All the swap agreements entered into with banks are well within the credit risk limit defined in the Board approved Risk Management Policy.

41.2 The Company has not entered into any exchange traded Interest Rate (IR) derivatives.

#### 41.3 Disclosure on Risk Exposure in Derivatives

##### 41.3.1 Qualitative Disclosures

REC has Risk Management Policy duly approved by the Board. The policy covers the currency risk of the company. This policy provides the guiding parameters within which the Company can take decisions for managing the Currency Risk that it is exposed to on account of foreign currency loan. The purpose of the policy is to provide a framework to the Company for management of its foreign currency risk.

##### Risk Management Structure

An Asset Liability Management Committee (ALCO) is currently functioning under the chairmanship of CMD, Director (Finance), Director (Technical) and one Part-time Non Official Independent Director, Executive Directors and General Managers from Finance and Operating Divisions as its members. ALCO monitors Foreign currency risk with exchange rate and interest rate is managed through various derivative instruments.

Derivative transactions include forwards, interest rate swaps, cross currency swaps and currency and cross currency options to hedge assets and liabilities. These derivative transactions are done for hedging purpose and not for trading or speculative purpose. These are accounted for on accrual basis and are not marked to market.

##### Type of Risks Involved

- 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 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.
- 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.

## CONSOLIDATED NOTES TO ACCOUNTS

- (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.

### 41.3.2 Quantitative Disclosures

(₹ in Crores)				
Particulars	Currency Derivatives *		Interest Rate Derivatives **	
	As at 31.03.15	As at 31.03.14	As at 31.03.15	As at 31.03.14
(i) Derivatives (Notional Principal Amount)				
For hedging	17,433.40	11,948.55	7,143.80	7,427.80
(ii) Marked to Market Positions				
a) Asset (+)	2,569.44	2,590.43	92.83	48.04
b) Liability (-)	294.66	119.89	194.46	498.05
(iii) Credit Exposure	17,433.40	11,948.55	7,143.80	7,427.80
(iv) Unhedged Exposures	6,616.74	5,672.61	N.A.	N.A.

\* Includes Full Hedge, Principal only Swap and Call Spread.

\*\* Includes Interest Rate Derivatives as a strategy of cost reduction

### 42. The outstanding position of Foreign Currency Exposure on 31<sup>st</sup> March, 2015 is as under:

(Foreign Currency amounts in Millions, INR amounts in Crores)						
Currency	Total		Hedged Portion (Currency & Interest rate)		Unhedged	
	Foreign Currency	INR Equivalent	Foreign Currency	INR Equivalent *	Foreign Currency	INR Equivalent *
JPY ¥	33,084.61	1,944.22	31,895.82	1,882.28	1,188.79	61.94
Previous year	36,483.43	2,123.49	35,851.15	2,086.30	632.28	37.19
EURO €	157.07	1,104.97	150.70	1,061.94	6.37	43.03
Previous year	141.28	1,037.26	113.63	808.90	27.65	228.36
USD \$	3,555.00	19,715.51	2,720.00	14,489.18	835.00	5,226.33
Previous year	2,505.00	13,110.08	1,830.00	9,053.34	675.00	4,056.74
CHF (Swiss Franc)	200.00	1,285.44	-	-	200.00	1,285.44
Previous year	200.00	1,350.32	-	-	200.00	1,350.32
<b>Total</b>		<b>24,050.14</b>		<b>17,433.40</b>		<b>6,616.74</b>
Previous year		17,621.15		11,948.54		5,672.61

\* The portion of the foreign currency borrowings swapped into Indian Rupee is stated at the rate fixed in the swap transactions, and not translated at the year end rate. The unhedged portion of the foreign currency borrowings has been translated at the year end rate.

### 42.1 In terms of Accounting Policy 14.1, the foreign currency monetary items as at the year end have been translated at the following rates:

Exchange Rates	USD/INR	JPY/INR	Euro/INR	CHF/INR
As at 31 <sup>st</sup> March, 2015	62.5908	0.5211	67.5104	64.2719
As at 31 <sup>st</sup> March, 2014	60.0998	0.5883	82.5765	67.5159

## CONSOLIDATED NOTES TO ACCOUNTS

### 43. RELATED PARTY DISCLOSURES :

#### (1) Key Managerial Personnel

Sh. Rajeev Sharma	Chairman & Managing Director
Sh. Ajeet Kumar Agarwal	Director (Finance)
Sh. P. J. Thakkar	Director (Technical)
Sh. J. S. Amitabh	GM & Company Secretary *

\* Company Secretary has been designated as Key Managerial Personnel w.e.f. 1<sup>st</sup> April, 2014 in accordance with the provisions of the Companies Act, 2013.

#### (2) Wholly owned Subsidiaries of REC Transmission Projects Company Limited

Nellore Transmission Limited - Incorporated on 04.12.2012

Baira Siul Sarna Transmission Limited - Incorporated on 24.01.2013

NRSS XXIX Transmission Limited- Incorporated on 29.07.2013 and transferred to Sterlite Display Technologies Private Limited (SDTPL), an investing affiliate of Sterlite Grid Limited, on 04.08.2014, substantially upon the terms and conditions as detailed in the Share Purchase Agreement executed between RECTPCL, NRSS XXIX Transmission Limited and SDTPL.

NRSS XXXI (A) Transmission Limited- Incorporated on 29.07.2013 and transferred to Power Grid Corporation of India Limited (PGCIL) on 12.05.2014, substantially upon the terms and conditions as detailed in the Share Purchase Agreement executed between RECTPCL, NRSS XXXI (A) Transmission Limited and PGCIL.

NRSS XXXI (B) Transmission Limited- Incorporated on 29.07.2013 and transferred to M/s Essel Infraprojects Limited (EIL) on 12.05.2014, substantially upon the terms and conditions as detailed in the Share Purchase Agreement executed between RECTPCL, NRSS XXXI (B) Transmission Limited and EIL.

Gadarwara (B) Transmission Limited - Incorporated on 30.07.2014 and transferred to Power Grid Corporation of India Limited (PGCIL) on 24.04.2015, substantially upon the terms and conditions as detailed in the Share Purchase Agreement executed between RECTPCL, 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

Vindhyachal Jabalpur Transmission Limited - Incorporated on 14.08.2014 and transferred to Power Grid Corporation of India Limited (PGCIL) on 26.02.2015, substantially upon the terms and conditions as detailed in the Share Purchase Agreement executed between Vindhyachal Jabalpur Transmission Limited and PGCIL.

#### Details of amount due from/ to the related parties :

Particulars	(₹ in Crores)	
	As at 31.03.2015	As at 31.03.2014
<b>Long-term Debt</b>	<b>0.17</b>	<b>0.08</b>
Key Managerial Personnel		
<b>Loans &amp; Advances</b>	<b>0.29</b>	<b>0.09</b>
Key Managerial Personnel		



## CONSOLIDATED NOTES TO ACCOUNTS

### Details of Transactions with the related parties :

Particulars	(₹ in Crores)	
	For the year ended 31.03.2015	For the year ended 31.03.2014
<b>Long Term Debt - Amount Invested</b>		
Key Managerial Personnel	-	0.04
<b>Loans &amp; Advances</b>		
Key Managerial Personnel	0.04	0.09
<b>Interest Income - Loans &amp; Advances</b>		
Key Managerial Personnel	0.06	0.01
<b>Finance Cost</b>		
Interest Paid to Key Managerial Personnel	0.01	-
Employee Benefits Expense - Managerial Remuneration	1.91	1.56

### 44. DISCLOSURES FOR EMPLOYEE BENEFITS AS REQUIRED UNDER AS 15:

#### (1) Defined Contribution Plans

##### A. Provident Fund

Company pays fixed contribution of Provident Fund at pre-determined rates to a separate trust which invests the funds in permitted securities. The trust fixes the rate of interest on contribution to the members of the trust.

##### B. Defined Contribution Superannuation Scheme

The Company pays fixed contribution towards superannuation scheme at pre-determined rates to a separate trust which invests the funds with the Insurers. The Insurers fix the rate of interest on the balance standing to the credit of the accounts of the members of the trust. When the pension becomes payable to the member, the Insurers shall appropriate the member's accumulation towards various annuities, as opted for by the member.

Amount recognised as expenses towards defined contribution plans:

Particulars	(₹ in Crores)	
	For the year ended 31.03.2015	For the year ended 31.03.2014
(i) Provident Fund	6.52	6.17
(ii) Defined Contribution Superannuation Scheme	4.77	4.68
<b>Total</b>	<b>11.29</b>	<b>10.85</b>

#### (2) Defined Benefit Plans - Post-Employment Benefits

##### A. Gratuity

The Company has a defined benefit gratuity plan. Every employee is entitled to gratuity as per the provisions of the Payment of Gratuity Act. The scheme is funded by the Company and is managed by separate trust. The liability of Gratuity is recognized on the basis of actuarial valuation.

##### B. Post Retirement Medical Facility (PRMF)

The Company has Post Retirement Medical Facility under which the entitled retired employees (including his/her spouse) are covered as per Company Rules. The expenditure is recognized in the Statement of Profit & Loss on the basis of actuarial valuation.

##### C. Other Defined Retirement Benefit (ODRB)

The Company has a scheme for settlement of the employee and their dependents at the time of superannuation at home town. The expenditure is recognized in the Statement of Profit & Loss on the basis of actuarial valuation.

The summarized position of various defined benefits recognized in the Statement of Profit & Loss, Balance Sheet and the funded status is as under:

## CONSOLIDATED NOTES TO ACCOUNTS

### Expense recognised in Statement of Profit & Loss:

(₹ in Crores)

Particulars	Gratuity		PRMF		ODRB	
	31.03.2015	31.03.2014	31.03.2015	31.03.2014	31.03.2015	31.03.2014
Current Service Cost	1.93	1.85	1.23	1.20	0.05	0.05
Interest Cost	3.24	3.03	5.66	4.46	0.10	0.09
Expected Return on Plan Assets	3.24	3.69	-	-	-	-
Actuarial (Gain)/ Loss	(1.33)	(0.37)	9.50	9.39	0.05	(0.04)
Expense recognized	0.60	0.82	16.39	15.05	0.20	0.10

### Amounts recognised in Balance Sheet:

(Amounts below in 'Gratuity' columns denotes respective amounts in the Balance Sheet of gratuity trust)

(₹ in Crores)

Particulars	Gratuity		PRMF		ODRB	
	31.03.2015	31.03.2014	31.03.2015	31.03.2014	31.03.2015	31.03.2014
Present value of obligation as at the end of the year	38.16	38.07	77.61	66.64	1.20	1.16
Fair value of Plan Assets as at the end of the year	36.25	35.94	-	-	-	-
Net Assets/ (Liability) recognized	(1.91)	(2.13)	(77.61)	(66.64)	(1.20)	(1.16)

### Changes in the Present value of defined benefit/ Obligation:

(₹ in Crores)

Particulars	Gratuity		PRMF		ODRB	
	31.03.2015	31.03.2014	31.03.2015	31.03.2014	31.03.2015	31.03.2014
Present value of obligation as at the beginning of the year	38.07	37.85	66.64	55.80	1.16	1.16
Interest Cost	3.24	3.03	5.66	4.46	0.10	0.09
Current Service Cost	1.93	1.85	1.23	1.20	0.05	0.05
Benefit Paid	3.89	3.99	5.42	4.21	0.16	0.10
Actuarial (Gain)/ Loss on obligation	(1.19)	(0.67)	9.50	9.39	0.05	(0.04)
Present Value of defined benefit obligation at the end of the year	38.16	38.07	77.61	66.64	1.20	1.16

### Changes in the Fair Value of Plan Assets:

(Amounts below in 'Gratuity' columns denotes respective amounts for the gratuity trust)

(₹ in Crores)

Particulars	Gratuity		PRMF		ODRB	
	31.03.2015	31.03.2014	31.03.2015	31.03.2014	31.03.2015	31.03.2014
Fair value of Plan Assets as at the beginning of the year	35.94	35.14	-	-	-	-
Return on Plan Assets	3.24	3.69	-	-	-	-
Contributions	0.82	1.40	-	-	-	-
Benefit Paid	3.89	3.99	-	-	-	-
Actuarial Gain/ (Loss) on Plan Assets	0.14	(0.30)	-	-	-	-
Fair value of Plan Assets as at the end of the year	36.25	35.94	-	-	-	-

## CONSOLIDATED NOTES TO ACCOUNTS

The effect of an increase/ decrease of one percent point in inflation rate on PRMF:

(₹ in Crores)

Particulars	1% (+)		1% (-)	
	31.03.2015	31.03.2014	31.03.2015	31.03.2014
Service & Interest Cost	0.64	1.17	(1.09)	(0.46)
PBO (Closing)	11.09	8.56	(7.81)	(7.21)

### Actuarial Assumptions:

Particulars	Gratuity		PRMF		ODRB	
	31.03.2015	31.03.2014	31.03.2015	31.03.2014	31.03.2015	31.03.2014
Method Used	Projected Unit Credit (PUC)	Projected Unit Credit (PUC)	Projected Unit Credit (PUC)	Projected Unit Credit (PUC)	Projected Unit Credit (PUC)	Projected Unit Credit (PUC)
Discount Rate	8.00%	8.50 %	8.00%	8.50 %	8.00%	8.50 %
Expected Rate of Return on Plan Assets	9.00%	10.50 %	-	-	-	-
Future Salary Increase	6.00%	6.50 %	6.00%	6.50 %	6.00%	6.50 %

- The Expected Rate of Return on Assets is the assumed rate of return (annualised).
- The Principle assumptions are the discount rate and salary growth rate. The discount rate is generally based on the market yields available on govt. bonds at the reporting date with a term that matches the liabilities and the salary growth rate takes account of inflation, seniority, promotions and other relevant factors as long term basis. The above information is certified by the Actuary.

### 45. STATUS OF DOCUMENTATION SUBSEQUENT TO UNBUNDLING OF SEBS

Some of the erstwhile State Electricity Boards (SEBs) against whom loans were outstanding or on whose behalf guarantees were given, were restructured by the respective State Governments and new entities were formed in the past. Consequently, the liabilities of the erstwhile SEBs stand transferred to new entities. However, transfer agreements in the case of Chhattisgarh State Electricity Board (CSEB), Kerala State Electricity Board (KSEB) and Meghalaya State Electricity Board (MSEB) are yet to be executed amongst the Company, new entities and the State Governments.

Agreements in case of Tamil Nadu State Electricity Board have been executed based on the provisional provisions of the Tamil Nadu Electricity (Re-organisation and Reforms) Transfer Scheme, 2010. However, further transfer agreements in this regard shall be executed, if required, on finalization of the Transfer Scheme.

#### Status of Documentation Subsequent to Reorganisation of the State of Andhra Pradesh

Subsequent to the reorganisation of erstwhile State of Andhra Pradesh, the state of Telangana has been formed on 2<sup>nd</sup> 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:

- 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).
- 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.
- 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.
- Once the final transfer scheme is notified through Gazette Notification by Govt, duly indicating the transfer of assets and liabilities among the power utilities, action for execution of documentation formalities will be taken up in respect of all the outstanding loans with the new / name changed utilities. Till that time, the demand for payment of interest / principal is being segregated by the Utilities and the respective portions are being paid by Utilities in Telangana and Andhra Pradesh.

46. The Company's main business is to provide finance to power sector. Accordingly, the Company does not have more than one segment eligible for reporting in terms of Accounting Standard-17.

**47. CAPITAL TO RISK-WEIGHTED ASSETS RATIO (CRAR)**

Being an Infrastructure Finance Company (IFC), REC is required to maintain a Capital to Risk Weighted Assets Ratio (CRAR) of 15 % (with a minimum Tier I Capital of 10 %).

Particulars	As at / For the year ended 31.03.2015	As at / For the year ended 31.03.2014
(i) CRAR ( % )	19.56%	19.35 %
(ii) CRAR - Tier I Capital ( % )	16.52%	16.02 %
(iii) CRAR - Tier II Capital ( % )	3.04%	3.33 %
(iv) Amount of subordinated debt raised as Tier-II capital (₹ in crore)	-	-
(v) Amount raised by issue of Perpetual Debt Instruments (₹ in crore)	-	-

**48. ASSET LIABILITY MANAGEMENT - MATURITY PATTERN OF CERTAIN ITEMS OF ASSETS AND LIABILITIES :**

(₹ in Crores)

As at 31.03.2015	Advances	Investments	Borrowings		Foreign Currency Items	
			Domestic Borrowings	Foreign Currency Borrowings	Assets	Liabilities (Other than Borrowings)
Upto 30/31 days	745	-	1,036	-	-	-
Over 1 month upto 2 months	664	-	355	-	-	-
Over 2 months upto 3 months	1,449	-	666	97	-	-
Over 3 month & upto 6 months	3,307	-	1,068	2,712	-	-
Over 6 months & upto 1 year	9,065	439	6,196	7,726	-	-
Over 1 year & upto 3 years	38,350	189	34,344	4,629	-	-
Over 3 years & upto 5 years	35,891	189	26,942	8,643	-	-
Over 5 years	90,176	796	56,322	243	-	-
<b>Total</b>	<b>179,647</b>	<b>1,613</b>	<b>126,929</b>	<b>24,050</b>	<b>-</b>	<b>-</b>

(₹ in Crores)

As at 31.03.2014	Advances	Investments	Borrowings		Foreign Currency Items	
			Domestic Borrowings	Foreign Currency Borrowings	Assets	Liabilities (Other than Borrowings)
Upto 30/31 days	630	-	319	-	-	-
Over 1 month upto 2 months	807	-	366	-	-	-
Over 2 months upto 3 months	1,248	-	1,137	52	-	-
Over 3 month & upto 6 months	2,735	-	6,256	101	-	-
Over 6 months & upto 1 year	7,246	47	7,692	155	-	-
Over 1 year & upto 3 years	31,156	189	22,021	13,487	-	-
Over 3 years & upto 5 years	30,875	189	18,616	3,619	-	-
Over 5 years	73,944	1,283	52,212	207	-	-
<b>Total</b>	<b>148,641</b>	<b>1,708</b>	<b>108,619</b>	<b>17,621</b>	<b>-</b>	<b>-</b>

## CONSOLIDATED NOTES TO ACCOUNTS

### 49. DISCLOSURES IN RESPECT OF ENTITIES CONSOLIDATED AS REQUIRED UNDER SCHEDULE III TO THE COMPANIES ACT, 2013

Sl. No.	Name of the Entity	Net Assets i.e. Total Assets minus Total Liabilities		Share in Profit or Loss	
		As % of Consolidated Net Assets	Amount (₹ in Crores)	As % of Consolidated Profit or Loss	Amount (₹ in Crores)
(1)	Parent Subsidiaries - Indian				
1.	REC Power Distribution Company Limited	0.38 %	94.40	0.65 %	34.77
2.	REC Transmission Projects Company Limited	0.42 %	105.01	0.89 %	47.54
(2)	Joint Venture - Indian				
1.	Energy Efficiency Services Limited	0.11 %	28.73	0.05 %	2.59
	Total	0.91 %	228.14	1.59 %	84.90

50. Two projects namely Nellore Transmission Limited (NTL) and Baira Siul Sarna Transmission Limited (BSTL), which are subsidiary companies (SPVs) of REC Transmission Projects Company Limited (REC TPCL), were denotified vide notification No. 15/9/2013-Trans dated 03.01.2014 and 100/1/EC(33)/SP&PA/2013 dated 09.02.2015 respectively by the Ministry of Power (MoP). As a Bid Process Co-ordinator, RECTPCL had sought the reimbursement of the expenditure made in this behalf from the Central Electricity Authority (CEA).

However, CEA vide its letter No.100/EC (32) 2013-SP&PA/2074-2084 dated 12<sup>th</sup> November, 2014 while circulating the minutes of the 'Empowered Committee on Transmission' held on 30<sup>th</sup> September, 2014, intimated at clause 3.0 (i) & (ii) that "BPC may for the time being adjust the expenditure incurred by them for the annulled schemes from their profit margins.". Based on the said decision of the empowered committee, RECTPCL decided to bear all the expenses incurred till date on this account. Accordingly, an amount of ₹ 1.77 crores (NTL ₹ 0.87 crores and BSTL ₹ 0.90 crores has been written off. Also, as decided by the Board, RECTPCL will bear all the expenses to be incurred by both the defunct SPVs, BSTL & NTL during FY 2014-15 and thereafter. The management has decided to initiate the fast track mode of dissolution for these companies which is likely to be completed in next financial year.

51. There are no Off-Balance Sheet SPVs sponsored by the Company, which need to be consolidated as per accounting norms.
52. No penalties have been levied on the Company by any regulator during the financial year 2014-15 (Previous year Nil).
53. No complaints have been received by the Company from the borrowers under the Fair Practices Code during the financial year 2014-15 (Previous year Nil).
54. Previous year figures have been reclassified/ regrouped to conform to the current classification.
55. Figures in Rupees have been rounded off to the nearest crores with two decimals, unless expressly stated.

The Significant Accounting Policies and Notes to Accounts 1 to 55 are an integral part of 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 P. K. Chopra & Co.**  
Chartered Accountants  
Firm Reg. No.: 006747N

Place : New Delhi  
Date : 28<sup>th</sup> May, 2015

**Gopal Krishan**  
Partner  
M.No.: 081085

**K. S. Ponnuswami**  
Partner  
M.No.: 070276

## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2015

(₹ in crores)

Particulars	Year Ended 31.03.2015		Year ended 31.03.2014	
<b>A. Cash Flow from Operating Activities :</b>				
Net Profit before Tax	7,552.34		6,616.71	
Adjustments for:				
1. Profit / Loss on Sale of Fixed Assets	0.10		0.69	
2. Depreciation	8.32		4.52	
3. Contingencies and Provisions	802.96		312.02	
4. Allowance for Staff Advances	-		0.07	
5. Interest on Commercial Paper	300.03		230.88	
6. Interest Expense of Misc. Borrowings	0.07		0.16	
7. Excess Provision written back	-		-3.18	
8. Loss/ Gain(-) on Exchange Rate fluctuation	259.99		304.27	
9. Dividend from Investments	-3.63		-0.38	
10. Interest from Long term Investments	-154.46		-50.99	
11. Provision made for Interest on Advance Income Tax	1.38		2.96	
12. Discount on Bonds written off	4.83		4.83	
13. Interest Accrued on Zero Coupon Bonds	70.39		64.97	
14. Dividend & Dividend Tax paid in excess of provision	-		0.01	
15. Other Finance Expenses	0.25		0.16	
16. Decline in value of Investment	0.10		-	
17. Provisions	3.85		1.72	
<b>Operating profit before Changes in Operating Assets &amp; Liabilities:</b>	<b>8,846.52</b>		<b>7,489.42</b>	
Increase / Decrease :				
1. Loan Assets	-31,005.84		-22,427.06	
2. Other Operating Assets	-444.97		-381.60	
3. Operating Liabilities	1,027.72		-265.28	
<b>Cash flow from Operations</b>	<b>-21,576.57</b>		<b>-15,584.52</b>	
1. Income Tax Paid (including TDS)	-2,330.28		-1,667.38	
2. Income Tax refund	-		8.27	
<b>Net Cash Flow from Operating Activities</b>		<b>-23,906.85</b>		<b>-17,243.63</b>
<b>B. Cash Flow from Investing Activities</b>				
1. Sale of Fixed Assets	0.18		0.26	
2. Purchase of Fixed Assets (incl. CWIP & Intangible Assets under development)	-45.34		-4.79	
3. Redemption of 8 % Government of Madhya Pradesh Power Bonds-II	94.32		94.32	
4. Interest on Long term Investments	157.50		50.56	
5. Dividend from Investments	3.63		0.38	
6. Investment in Tax Free Bonds/Others	-56.31		-5.19	
7. Fixed Deposit made during the year	-18.52		-	
8. Fixed Deposit matured during the year	24.38		-	
<b>Net Cash Flow from Investing Activities</b>		<b>159.84</b>		<b>135.54</b>
<b>C. Cash Flow from Financing Activities</b>				
1. Issue of Bonds (Net of redemptions)	21,806.74		17,460.70	
2. Raising of Term Loans/ STL from Banks/ FIs (Net of repayments)	-955.40		-3,049.95	
3. Raising of Foreign Currency Loan (Net of redemptions)	6,366.18		1,706.32	
4. Grants received from GOI including interest (Net of refund)	3,421.17		2,920.69	
5. Disbursement of grants	-3,639.69		-2,429.28	
6. Repayment of Govt. Loan	-4.86		-7.21	
7. Payment of Final Dividend	-172.81		-148.13	

## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2015

(₹ in crores)

Particulars	Year Ended 31.03.2015		Year ended 31.03.2014	
8. Payment of Interim Dividend	-789.97		-765.28	
9. Payment of Corporate Dividend Tax	-187.32		-155.23	
10. Interest Paid on Misc. Borrowings	-0.07		-0.16	
11. Premium on issue of securities	-		1.24	
12. Issue of Commercial Paper (Net of repayments)	-2,745.74		1,281.16	
13. Other Finance Expenses	-0.25		-0.16	
<b>Net Cash flow from Financing Activities</b>		<b>23,097.98</b>		<b>16,814.71</b>
<b>Net Increase/Decrease in Cash &amp; Cash Equivalents</b>		<b>-649.03</b>		<b>-293.38</b>
Cash & Cash Equivalents as at the beginning of the year		<b>1,207.95</b>		<b>1,501.33</b>
Cash & Cash Equivalents as at the end of the year		<b>558.92</b>		<b>1,207.95</b>

Components of Cash &amp; Cash Equivalents as at end of the year are:

(₹ in Crores)

Particulars	AS AT 31.03.2015		AS AT 31.03.2014	
- Balances with Banks in:				
- Accounts with RBI and other banks		<b>144.79</b>		<b>110.56</b>
- Undisbursed DDUGJY Grant #		<b>31.68</b>		<b>0.20</b>
- Undisbursed AG&SP Grant #		<b>2.22</b>		<b>3.97</b>
- Undisbursed NEF Grant #		<b>1.00</b>		<b>-</b>
- Other undisbursed Subsidies/ Grants #		<b>20.04</b>		<b>1.75</b>
- Tax Free Bonds Public Issue Accounts #		<b>-</b>		<b>5.96</b>
- Unpaid Dividend Accounts #		<b>2.62</b>		<b>2.31</b>
- Short Term Deposits with Scheduled Banks		<b>356.57</b>		<b>1,083.20</b>
<b>Total Cash &amp; Cash Equivalents</b>		<b>558.92</b>		<b>1,207.95</b>

# 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 ₹ 2.15 Crores (Previous year ₹ 2.38 Crores) set aside for grants disbursement and Short-term Deposits with Scheduled Banks include ₹ 236.19 Crores (Previous year ₹ 503.50 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 P. K. Chopra & Co.**  
Chartered Accountants  
Firm Reg. No.: 006747N

Place : New Delhi  
Date : 28<sup>th</sup> May, 2015

**Gopal Krishan**  
Partner  
M.No.: 081085

**K. S. Ponnuswami**  
Partner  
M.No.: 070276



**FORM AOC-I****STATEMENT CONTAINING SALIENT FEATURES OF THE FINANCIAL STATEMENTS OF SUBSIDIARIES/ ASSOCIATES/ JOINT VENTURES FOR THE YEAR 2014-15****PART A: SUBSIDIARIES**

(₹ in Crores)

1	Sl. No.	I	II	III	IV	V	VI	VII
2	Name of the Subsidiary	REC Power Distribution Company Limited	REC Transmission Projects Company Limited	Gadarwara (A) Transco Limited	Gadarwara (B) Transmission Limited	Maheshwaram Transmission Limited	Nellore Transmission Limited	Baira Siul Sarna 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
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
5	Share capital	0.05	0.05	0.05	0.05	0.05	0.05	0.05
6	Reserves & Surplus	94.35	104.96	-	-	-	(0.05)	(0.05)
7	Total assets	142.29	158.59	18.22	18.66	1.09	-	-
8	Total Liabilities	47.89	53.58	18.17	18.61	1.04	-	-
9	Investments	12.00	60.15	-	-	-	-	-
10	Turnover	87.76	72.44	-	-	-	-	-
11	Profit Before Taxation	52.52	69.92	-	-	-	(0.05)	(0.05)
12	Provision for Taxation	17.75	22.38	-	-	-	-	-
13	Profit After Taxation	34.77	47.54	-	-	-	(0.05)	(0.05)
14	Proposed Dividend	0.50	9.51	-	-	-	-	-
15	% Shareholding	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %

Four subsidiaries of REC Transmission Projects Company Limited (REC TPCL) namely NRSS XXIX Transmission Limited, NRSS XXXI (A) Transmission Limited, NRSS XXXI (B) Transmission Limited and Vindhyachal Jabalpur Transmission Limited have been sold during the year.

Besides this, two Subsidiaries of REC TPCL namely Gadawara (A) Transco Limited and Gadawara (B) Transmission Limited, were sold to M/s. Power Grid Corporation of India Limited (PGCIL) through bidding process and PGCIL has paid the total acquisition price on 31.03.2015. However, the Share Purchase Agreement and formalities of transfer of both the SPVs were executed on 24.04.2015.

**PART B: ASSOCIATES AND JOINT VENTURES**

Name of Associates/Joint Ventures	Energy Efficiency Services Limited (Joint Venture)
1 Latest audited Balance Sheet Date	31 <sup>st</sup> March, 2014
2 Shares of Associate/Joint Ventures held by the company on the year end	
Number	22,500,000
Amount of Investment in Associates/Joint Venture (₹ in Crores)	22.50
Extend of Holding (%)	25.00 %
3 Description of how there is significant influence	Holding 25 % share and participation in management
4 Reason why the associate/joint venture is not consolidated	Not applicable
5 Networth attributable to Shareholding as per latest audited Balance Sheet (₹ in Crores)	26.14
6 Profit / Loss for the year (₹ in Crores)	
i. Considered in Consolidation	2.59
ii. Not Considered in Consolidation	Nil

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 P. K. Chopra & Co.**  
Chartered Accountants  
Firm Reg. No.: 006747N

**Gopal Krishan**  
Partner  
M.No. : 081085

**K. S. Ponnuswami**  
Partner  
M.No. : 070276

Place : New Delhi  
Date : 28<sup>th</sup> May, 2015

## INDEPENDENT AUDITORS' REPORT

To,  
The Members,  
Rural Electrification Corporation Limited  
New Delhi

This Revised Report is issued, in supersession of our earlier Audit Report dated 28<sup>th</sup> May, 2015, at the instance of Comptroller & Auditor General (C&AG) of India in order to make it more clarificatory in respect of the reporting requirements under clause (vii)(b) of the Companies (Auditor's Report) Order, 2015. Further, we confirm that there is no change in the true and fair view of the consolidated financial statements as expressed in our earlier report and also none of the figures have undergone any change in the consolidated financial statements of the Company as at 31<sup>st</sup> March, 2015.

### Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **Rural Electrification Corporation Limited** ("the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") and jointly controlled entity, comprising of the Consolidated Balance Sheet as at 31<sup>st</sup> March, 2015, 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 preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") 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 General Circular No. 15/2013 dated 13<sup>th</sup> September, 2013. The respective Board of Directors of the companies included in the Group and of its jointly controlled entities are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the 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, which have been used for the purpose of preparation 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 the 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 but not for the purpose of expressing an opinion on whether the Holding Company has an adequate internal financial controls system over financial reporting in place and the operating effectiveness of such controls. 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 Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph (a) of the Other Matters paragraph below, 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, its jointly controlled entity as at 31<sup>st</sup> March, 2015, and their consolidated profit and their consolidated cash flows for the year ended on that date.

### Emphasis of Matter

In respect of one of the subsidiaries in the Group, REC Power Distribution Company Limited, attention is drawn that adequate confirmations from receivables have not been obtained. However, our opinion is not modified in this respect.

### Other Matters

- (a) We did not audit the financial statements / financial information of two subsidiaries whose financial statements / financial information reflect total assets of ₹ 300.88 Crores (Previous year ₹ 159.77 Crores) as at 31<sup>st</sup> March, 2015, total revenues of ₹ 160.20 Crores (Previous year ₹ 110.34 Crores) and net cash flows amounting to ₹ 14.33 Crores (Previous year ₹ -4.47 Crores) for the year ended on that date, as considered in the consolidated financial statements. These financial statements/ financial information 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) and (11) 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/ financial information of one jointly controlled entity, whose financial statements/ financial information reflect total assets of ₹ 78.94 Crores (Previous year ₹ 31.62 Crores) as at 31<sup>st</sup> March, 2015, total revenues of ₹ 17.57 Crores (Previous year ₹ 8.39 Crores) and net cash flows amounting to ₹ 7.04 Crores (Previous year ₹ 2.40 Crores) for the year ended on that date, as considered in the consolidated financial statements. These financial statements/ financial information 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) and (11) 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/ financial information. In our opinion and according to the information and explanations given to us by the Management, these financial statements/ financial information are not material to the Group.

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/ financial information certified by the Management.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, based on the comments in the auditors' reports of the Holding company and subsidiary companies incorporated in India, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. 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 General Circular No. 15/2013 dated 13<sup>th</sup> September, 2013.
  - (e) On the basis of the written representations received from the directors of the Holding Company as on 31<sup>st</sup> March, 2015 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies and jointly controlled company incorporated in India, none of the directors of the Group companies and jointly controlled company incorporated in India is disqualified as on 31<sup>st</sup> March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
  - (f) 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 jointly controlled entity- Refer Note 27.1 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 company incorporated in India.

**For Raj Har Gopal & Co.**  
Chartered Accountants  
Firm Regn. No. 002074N

**For P. K. Chopra & Co.**  
Chartered Accountants  
Firm Regn. No. 006747N

**Gopal Krishan**  
Partner  
M. No. 081085

**K. S. Ponnuswami**  
Partner  
M. No. 070276

Place : New Delhi  
Date : 27<sup>th</sup> July, 2015

## ANNEXURE 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 Consolidated Financial Statements for the year ended on 31<sup>st</sup> March, 2015

- (i) (a) The Group, including its jointly controlled entity has maintained fixed assets records to show full particulars including quantitative details and situation of its fixed assets.
- (b) Some of the fixed assets were physically verified during the year by the Management in accordance with a programme of verification, which in our opinion provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- (ii) This clause of the Order is not applicable.
- (iii) According to the information and explanations given to us, the Group, including its jointly controlled entity 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) and 3(iii)(b) of the Order are not applicable.
- (iv) In our opinion and according to information and explanations given to us, internal controls for purchase of fixed assets and for the financial services are generally commensurate with the size of the Group and the nature of its business. *However, in certain areas internal control needs further strengthening like monitoring and supervision of loans given to various SEBs/ DISCOMS/ TRANSCOS/ GENCOS including obtaining search reports for charges created against the loans given and physical verification of assets charged to REC as security after Commercial Operations Date.* During the course of audit, we have not come across any major failure in internal control system.
- (v) According to the information and explanations given to us, the Group, including its jointly controlled entity 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 Group, including its jointly controlled entity 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 Group, including its jointly controlled entity is generally regular in depositing with the appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, wealth tax, service tax, custom duty and other material statutory dues applicable to it. There were no undisputed statutory dues in arrears as at 31<sup>st</sup> March, 2015 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 ₹ 2.80 crores that have not been deposited on account of matters pending before appropriate authorities are 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	8.15	8.15	-	AY 2008-09	Commissioner of Income Tax (Appeals), Delhi
Income Tax Act, 1961	Penalty u/s 271(1) (c)	0.07	-	0.07	AY 2005-06	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	Income Tax and Interest	21.14	20.95	0.19	AY 2003-04, AY 2006-07, AY 2009-10, AY 2010-11, AY 2011-12	Income Tax Appellate Tribunal, Delhi
Income Tax Act, 1961	Tax Deducted at Source	0.47	-	0.47	FY 2012-13	Commissioner of Income Tax (Appeals), Delhi
Income Tax Act, 1961	Tax Deducted at Source	1.23	-	1.23	FY 2007-08 to FY 2014-15	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
	<b>Total</b>	<b>31.90</b>	<b>29.10</b>	<b>2.80</b>		

- (c) The amounts required to be transferred to Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder has been transferred to such fund within the prescribed time.

- (viii) The Group, including its jointly controlled entity does not have any accumulated losses as at 31<sup>st</sup> March, 2015. The Group, including its jointly controlled entity has also not incurred cash losses during the year covered by our audit and in the immediate preceding financial year. Accordingly, this clause of the Order is not applicable.
- (ix) In our opinion and according to the information and explanations given to us, the Group, including its jointly controlled entity has not defaulted in repayment of dues to a financial institution, bank and debenture holders as at the Balance Sheet date.
- (x) In our opinion and according to the information and explanations given to us, the Group, including its jointly controlled entity has not given any guarantee for loans taken by others from banks or financial institutions during the year. Accordingly, this clause of the Order is not applicable to the Company.
- (xi) To the best of our knowledge and according to the information and explanations given to us, the term loans raised during the year were applied for the purpose for which the loans were obtained.
- (xii) To the best of our knowledge and according to the information and explanations given to us, no material fraud on or by the Group, including its jointly controlled entity has been noticed or reported during the year.

**For Raj Har Gopal & Co.**

Chartered Accountants  
Firm Regn. No. 002074N

**For P. K. Chopra & Co.**

Chartered Accountants  
Firm Regn. No. 006747N

**Gopal Krishan**

Partner  
M. No. 081085

**K. S. Ponnuswami**

Partner  
M. No. 070276

Place : New Delhi

Date : 27<sup>th</sup> July, 2015

## 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 2015

The preparation of Consolidated Financial Statements of Rural Electrification Corporation Limited for the year ended 31 March 2015 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 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 Revised Audit Report dated 27 July 2015.

I, on the 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 2015. 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 and Auditor General of India

(**Tanuja S. Mittal**)

Principal Director of Commercial Audit &  
Ex-officio Member, Audit Board-III, New Delhi

Place: New Delhi

Dated: 30 July 2015

## MANAGEMENT TEAM



Smt. Abha Anand Kishore  
Chief Vigilance Officer



Shri Ashok Awasthi  
Executive Director  
(Admn./Ren. & SD/Estate)  
& CEO-RECTPCL



Dr. Dinesh Arora  
Executive Director  
(DDUGJY/DDG)  
& CEO-RECPDCL



Shri Sanjiv Garg  
Executive Director  
(Loans & Recovery/ALM/Taxation)



Shri Sunil Kumar  
Executive Director  
(DDUGJY/DDG/IT)



Shri S. K. Gupta  
Executive Director  
(T&D/NEF/DDUGJY)



Shri Rakesh Kumar Arora  
Executive Director  
(Resources/CA/CP/CSR/Banking)



Shri T. S. C. Bosh  
General Manager  
(DDUGJY)



Shri Dinesh Kumar  
General Manager  
(Renewable Energy)





**Shri G. S. Bhati**  
General Manager  
(DDUGJY/DDG)



**Shri C. P. Bhatia**  
General Manager  
(Finance & CSR)



**Shri L. M. Verma**  
General Manager  
(Loans & Recovery)



**Smt. Kalpana Kaul**  
General Manager  
(HR/CC&PR/Rajbhasha)



**Shri J. S. Amitabh**  
General Manager  
& Company Secretary



**Shri S. L. Batta**  
General Manager  
(Law) / PIO-RTI



**Shri G. V. Mahendar**  
General Manager  
(Entity Appraisal)



**Shri Ajoy Choudhary**  
General Manager  
(Financial Concurrence & Policy)



**Shri V. K. Singh**  
General Manager  
(Generation)



**Shri Fuzail Ahmed**  
General Manager  
(PMG)



**Shri R. P. Vaishnav**  
General Manager  
(Internal Audit)



**Shri Rakesh Sareen**  
General Manager (Finance)  
& In-charge - Northern Zone

## ADDRESS OF REC OFFICES

Sl. No.	State / UT	Address	Telephone numbers	Fax / E-mail
	<b>Registered &amp; Corporate Office</b>	Core-4, SCOPE Complex, 7, Lodhi Road, New Delhi-110003	011-41020101 011-24365161	Fax : 011-24360644 E-Mail : reccorp@recl.nic.in
<b>Zone/Location of Zonal Offices/States &amp; UTs under the jurisdiction of Zonal Offices</b>				
1	<b>Central Zone Lucknow</b> 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	<b>Eastern Zone Kolkata</b> 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	<b>Northern Zone Panchkula</b> 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	<b>Southern Zone Bengaluru</b> 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	<b>Western Zone Mumbai</b> Maharashtra, Gujarat, Madhya Pradesh, Chhattisgarh, Goa, Dadra & Nagar Haveli and Daman & Diu	51-B, Mittal Tower, 5 <sup>th</sup> Floor, Nariman Point, Mumbai-400021	022-22830985 022-22833055	Fax : 022-22831004 E-Mail : zmmumbai@recl.nic.in
<b>Project Offices</b>				
1	Andhra Pradesh	Shivrampally Post NPA, Near Aramghar, National Highway No. 7, Hyderabad-500052	040-24014034 040-24014420 040-64583563 040-64583569	Fax : 040-24014235 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 <sup>th</sup> Floor, Maurya Lok Complex, New Dak Bungalow Road, Patna-800001	0612-2221131 0612-2224596	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 / UT	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 poranchi@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 <sup>th</sup> Floor, "Saphallyam" Commercial Complex, TRIDA Building Palayam, Thiruvananthapuram-695034	0471-2328662 0471-2327132	Fax : 0471-2328579 E-Mail : potrivandrum@recl.nic.in rectrivandrum@gmail.com
11	Madhya Pradesh & Chattisgarh	Metro Walk, II <sup>nd</sup> 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 <sup>th</sup> 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 <sup>th</sup> 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 & A & N 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
<b>Sub-Offices</b>				
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
3	Varanasi	N-8/239, J. Newada, Sunderpur, Varanasi-221005	09415115102	-
<b>Training Centre</b>				
	Central Institute for Rural Electrification	Shivarampally, Post : NPA Near Aramgarh, National Highway No.7 Hyderabad-500052	040-24015897 040-24015901 040-64584526	Fax : 040-24015896 040-24018583 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@recl.nic.in](mailto:complianceofficer@recl.nic.in) Website: [www.recindia.gov.in](http://www.recindia.gov.in)

### ATTENDANCE SLIP

46<sup>TH</sup> ANNUAL GENERAL MEETING TO BE HELD ON WEDNESDAY, SEPTEMBER 16, 2015 AT 11:00 A.M.

At Weightlifting Auditorium, Jawaharlal Nehru Stadium, Bhisham 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 46<sup>th</sup> Annual General Meeting of the Company held on Wednesday, September 16, 2015 at 11:00 A.M. at **Weightlifting Auditorium, Jawaharlal Nehru Stadium, Bhisham Pitamah Marg, Pragati Vihar, Lodhi Colony, New Delhi-110003.**

\*Applicable in case of shares held in Physical form.

#### NOTES:

1. 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.** 2. Shareholder(s) present in person or through registered proxy shall only be entertained. 3. **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). 4. **No gifts/ coupons will be distributed at the Annual General Meeting.**

Signature of Member/ Proxy

## Rural Electrification Corporation Limited

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### 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:	Email 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 46<sup>th</sup> Annual General Meeting of the Company, to be held on Wednesday, September 16, 2015 at 11:00 A.M. at Weightlifting Auditorium, Jawaharlal Nehru Stadium, Bhisham Pitamah Marg, Pragati Vihar, Lodhi Colony, New Delhi-110003 and at any adjournment thereof in respect of such businesses as are indicated below:

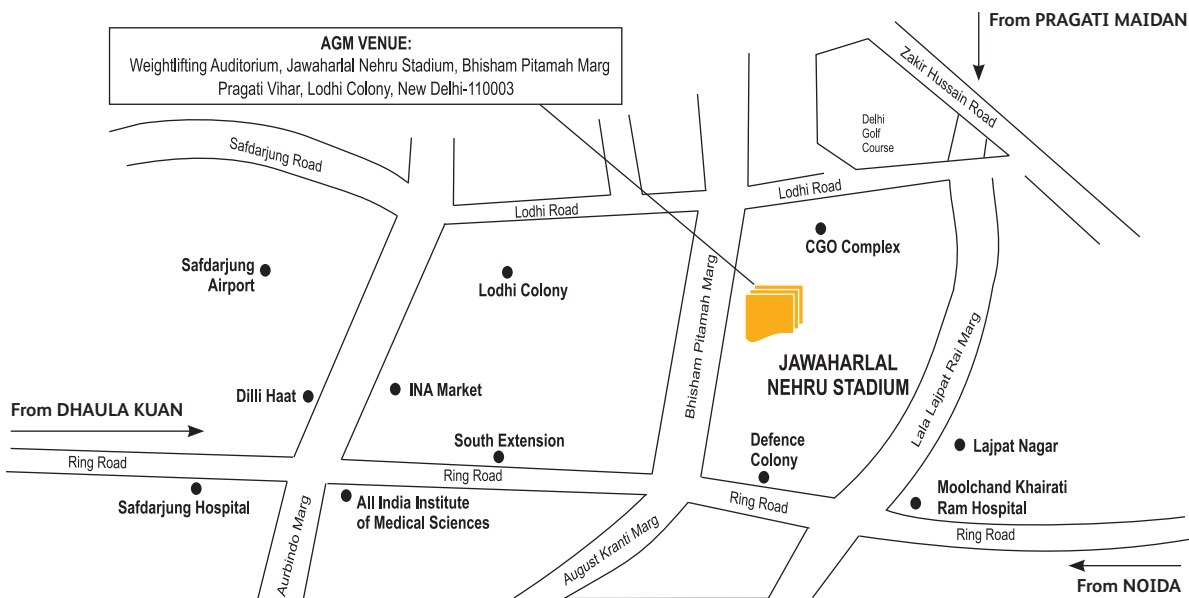
Sl. No.	Particulars
<b>Ordinary Business</b>	
1.	To receive, consider, approve and adopt the audited standalone & consolidated financial statements of the Company for the financial year ended March 31, 2015 along with the Reports of the Board of Directors and Auditors thereon.
2.	To confirm the payment of Interim Dividend and declare Final Dividend on equity shares of the Company for the financial year 2014-15.
3.	To appoint a Director in place of Shri Prakash Thakkar (DIN 01120152), who retires by rotation and being eligible, offers himself for re-appointment.
4.	To fix the remuneration of Auditors for the financial year 2015-16.
<b>Special Business</b>	
5.	Issue of Unsecured/Secured Non-Convertible Bonds/ Debentures through Private Placement as per the provisions of the Companies Act, 2013 and Rules made thereunder.
6.	Entering into transactions with Energy Efficiency Services Limited (EESL) or any other associate company(ies) of Rural Electrification Corporation Limited in pursuance of the provisions of the Companies Act, 2013 and Rules made thereunder.

Signed this..... day of..... 2015

Signature of Shareholder..... Signature of Proxy holder(s).....

Affix  
Revenue  
Stamp of ₹ 1/-

EVEN (E-Voting Event Number)	USER ID	PASSWORD / PIN



**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.





**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](mailto:reccorp@recl.nic.in). Website: [www.recindia.nic.in](http://www.recindia.nic.in)